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First Semester MBA Degree Examination, Jan./Feb. 2021 Accounting for Managers

Time: 3 hrs.

Max. Marks:80

**Note: 1. Answer any FOUR full questions from Q.No.1 to 7.
2. Q.No. 8 is compulsory.**

- 1 a. What are source documents? (02 Marks)
- b. Classify the following A/C's into i) Personal ii) Real iii) Nominal A/C's
 - i) Prepaid Insurance
 - ii) Investment account
 - iii) Capital account
 - iv) Depreciation account
 - v) Drawing account
 - vi) Yes Bank account (06 Marks)
- c. On 1/1/2013, a company purchased a second hand machinery for Rs.10,000. On 1/7/2013, additional machinery was purchased for Rs.5000. On 1/7/2015 the machinery purchased on 1/1/2013 having become absolute is sold for Rs.4000. Depreciation is provided at 10% pa on original cost every year ending 31st December. Show the machinery account for 3 years (1/1/2013 – 31/12/2015) (08 Marks)
- 2 a. List out any two Accounting standards issued by ICAI. (02 Marks)
- b. Sharath had following transactions. Use Accounting equation to show their effect on his assets, liabilities and capital.
 - i) Sharath commenced business with Rs.70,000.
 - ii) Withdrew for private use Rs.1500.
 - iii) Purchased goods on credit Rs.14000.
 - iv) Paid wages Rs.500.
 - v) Sold goods for cash Rs.4000, costing Rs.3000.
 - vi) Purchased furniture for cash Rs.1000. (06 Marks)
- c. Explain the various accounting concepts. (08 Marks)
- 3 a. Give the meaning of preliminary expenses. (02 Marks)
- b. Mention the objectives of financial statements. (06 Marks)
- c. Journalize the following transactions in the books of Aditi.
June 2016
 - 1st Aditi commenced business with the following:
 - Cash in hand Rs.2000
 - Cash at Bank Rs.3000
 - Furniture Rs.5000
 - Building Rs.20000
 - 2nd Loan taken from the Bank Rs.5000
 - 5th Bought goods from Krishna Rs.4000
 - 8th Sold goods to Rajan Rs.2000 for cash
 - 10th Paid Income Tax of proprietor Aditi Rs.1500
 - 12th Advanced Dhruva Rs.1000 as loan
 - 15th Returned goods to Krishna Rs.500
 - 18th Invested in National Savings Certificate Rs.200/-
 - 29th paid advertisement charges – Rs.250, Rent – Rs.200
 - 30th Interest on capital – Rs.500 (08 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

- 4 a. State any two differences between reserves and provisions. (02 Marks)
 b. Explain the informational needs of external users. (06 Marks)
 c. Enter the following transactions in a three column cash book.

March 2016

- 1st Balance of cash Rs.2000/- and at Bank Rs.8000/-
 5th Received a cheque from Manoj Kumar for Rs.500/- and allowed him discount Rs.10
 6th Withdraw from bank for office use Rs.500/-
 8th Cash paid into Bank – Rs.1000/-
 15th Sold goods for cash and remitted same into Bank account Rs.400/-
 22nd Received commission Rs.50/-
 29th Paid Madan by cash Rs.120 and he allowed us Rs.5/- discount
 30th Paid salary by cheque – Rs.1000/-
 30th Paid wages by cash – Rs.200/-

(08 Marks)

- 5 a. What is the convention of consistency? (02 Marks)
 b. i) Total sales – Rs.3,50,000/-
 Return Inwards – Rs.20,000/-
 Stock at beginning – Rs.40,000/-
 Stock at end – Rs.26,000/-
 Gross profit for the year – 66,000/-
 Calculate stock turnover ratio.
 ii) Credit purchases – 5,00,000/-
 Creditors at beginning – 60,000/-
 Creditors at end – 40,000/-
 Take 360 days in a year and calculate average payment period. (06 Marks)
 c. List out any eight savings qualifying for deduction U/S 80C. (08 Marks)

- 6 a. Give the slab rates applicable for an individual assessee aged 40 years for A.Y 16-17. (02 Marks)
 b. Write short notes on:
 i) Forensic Reporting
 ii) Sustainability Reporting. (06 Marks)
 c. Balance sheet of Trust Bin Company Ltd. as on 31/3/2015 and 31/3/2016 were as follows.

Liabilities	2015	2016	Assets	2015	2016
Share capital	500000	700000	Land and Building	80000	120000
P/L account	100000	160000	Plant	500000	800000
General Reserve	50000	70000	Stock	100000	75000
Creditors	163000	200000	Debtors	140000	150000
Bills payable	30000	40000	Prepaid expenses	14000	12000
Outstanding expenses	7000	5000	Cash at Bank	16000	18000
	8,50,000	11,75,000		8,50,000	11,75,000

Adjustments:

- i) Depreciation charged on plant during the year 2015-16 = Rs.50,000.
 ii) Part of plant was sold for Rs.8000 during 2015-16. It had cost Rs.12000. Depreciation of Rs.7,000 has been provided on it.

Prepare cash flow statement using indirect method.

(08 Marks)

- 7 a. What is Human Resource Accounting? (02 Marks)
 b. Explain sequential steps involved in accounting cycle. (06 Marks)
 c. From the following information given, draw up balance sheet.
 Current Ratio = 2.5
 Liquid Ratio = 1.5
 Net working capital = 300000
 Stock turnover ratio = 6 times $\left[\frac{\text{COGS}}{\text{Closing stock}} \right]$
 G/P Ratio = 20% on sales
 Fixed assets turnover ratio = 2 times
 Average debt collection period = 2 months
 Fixed assets to shareholders networth = 1:1
 Reserve to share capital = 0.5:1 (08 Marks)

CASE STUDY

- 8 From the following trial balance of Aqua Manufacturing Co. Ltd as on 31/3/2016.

Particulars	Debit	Credit
Share capital [10,000 shares of 20 each]	-	2,00,000
Stock on 1/4/2015	220000	-
Purchases and sales	455000	735000
Wages	100000	-
Discount	16000	12000
Salaries	15000	-
Bad debts	3160	-
Rent	11000	-
Trade expenses	34100	-
Profit and loss account (1/4/2015)	-	31160
Dividend	10000	-
Interim dividend	8000	-
Debtors and creditors	75000	35000
Machinery	20400	-
Bank	70000	-
General reserve	-	31000
Bills receivable	6500	-
Total	10,44,160	10,44,160

Adjustments:

- i) Stock on 31/3/2016 was Rs.164000/-
- ii) Depreciate machinery at 10% pa
- iii) Rent outstanding Rs.1900
- iv) Provide for reserve for doubtful debts at 5%
- v) Provision for taxation – Rs.2920/-

Prepare financial statements of the company for the year ended 31/3/2016 in vertical format. (16 Marks)

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