



CBCS SCHEME

18MBA13

First Semester MBA Degree Examination, July/August 2021 Accounting for Managers

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions.

- 1 a. What is window dressing? Mention any two ways of window dressing. (03 Marks)
 b. Journalize the following transaction for the month of Sept 2018. (07 Marks)

Date	Transactions
1-9-2018	Started business by bringing cash Rs.2,00,000 out of which paid into bank Rs.80,000
6-9-2018	Bought furniture for Rs.20,000 and machinery Rs.40,000
7-9-2018	Purchased goods for Rs.56,000
8-9-2018	Sold goods for Rs.32,000
9-9-2018	Purchased goods from Jain & Co. on credit for Rs.44,000
10-9-2018	Received cash from travelling salesman Rs.800 for goods sold by him
15-9-2018	Bought 100 shares in XYZ Ltd. at Rs.120 per share and paid brokerage Rs.180.

- c. Explain any five accounting concepts in detail. (10 Marks)
- 2 a. Distinguish between capital expenditure and revenue expenditure. (03 Marks)
 b. What is Forensic Accounting? How it is useful to management of business organization? (07 Marks)
 c. On 1-1-2011, a workshop was opened with tools of Rs.12000. In the year 2011, tools worth Rs.4000 were purchased. On 31-12-2011, the tools are valued at Rs.13000. In the year 2012, tools of the value of Rs.2000 were stolen by the workers and tools worth Rs.9000 were manufactured by the workshop. On 31-12-2012, the value of the tools was Rs.20,000. In the year 2013, tools of Rs.500 were broken and sold as scrap for Rs.50. On 31-12-2013, the tools were valued at Rs.19500. On 31-12-2014 the value of tools was Rs.18,800. Prepare the tools account for 4 years using SLM. (10 Marks)
- 3 a. A plant purchased for Rs.10,00,000 and its estimated useful life is five years with scrap value Rs.45000. Calculate the rate of depreciation p.a. according to WDV method. (03 Marks)
 b. What is Human Resource Accounting? Explain its importance in the business organization. (07 Marks)
 c. From the following information prepare cash flow statement by indirect method.

Liabilities	31-3-2017	31-3-2018	Assets	31-3-2017	31-3-2018
Share capital	4,00,000	5,00,000	Fixed assets	3,00,000	3,10,000
Reserve fund	50,000	1,50,000	Investments	-	15,000
Secured loan	4,00,000	3,50,000	Stock & Stores	7,87,500	7,50,000
Current liabilities	6,00,000	5,00,000	Debtors	3,50,000	4,00,000
			Cash & bank	12,500	25,000
Total	14,50,000	15,00,000		14,50,000	15,00,000

- (i) The net profit for the year after adjustment in respect of provision for dividends and tax was Rs.1,00,000.
 (ii) There was an addition to fixed assets during the year amounting to Rs.40,000 and depreciation for the year was Rs.30,000. (10 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. Define the word "Salary". (03 Marks)
 b. From the following ledger account balances, prepare a trial balance of Mr. Abhishek for the year ended 31-03-2018.

Capital Rs.80,000, stock (1-4-17) Rs.20,000	Interest received Rs.10,000	
Cash in hand Rs.80,000	Commission received Rs.2000	
Provision for bad debts (1-4-17) Rs.10,000	Loan account Rs.66,000	
Bad debts recovered Rs.6000	Discount allowed Rs.5000	
Outstanding expenses Rs.4000	Accrued interest Rs.2000	
Short term investments Rs.12000	Salaries paid Rs.59000.	(07 Marks)

- c. Show the accounting equation on the basis of the following transactions:
- Y started business with cash Rs.90,000
 - Purchased goods on credit Rs.50,000
 - Purchased furniture for cash Rs.10,000
 - Sold goods costing Rs.20,000 for Rs.40,000
 - Sold goods costing Rs.20,000 on credit for Rs.42,000.
 - Bought goods worth Rs.20,000 (Rs.15000 paid in cash and balance on credit)
 - Paid as rent Rs.1000.
 - Paid for salaries Rs.3000
 - Paid for creditors Rs.40000
 - Drawn for personal use Rs.5000.
- (10 Marks)

- 5 a. State the benefits of sustainability reporting. (03 Marks)
 b. "Many thinkers believed that ratios are the important tools to do financial statement analysis". Do you agree? Justify. (07 Marks)
 c. From the following trial balance prepare vertical statement of profit and loss of ABC Trading Company Ltd. for the accounting period 31-03-2018.

SL.No.	Particulars	Debit	Credit
1	Goodwill	2,50,000	
2	Trade receivables	2,45,000	
3	Opening inventories	58,000	
4	Patents	32,000	
5	P and L opening balance		58,000
6	Machinery	2,55,000	
7	Buildings	2,89,000	
8	Bank O/D		225000
9	Cash and equivalents	2,25,000	
10	Trade Payable		195000
11	Salary and wages	1,75,000	
12	Freight outwards	50,000	
13	Purchase of goods	3,25,000	
14	Rent, rates and taxes	63,000	
15	Int on Bank o/d	16,875	
16	Power, fuel & expenses	48,000	
17	General Reserve		1,95,000
18	Share capital (E.S of Rs.10 each)		5,00,000
19	Loans given to the employees	88,125	
20	Sales		947000
	Total	21,20,000	21,20,000

Adjustments:

- Closing inventories Rs.1,45,000.
 - Create provision for taxation at 30%.
 - Transfer to General Reserve Rs.25,000.
 - Directors proposed dividend of 5%.
 - Provide depreciation on machinery at 10% buildings at 5% and goodwill by 20% (amortization).
- (10 Marks)

- 6 a. State any six benefits of adopting IFRS in India. (03 Marks)
 b. Distinguish between Journal and Ledger. (07 Marks)
 c. In projecting the financial plan of firm, the use of the following accounting ratios is made:
- | | |
|--|--------------|
| Estimated annual sales | Rs. 2,00,000 |
| Sales to net worth | 2.5 |
| Current debt to net worth | 25% |
| Current ratio | 3.6 times |
| Net sales to inventory | 4 times |
| Average collection period
(a year = 360 days) | 36 days |
| Fixed assets to net worth | 70% |
- On the above basis, prepare proforma balance sheet of the firm. (10 Marks)
- 7 a. State 3 internal and 3 external causes of depreciation. (03 Marks)
 b. Explain the deduction applicable to an individual U/S 80(C). (07 Marks)
 c. Following transaction relates to Prajwal Traders, prepare the three column cash book for the month of August 2018.

Date	Transactions
1-8-18	Cash in hand Rs.25000 and amount utilized from bank cash credit amount Rs.5000 (cash credit limit is Rs.50000)
2-8-18	Purchased goods for cash Rs.5000
4-8-18	Sold goods on account to Vikas Rs.8000
6-8-18	Purchased office furniture and issue a cheque Rs.5000
7-8-18	Drawn from bank for office use Rs.2000 and for personal use Rs.1000
9-8-18	Purchased goods for cash Rs.15000
12-8-18	Purchased motor cycle on account from Sai Krupa motors for Rs.30,000
13-8-18	Received from Vikas a cheque to settle his account and discount allowed to him Rs.100
15-8-18	Paid wages Rs.500
18-8-18	Sold goods for cash Rs.10,000
20-8-18	Issued cheque to Sai Krupa motors and discount allowed by them Rs.200
22-8-18	Deposited into bank Rs.1000
24-8-18	Dividend received from bank Rs.500

(10 Marks)

8 **Case Study:**

From the following Trial Balance of Mr. Manjunath and additional information, prepare Trading and Profit and Loss Account and a balance sheet as on 31-12-2018.

Particulars	Dr (Rs.)	Cr (Rs.)
Capital		1,00,000
Furniture	20,000	
Purchase	1,50,000	
Debtors	2,00,000	
Interest earned		4,000
Salaries	30,000	
Sales		3,21,000
Purchase return		5,000
Wages	20,000	

Particulars	Dr (Rs.)	Cr (Rs.)
Rent	15,000	
Bad debts written off	7,000	
Creditors		1,20,000
Drawings	24,000	
Provision for bad debts		6,000
Printing and Stationary	8,000	
Insurance	12,000	
Opening stock	50,000	
Other expenses	12,000	
Provision for depreciation		2,000
Sales returns	10,000	
	5,58,000	5,58,000

Additional Information:

- (i) Depreciate furniture by 10% on cost.
- (ii) A provision for doubtful debt is to be created to the extent of 5% on debtors.
- (iii) Salaries for the month of March 2018 of Rs.3000 was unpaid which is to be provided for, however salaries included Rs.2000 paid in advance.
- (iv) Insurance prepaid Rs.2000.
- (v) Provide for outstanding expenses Rs.8000
- (vi) Stock used for private purpose Rs.6000
- (vii) Closing stock Rs.60,000.

Calculate:

- a. Gross Profit (04 Marks)
- b. Net profit (08 Marks)
- c. Prepare Balance Sheet (08 Marks)
