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14MBA13

First Semester MBA Degree Examination, June/July 2016
Accounting for Managers

Time: 3 hrs.

Max. Marks: 100

SECTION - A*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Mention three types of Personal accounts with examples. (03 Marks)
- 2 Distinguish between Fictitious and Non – Fictitious Assets with examples. (03 Marks)
- 3 Distinguish between 'Depreciation' and 'Amortization'. (03 Marks)
- 4 Mention any three activity ratios. (03 Marks)
- 5 What is IFRS? (03 Marks)
- 6 What is Corporate Governance? (03 Marks)
- 7 Mention any three incomes taxable under the head 'Income From other sources'. (03 Marks)

SECTION - B*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 Classify the following accounts into Personal, Nominal and Real Accounts :
Rent A/c , Building A/c , Salary outstanding A/c , Capital A/c , Cash A/c , Drawings A/c and
Canara Bank A/c. (07 Marks)
- 2 What are Subsidiary books? Explain their merits. (07 Marks)
- 3 Classify the following assets into tangible and intangible assets :
Franchise A/c , Land & Building A/c , Patent A/c , Plant A/c , Goodwill A/c , License A/c ,
Fixtures A/c. (07 Marks)
- 4 Explain the utility of financial statements for the different users. (07 Marks)
- 5 What is Window dressing? Mention various ways of window dressing. (07 Marks)
- 6 Mention any seven savings qualifying for deductions U/S 80C. (07 Marks)
- 7 What is the accounting standard and what are their benefits? (07 Marks)

SECTION - C*Note : Answer any FOUR questions from Q.No.1 to Q.No.7.*

- 1 From the following transactions relating to Mr. Akul, show the effect on various assets, liabilities and capital using accounting equation. Also find out values for various assets and liabilities. (10 Marks)

1	Started business with cash ₹ 1,00,000 & Plant 50,000
2	Purchased goods on credit ₹ 80,000
3	Sold goods on credit for ₹ 60,000
4	Received ₹ 9,500 from Mr. Ramesh in full settlement of his account of ₹ 10,000
5	Charged depreciation ₹ 20,000
6	Drew for personal use ₹ 15,000
7	Paid salary ₹ 35,000

- 2 Record the following transactions in three column cash book : (10 Marks)

2014 Jan 1	Cash in hand ₹ 30,000
Jan 1	Cash at bank ₹ 40,000
2	Discounted a bill of ₹ 10,000 @ 1% through bank
3	Bought goods for ₹ 20,000 and paid by cheque , discount allowed 1%
15	Paid trade expenses ₹ 1,500
16	Paid taxes ₹ 4,000
17	Paid Insurance charges ₹ 1,000
25	Sold goods for ₹ 12,500 and received a cheque and allowed discount 1%
28	Received a cheque from Joseph & Co. for ₹ 20,000
30	Bought 100 National plan certificates ₹ 100 each @ ₹ 95 each & paid by cheque
30	Sold goods to Rakesh on credit ₹ 500

- 3 The account manager of a company found the following balances of his company's accounts on the date of closing. Capital ₹ 13,00,000 ; Fixed assets ₹ 14,00,000 ; Manufacturing and Administration expenses ₹ 9,40,000 ; Sundry debtors ₹ 1,50,000 ; Sales ₹ 10,30,000 ; Outstanding salary ₹ 9,000 ; Provision for tax in advance ₹ 7,000 ; Accumulated depreciation on fixed assets ₹ 28,000 ; Miscellaneous receipts 8,000 ; Proposed dividend 37,000 , Provisions for taxation 31,000 ; Debenture redemption reserve ₹ 89,000 ; Preliminary expenses to the extent not written off ₹ 65,000 ; Interest on bank deposits 6,000 ; Rent received in advance 10,000. You are required to prepare a trial balance using the above ledger balances. (10 Marks)
- 4 From the following income statement of Renuka Ltd, explain the changes in 2014 in the light of condition prevailing in 2013 (using comparative statement analyse). (10 Marks)

Incomes & Expenses	2013	2014
Gross sales	15,300	18,360
Less : Returns & discounts	- 300	- 350
Net sales	15,000	18,010
Less : Cost of sales	- 9,100	- 10,125
Gross profit	5,900	7,885
Less : Operating exp :		
Selling exp	- 3,000	- 3,300
Admn, exp	- 1,500	- 1,700
Operating profit	1,400	2,885
Add : Other incomes	150	200
	1,550	3,085
Less : Other expenses	- 200	- 300
Net profit	1,350	2,785

- 5 From the following ratios draw a balance sheet of a company for the year 2014.
 Current ratio 2.5 ; Liquidity ratio 1.5 ; Net working capital ₹ 3,00,000 ;
 Stock turnover ratio (based on cost of sales) 6 times ; Gross profit ratio 20 % ;
 Fixed assets turnover ratio (on cost of sales) 2 times ; Debt collection period 2 months ;
 Fixed assets to shareholders net worth 0.80 ; Reserve and surplus to capital 0.50. (10 Marks)

6 From the following information prepare Cash flow statement :

Capitals & Liabilities	2014	2013	Assets	2014	2013
Share capital	50,00,000	40,00,000	Fixed assets	31,00,000	30,00,000
Reserve fund	15,00,000	5,00,000	Investments	1,50,000	-
Secured loan	35,00,000	40,00,000	Stock & Stores	75,00,000	78,75,000
Current liabilities	50,00,000	60,00,000	Debtors	40,00,000	35,00,000
			Cash & Bank	2,50,000	1,25,000
	1,50,00,000	1,45,00,000		1,50,00,000	1,45,00,000

- i) The net profit for the year after adjustment in respect of provisions for dividends and taxation was ₹ 10,00,000.
 ii) There was addition to fixed assets during the year amounting to ₹ 4,00,000 and depreciation for the year was ₹ 3,00,000. (10 Marks)

7 On 1st April 1997, a firm purchased a machinery for ₹ 2,00,000. On 1st Oct 1997 an additional machinery costing ₹ 1,00,000 was purchased. On 1st Oct 1998 the machinery purchased on 1st April 1997 having become obsolete was sold for ₹ 90,000. On 1st Oct 1999 a new machinery was purchased for ₹ 2,50,000 while the machinery purchased on 1st Oct 1997 was sold for ₹ 85,000 on the same day. The firm provides depreciation on its machinery @ 10% p.a on 31st March every year. Show the machinery account for the period of 3 years ending 31st March 2000 under WDV method. (10 Marks)

SECTION - D

CASE STUDY – [Compulsory]

From the following balances, prepare Trading and Profit & Loss and Balance sheet as on 31st March 2002. Trial Balance (20 Marks)

Particulars	Amt	Particulars	Amt
Capital	20,000	Building	15,000
Sales	1,40,000	Investments	10,000
Returns	1,000	Furniture	1,000
Creditors	4,800	Maruti car	8,000
Provision for doubtful debts	300	Purchases	94,000
Discount	500	Returns	500
		Debtors	15,000
		General exp	800
		Cash	300
		Bank	4,700
		Rent	4,000
		Commission	1,400
		Rates & Taxes	600
		Bad debts	200
		Insurance	400
		Discount	700
		Stock	10,000
	1,66,600		1,66,600

Adjustments :

- 1) Outstanding expenses, commission ₹ 100 , rent ₹ 400.
- 2) Insurance prepaid ₹ 50.
- 3) Maintain provision for doubtful debts @ 5% on debtors.
- 4) Stock on 31st March 2002 ₹ 15,000.
- 5) Interest on Investment @ 5% due but not received.
- 6) Depreciate Maruti car by 10% , Furniture by 2% , Building by 3%.
- 7) Provide interest on capital @ 5% P.a.

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