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14MBA13

**First Semester MBA Degree Examination, Dec.2016/Jan.2017**  
**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 | Explain the different types of accounts.           | (03 Marks) |
| 2 | What are contra entries?                           | (03 Marks) |
| 3 | What is a common size statement?                   | (03 Marks) |
| 4 | Define depreciation.                               | (03 Marks) |
| 5 | State the objectives of IFRS.                      | (03 Marks) |
| 6 | List out the areas covered by Forensic accounting. | (03 Marks) |
| 7 | What is operating ratio?                           | (03 Marks) |

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

- 1 Journalize the following transaction in the books of vishwanath. 2015,
- Jan 1 Vishwanath started his business with the following:  
Cash in hand Rs.1,500 cash @ bank Rs.3,500
- Jan 5 Gave charity Rs.20
- Jan 10 Loan taken from bank Rs.5000
- Jan 15 Purchased a motor car in exchange for goods Rs.2000 and cheque Rs.3000
- Jan 20 Paid proprietors life insurance premium Rs.100
- Jan 25 Brought goods from lakshman on account Rs.2000
- Jan 30 Furniture costing Rs.300 was destroyed by fire
- (07 Marks)
- 2 On 1<sup>st</sup> July 2005, Shri Prasad purchased second hand machinery for Rs.40,000 and spent Rs.8,000 on reconditioning and installing it. On 1<sup>st</sup> January, 2006, he purchased a new machinery worth Rs.30,000. On 30<sup>th</sup> June 2007, the machinery which was purchased on 1<sup>st</sup> January, 2006 was sold for Rs.24,000 and on 1<sup>st</sup> July, 2007 fresh machinery was installed at a cost of Rs.32,000. Shri Prasad writes off 10% on the original cost. The accounts are closed every year on 31<sup>st</sup> March.
- Show the machinery account upto the year ended 31<sup>st</sup> March 2008. (07 Marks)

- 3 From the following data, prepare the common size balance sheet of the Bharat Ltd.

Particulars	As. on 31.12.2013	As. on 31.12.2014
Share capital	6,00,000	6,00,000
Reserves	1,50,000	3,00,000
Loans	50,000	2,00,000
Sundry creditors	2,00,000	1,00,000
Building	4,00,000	6,00,000
Plant	3,00,000	4,00,000
Stock	2,00,000	1,00,000
Debtors	80,000	60,000
Cash @ Bank	20,000	40,000

(07 Marks)

- 4 From the following income statement and statement of financial position of a year, you are required to calculate: i) current ratio; ii) Acid test ratio; iii) debtors turnover ratio; iv) Average collection period; v) Stock turn over ratio. (Assume 360 days in a year).

Income Statement

Net sales →	1,00,000
Less: cost of sales →	70,000
Gross profit →	30,000
Less: operating expenses →	20,000
Net profit →	10,000

Balance Sheet

Liability	Amount	Assets	Amount
Creditors	36,000	Cash in hand	5000
Bills payable	2,000	Cash @ bank	4000
Mortgage loan	10,000	Debtors	40,000
Equity share capital	60,000	Stock @ cost	15,000
Reserves and surplus	12,000	Fixed asset (Net)	56,000
	1,20,000		1,20,000

(07 Marks)

- 5 Explain the concept of window dressing. Briefly explain any five methods of window dressing. (07 Marks)
- 6 What are the deductions under section 80 C of income tax act? (07 Marks)
- 7 Briefly explain the users of accounting information. (07 Marks)

SECTION – C

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

- 1 What do you mean by accounting principles? Explain in brief the concepts of accounting. (10 Marks)

- 2 Show the following accounting equations on the basis of the following transaction:

1)	Y started business with cash	90,000
2)	Purchased goods on credit	50,000
3)	Purchased furniture for cash	10,000
4)	Sold goods costing	40,000
5)	Sold goods costing Rs.20,000 on credit for	42,000
6)	Brought goods worth Rs.20,000 (Rs. 15,000 paid in cash balance on credit)	
7)	Drawn for personal use	3000
8)	Paid for rent	1000
9)	Paid for salaries	3000
10)	Paid to creditors	40,000

(10 Marks)

- 3 From the following transactions of M/S J choudhary write up his cash book (three column) bring down the balance as on 31 May 2015.

2015

May 1	Balance at bank 1,50,000
May 2	Drew from bank for office use Rs.50,000
May 3	Brought office furniture for cash Rs.32,000
May 8	Paid wages in cash Rs.15,000
May 14	Drew from bank for office use Rs.25,000
May 16	Sold goods for cash Rs.22,000
May 19	Received a cheque from B Battiwala and co in settlement for this account of Rs.75,000 less 5%
May 23	Brought goods for cash Rs.45,000
May 25	Drew cheque for self Rs.40,000
May 31	Paid Agrawala's account Rs.40,000 by the cheque less 2.5%

(10 Marks)

- 4 The following are the ratios relating to the activities of national traders Ltd.

Debtors velocity	: 3 months
Stock velocity	: 8 months
Creditor velocity	: 2 months
Gross profit ratio	: 25%

Gross profit of the current year ended 31<sup>st</sup> December amounted to Rs.4,00,000 closing stock of the year is Rs.10,000 above the opening stock. Bills receivable amounts to Rs.25,000 and bills payable to Rs.10,000. Find out: i) Sales; ii) Sundry debtor; iii) Closing stock; iv) Sundry creditor.

(10 Marks)

- 5 Balance sheet of A and B as on 1 January 2014 and 31 December 2014 were as follows:

Balance Sheet

Liability	1-1-2014	31-12-2014	Assets	1-1-2014	31-12-2014
Creditor	40,000	44,000	Cash	10,000	7000
Mrs A's loan	25,000	-	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During a year a machine costing Rs.10,000 (accumulated depreciation of Rs.3000) was sold for Rs.5000. The provisions depreciation against machinery as on 1.1.2014 was Rs.25,000 and on 31.12.2014 was Rs.40,000. Net profit for the year 1993 amount to Rs.45,000. You are required to prepare cash flow statement. (10 Marks)

- 6 State the meanings of human resource accounting and outline the various methods of valuing human resource. (10 Marks)
- 7 Define the term "Income". Explain in brief the heads of income. (10 Marks)

**SECTION – D**  
**(Compulsory)**

- 8 The following is the trial balance of Mr. R.K. as on 31.12.2009. Prepare trading and profit and loss account for the year ending 31.12.2009 and a balance sheet as on that date.

Trial Balance as on 31-12-2009

Particular	Dr	Cr
Capital	-	85,000
Drawings	7,500	-
Opening stock 1.1.2009	12,000	-
Purchases and sales	86,000	1,70,000
Returns	2000	1000
Discounts	500	700
Commission received	-	1000
Income tax paid	700	-
Office salaries	17,300	-
Office rent	2000	-
Advertising	1700	-
Sundry debtor and creditor	85,000	30,000
Provision for doubtful debt	-	3000
Manufacturing wages	8,600	-
Bills receivables and payables	5000	5000
Carriage	600	-
Machinery	40,000	-
Motor vans	7000	-
Land and building	10,000	-
Office expense	1500	-
Cash @ bank	6000	-
Cash in hand	2300	-
<b>Total</b>	<b>2,95,700</b>	<b>2,95,700</b>

Adjustments:

- i) Closing stock on 31.12.2009 was Rs.10,000.
- ii) Debtor worth Rs.2000 was bad.
- iii) Depreciate machinery by 5% and vans by 5%.
- iv) Provision for bad and doubtful debts should be increased by Rs.600.
- v) Commission accrued but not received Rs.500.
- vi) Goods worth Rs.500 were used by proprietor for personal use.
- vii) On 20.12.2009 a fire broke out in the shop and goods worth Rs.2000 were completely destroyed. The insurance company accepted claim for Rs.1500 and paid claim on 1.1.2010. (20 Marks)