

--	--	--	--	--	--	--	--	--	--

First Semester MBA Degree Examination, Dec.2017/Jan.2018
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 What is an accounting cycle? (03 Marks)
- 2 What is journal proper? (03 Marks)
- 3 What do you mean by return inward and return outward? (03 Marks)
- 4 Mention any three benefits of ratio analysis. (03 Marks)
- 5 What is corporate governance? (03 Marks)
- 6 Describe HR accounting. (03 Marks)
- 7 Average stock of the firm is Rs.50,000. Its opening stock is Rs.10,000 less than closing stock. Find out the opening and closing stock. (03 Marks)

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

- 1 Pass the journal entries for the following transactions:
 - 1/4/16 Commenced business with cash Rs.5000, goods Rs.2000 and furniture Rs.8000.
 - 4/4/16 Purchased goods for cash Rs.2000, from C Rs.1000 and from B on credit Rs.3000.
 - 7/4/16 Sold goods to Z for cash Rs.2000 and on credit Rs.3000.
 - 9/4/16 Received from Z Rs.1000 and allowed him discount of Rs.20
 - 12/4/16 Received commission Rs.300 and interest Rs.700
 - 15/4/16 Goods distributed as samples Rs.500
 - 18/4/16 Loss of cash by theft Rs.600
- 2 Briefly explain the various subsidiary books. (07 Marks)
- 3 The following is a trial balance as on 31st March 2016. Prepared by an incompetent accountant. You are required to rewrite. (07 Marks)

<u>Name of accounts</u>	<u>Dr (Rs.)</u>	<u>Cr (Rs.)</u>
Capital	24000	-
Stock on 1 st April 2015	8500	-
Furniture	2600	-
Purchase	-	8950
Cash at bank	7300	-
Carriage	300	-
Sales	-	22500
Buildings	12000	-
Return inwards	1900	-
Return outwards	350	-
Trade expenses	-	1000
Discount received	970	-
Salary	-	3000
Office rent	2270	-
	<u>60,190</u>	<u>35,450</u>

1 of 4

- 4 On 1st Jan 2012, X Ltd purchased a second hand machine for Rs.58000 and spent Rs.2000 on its creation. On 1st July 2014, this machine was sold for Rs.28,600. Prepare the machinery account of the machine X according to WDV method taking the rate of depreciation @ 10%. (07 Marks)
- 5 Explain the different heads of income under income tax act. (07 Marks)
- 6 What is window dressing? Mention the techniques of window dressing. (07 Marks)
- 7 What is IFRS? What are the objectives of IFRS? (07 Marks)

SECTION - C

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

- 1 Briefly explain the different accounting concept. (10 Marks)
- 2 What is meant by accounting standards? Explain any five accounting standards. (10 Marks)
- 3 Show the accounting equation on the basis of following transactions:
- | | | |
|---|--------|------------|
| a. Yadu commenced business with cash | 70,000 | |
| b. Withdraw for private use | 1700 | |
| c. Purchase goods on credit | 14,000 | |
| d. Purchase goods for cash | 10,000 | |
| e. Paid wages | 300 | |
| f. Sold goods on credit | 10,000 | |
| g. Paid to creditors | 10,000 | |
| h. Sold goods for cash (cost price Rs.3000) | 4000 | |
| i. Purchased furniture for cash | 500 | |
| j. Outstanding salary | 500 | (10 Marks) |
- 4 Enter the following transactions in a three column cash book.
- | | | |
|---------|---|------------|
| 1/1/15 | Balance of cash in hand Rs.4000 and at bank Rs.16000 | |
| 2/1/15 | Paid Satish by cheque Rs.9500 in full settlement of his account for Rs.9600 | |
| 4/1/15 | Bought goods for cash Rs.800 and for cheque Rs.3000. | |
| 6/1/15 | Drew cash for office use Rs.3000 | |
| 7/1/15 | Paid wages in cash Rs.2500 | |
| 8/1/15 | Paid Umesh Rs.1200 by cheque. | |
| 10/1/15 | Sold goods for cash Rs.8000. | |
| 12/1/15 | Received cheque from Bhaktha Rs.3200 in full settlement of his account for Rs.3250. | |
| 15/1/15 | Bhaktha's cheque was returned dishonoured | |
| 20/1/15 | Paid Rs.9200 into bank | (10 Marks) |

- 5 From the following information prepare balance sheet with as many details as possible.

Debtors velocity 3 months
 Creditors velocity 2 months
 Stock velocity 8 months
 Fixed assets turnover ratio 8 times
 Gross profit ratio 25%

Gross profit during the year amounted to Rs.80000. There is no long term and overdrafts. Reserves and surplus amounted to Rs.28000. Liquid assets are Rs.97.333. Closing stock is Rs.2000 more than the opening stock. Bills receivable and bills payable are Rs.5000 and Rs.2000 respectively. (10 Marks)

- 6 From the following balance sheet of Priyanka Ltd. Prepare common size balance sheet and comment.

Liabilities	2015	2016	Assets	2015	2016
Share capital	5,00,000	8,00,000	Land & Building	2,00,000	3,00,000
General reserves	1,50,000	3,00,000	Plant & Machinery	1,50,000	2,50,000
Surplus	50,000	1,00,000	Furniture	50,000	50,000
Creditors	80,000	60,000	Investment	2,00,000	4,50,000
B/P	20,000	40,000	Stock	90,000	1,20,000
Secured loans	-	1,50,000	Debtors	80,000	90,000
Unsecured loans	-	50,000	Bank	30,000	90,000
			Patents	-	1,50,000
	8,00,000	15,00,000		8,00,000	15,00,000

(10 Marks)

- 7 From the following balance sheet prepare cash flow statement for the year 2016.

Liabilities	2015	2016	Assets	2015	2016
Share capital	70,000	80,000	P & M	62,000	66,000
Share premium	9000	11,000	Accumulation dep on P&M	(37,000)	(26,200)
Retained earning	23,820	30,820	Building	95,000	116000
7% mortgage loan	-	20,000	Accumulation dep on building	(43,000)	(45,000)
Creditors	6900	6000	Land	10,000	12,000
O/S salaries	2000	1400	Stock	10,220	9620
Provision for taxation	1000	1400	Debtors	8,600	7600
			Prepaid exp	720	800
			Cash	6180	9800
	1,12,720	1,50,620		1,12,720	1,50,620

Additional information:

- Plant costing Rs.16,000 (accumulated depreciation Rs.14,800) was sold during the year for Rs.1200.
- Building was acquired during the year at a cost of Rs.21000. In addition to cash payment of Rs.1000.
- Dividend of Rs.8000 was paid during the year.
- A sum of Rs.13,900 was transferred to provision for taxation account in 2016. (10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

The following is the trial balance of M/S Aryan Fabrication as on 31/3/2016. Prepare final account for the year ended 31/3/2016.

Name of the account	Dr	Cr
Capital	-	85000
Drawings	7500	-
Opening stock	12000	-
Purchase and Sales	86000	170000
Returns	2000	1000
Discounts	500	700
Commission received	-	1000
Income tax paid	700	-
Office salaries	17300	-
Office rent	2000	-
Advertising	1700	-
Debtors & Creditors	85000	30000
Provision for doubtful debts	-	3000
Manufacturing wages	8600	-
Bills receivable and payable	5000	5000
Carriage	600	-
Machinery	40000	-
Motor vans	7000	-
Land & buildings	10000	-
Office expenses	1500	-
Cash at bank	6000	-
Cash in hand	2300	-
	2,95,700	2,95,700

Adjustments:

- i) Stock on 31st March 2016 was Rs.10,000.
- ii) Debt worth Rs.2000 should be written off as bad.
- iii) Depreciate machinery by 5% and motor van by 15%.
- iv) Provision for bad & doubtful debts should be increased by Rs.600.
- v) Commission accrued and not received Rs.500.
- vi) Goods worth Rs.500 were used by the proprietor for his personal use.
- vii) On 20th March 2016, a fire broke out in the shop and goods worth Rs.2000 were completely destroyed. The insurance company accepted the claim for Rs.1500 only and paid the amount on 1st April 2016.

(20 Marks)

* * * * *