

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

First Semester MBA Degree Examination, June/July 2018 Accounting for Managers

Time: 3 hrs.

Max. Marks:80

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

- 1 a. Define the term accounting. (02 Marks)
b. Explain the accounting cycle in brief. (06 Marks)
c. From the following transactions show the effects on Assets, liabilities and capital based on Accounting equations:
(i) Commenced business with a capital of ₹ 2,80,000.
(ii) Purchased goods on credit ₹ 80,000.
(iii) Purchased goods for cash ₹ 50,000.
(iv) Paid salary ₹ 60,000.
(v) Sold goods to Ramesh ₹ 70,000.
(vi) Sold goods for cash ₹ 50,000.
(vii) Bought furniture for ₹ 35,000.
(viii) Loan taken from Bank ₹ 1,00,000. (08 Marks)
- 2 a. What is Contra entry? (02 Marks)
b. ABC Limited purchased a machine on 1-1-2014 for ₹ 3,75,000 and spent ₹ 25,000 for installation. On 1-4-2017, machinery was sold for ₹ 2,20,000. Depreciation is provided at 10% per annum on original cost method (straight line method). Accounts are closed on 31st December every year. Prepare machinery A/C. (06 Marks)
c. Journalize the following transactions in the books of Mr. Nandu for the month of Dec.2017.
(i) 1-12-2017 commenced business with cash ₹ 3,50,000.
(ii) 3-12-2017 purchased goods for cash ₹ 80,000.
(iii) 4-12-2017 purchased furniture for business ₹ 1,00,000.
(iv) 10-12-2017 Sold goods to Ms. Chandrika ₹ 70,000.
(v) 14-12-2017 sold goods to Ms Aruna for cash ₹ 1,20,000.
(vi) 19-12-2017 Cash withdraw for personal use ₹ 10,000
(vii) 22-12-2017 Withdraw from Bank for office use ₹ 25,000
(viii) 31-12-2017 Salary paid ₹ 80,000, rent paid ₹ 24,000. (08 Marks)
- 3 a. What do you mean by Financial statement? (02 Marks)
b. Prepare a Trading A/C from the following information for the year ended 31st December 2017:
Stock on 1-1-2017 – 40,000
Purchase – 1,30,000
Returns outwards – 10,000
Sales – 2,50,000
Returns inwards – 20,000
Carriage inwards – 12,000
Clearing charges – 8,000
Stock on 31-12-17 – 30,000 (06 Marks)

- c. From the following transactions write up three column cash of Abhishek:

1-12-2017	Cash in hand ₹ 40,000 cash at Bank 10,000
2-12-2017	Cash deposited into Bank ₹ 16,000
5-12-2017	Cash sales 30,000
12-12-2017	Paid to Suma 2,050 and allowed a discount of ₹ 50.
20-12-2017	Drew from bank for office use ₹ 3,000
24-12-2017	Bought machinery and payment made by cheque of ₹ 6,000
26-12-2017	Received commission by cheque ₹ 300
28-12-2017	Purchase from Savitha, payment made by cheque ₹ 3,500
29-12-2017	Paid Harish 3,800 for full settlement his account of ₹ 4,000
31-12-2017	Received ₹ 2,900 in full settlement of ₹ 3,000 from Anand.

(08 Marks)

- 4 a. What is Solvency Ratio? (02 Marks)

- b. 'X' Ltd sells goods on cash and credit. The following information is extracted from its books. You are required to calculate the average collection period.

Total Sales – 22,50,000

Cash Sales – 2,50,000

Sales return – 7,000

Total Debtors for sales as on 31st March 2017 → 1,50,000

Bills receivable as on 31st March 2017 → 2,00,000

(06 Marks)

- c. From the following information calculate:

(i) Capital turnover ratio (ii) Fixed assets turnover ratio

(iii) Working capital turnover ratio (iv) Total Assets TR.

Sales → 5,25,000 Total assets → 2,62,500 Working capital → 75,000

Capital Employed → 1,75,000, Fixed Assets → 1,05,000

(08 Marks)

- 5 a. What is accounting standard? (02 Marks)

- b. Calculate cash flow from operating activities:

Particulars	Amount	Amount
	31-3-16	31-3-17
Profit and Loss A/C	1,20,000	1,30,000
General Reserve	3,44,000	4,14,000
Bills receivables	80,000	1,62,000
Outstanding wages	52,000	16,000
Prepaid salary	16,000	20,000
Goodwill	1,40,000	1,20,000
Debtors	1,70,000	96,000

(06 Marks)

- c. From the following information prepare a Balance sheet as on 31st March 2017.

(i) Fixed assets ₹ 5,40,000

(ii) Reserves and Surplus ₹ 1,20,000

(iii) Bank overdraft ₹ 30,000

(iv) Working capital ₹ 1,80,000

(v) Current ratio = 2.5

(vi) Liquid ratio = 1.5

(vii) Proprietary ratio = 0.75 (Fixed assets to proprietary fund)

(08 Marks)

- 6 a. Give any four tools and techniques of financial statement analysis. (02 Marks)
 b. Briefly explain the methods of Human Resource Accounting. (06 Marks)
 c. Prepare statement of Trading and Profit / Loss for the year ended 31st March 2017:

Capital – 1,00,000	Drawings – 10,000
Creditors – 12,000	Purchase – 1,05,000
Sales – 1,64,000	Return I/W – 3,000
Return O/W – 5,000	Wages – 50,000
B/P – 5,000	Bank – 10,000
P & M – 40,000	Repairs – 500
Drs – 24,000	Stock – 20,000
Rent – 4,000	Bad debts – 2,000
Mfy Expenses – 8,000	Carriage – 1,500
Trade Expenses – 7,000	Fuel charges – 1,000

Adjustments:

- (i) Stock as on 31st March 2017 ₹ 14,500
 (ii) Depreciate P and M by ₹ 4,000
 (iii) Allow interest on capital at 5%
 (iv) Outstanding repairs charges ₹ 400. (08 Marks)
- 7 a. Who is an assessee? (02 Marks)
 b. Briefly explain the heads of income. (06 Marks)
 c. Write a note on deductions under section 80 C. (08 Marks)

- 8 From the following Trial Balance, prepare Trading and P & L A/C and Balance sheet as on 31st March 2017.

Sl.No.	Particulars	Dr	Cr
1	Capital	-	3,00,000
2	Drawings	50,000	-
3	Purchases	4,00,000	-
4	Carriage outwards	5,000	-
5	Return outwards	-	10,000
6	Sundry Exp.	8,000	-
7	Bad debts	3,000	-
8	Postage	2,000	-
9	Wages	10,000	-
10	Discount	5,000	-

	Particulars	Dr	Cr
11	Sales	-	6,00,000
12	B/R	-	30,000
13	L & B	1,80,000	
14	P & M	75,000	
15	Sundry Crs	-	85,000
16	Sundry Drs	1,05,000	
17	Salary	15,000	
18	Investments	30,000	
19	Opening stock	1,32,000	
20	Cash	5,000	
	Total	10,25,000	10,25,000

Adjustments:

- (i) Prepaid wages ₹ 500.
 (ii) Outstanding salary ₹ 4000.
 (iii) Depreciation on machinery at 6%
 (iv) Provision for bad debts at 5%
 (v) Interest on investments ₹ 900.
 (vi) Closing stock ₹ 1,03,000.

(16 Marks)

* * * * *