

# CBBCS SCHEME

USN

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

16/17MBA13

**First Semester MBA Degree Examination, Dec.2018/Jan.2019**

## Accounting for Managers

Time: 3 hrs.

Max. Marks:80

- Note: 1. Answer any Four questions from Q.No. 1 to Q.No. 7.**  
**2. Question No. 8 is compulsory.**

- 1 a. What is Depreciation? (02 Marks)  
b. Briefly explain the users of Accounting. (06 Marks)  
c. Explain Accounting concepts in detail. (08 Marks)

- 2 a. What is a Contra Entry? (02 Marks)  
b. Journalize the following in the books of Dr. Mahesh

2017 Jan 01	Commenced business with cash Rs 5,000/- , goods Rs 2,000/- and furniture Rs 8,000/-
05	Purchased goods from Mr. Deepak Rs 1,000/- and took loan from him Rs 2,000/-
09	Sold goods to Mr. Sharma for cash Rs 2,000/- and on credit Rs 2,000/-
14	Paid salary Rs 500/- , Rent Rs 800/- and Postage Rs 10/-
19	The proprietor took cash of Rs 200/- and goods of Rs 300/- from business for his personal use.
28	Repaid Mr. Deepak's loan of Rs 2,000/- with interest of Rs 100/-

(06 Marks)

- c. Prepare three column cash book from the following transactions :

2017 Aug 1 <sup>st</sup>	Cash in hand Rs 12,500 and Bank balance Rs 20,000/-
2 <sup>nd</sup>	Purchased goods for cash Rs 2,500/-
4 <sup>th</sup>	Sold goods on account to Vikas Rs 4,000/-
8 <sup>th</sup>	Purchased office furniture and issued cheque Rs 5,000/-
12 <sup>th</sup>	Drawn from bank for office use Rs 2,000/- and for personal use Rs 1,000/-
18 <sup>th</sup>	Purchased goods for cash Rs 10,000/-
20 <sup>th</sup>	Purchased motor car on account from speed motors for Rs 15,000/-
24 <sup>th</sup>	Received from Vikas a cheque to settle his account and discount allowed to him Rs 50/-
28 <sup>th</sup>	Paid wages Rs 250/-
30 <sup>th</sup>	Sold goods for cash Rs 5,000/-

(08 Marks)

- 3 a. What is Accounting Standards? (02 Marks)  
b. Give accounting equation for the following transaction :  
i) Started business with cash Rs 18,000/-  
ii) Paid rent in advance Rs 400/-

- iii) Purchased goods for cash Rs 5,000/- and on credit Rs 2,000/-  
 iv) Sold goods for cash Rs 4,000/- (costing Rs 2,400/-)  
 v) Rent paid Rs 1,000/- and rent outstanding Rs 200/-  
 vi) Bought Motor – cycle for personal use Rs 8,000/-  
 vii) Purchased equipments for cash Rs 500/-  
 viii) Paid to creditors Rs 600/-  
 ix) Depreciation on equipment Rs 25/-  
 x) Business expenses Rs 400/- (06 Marks)
- c. On 1<sup>st</sup> July 2005, Shri Ram 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 Ram writes off 10% on the original cost. The accounts are closed every year on 31<sup>st</sup> March. Show the machinery account up to the year ending 31<sup>st</sup> March, 2008. (08 Marks)

4 a. Define Ratio. (02 Marks)

b. From the following, calculate cash from operations :

Particulars	Amount
Total sales	6,00,000
Total purchases	4,50,000
Debtors at the beginning of the year	80,000
Debtors at the end of the year	2,00,000
Creditors at the beginning of the year	50,000
Creditors at the end of the year	1,20,000
Operating expenses	80,000

(06 Marks)

c. From the following details prepare a Balance sheet.

Current ratio = 2.5 ; Gross profit ratio = 20% ; Liquidity ratio = 1.5  
 Fixed asset turnover ratio = 2 ; Stock turnover ratio = 6 ;  
 Average debt collection = 2 months ; Fixed assets to Networth = 1:1 ;  
 Reserve to share capital = 0.5 : 1 ; Net working capital = Rs 3,00,000/-.

(08 Marks)

5 a. What is Forensic Accounting? (02 Marks)

b. Explain the need and significance of IFRS. (06 Marks)

c. Following are the summarized Balance sheets of a Company as on 31/3/2016 and 31/3/2017.

Liabilities	31/3/2016	31/3/2017	Assets	31/3/2016	31/3/2017
Share capital	5,00,000	5,00,000	Premises	4,75,000	5,00,000
General Reserve	1,50,000	1,25,000	Machinery	4,22,500	3,75,000
P & L A/c	76,500	76,250	Equipments	40,500	45,000
Term loan	1,55,000	1,75,000	Stock	74,000	1,00,000
S. Creditors	2,31,250	2,75,000	Sundry Debtors	1,60,000	2,00,000
Provision for Tax	76,250	84,250	Cash	7,000	3,000
			Bank	10,000	-
			Good will	-	12,500
Total	11,89,000	12,35,500	Total	11,89,000	12,35,500

Additional Information :

- i) Interim dividend paid Rs 25,000/-  
 ii) Depreciation on premises at 5%.  
 iii) Machinery of Rs 75,000 was acquired during the year.  
 iv) Income tax provision for the year was Rs 75,000/-. Prepare cash flow statement. (08 Marks)



- 6 a. What is Sustainability Reporting? (02 Marks)  
 b. From the following Trial Balance (containing some errors), prepare a correct Trial Balance.

Heads of Accounts	Dr	Cr
Purchases	60,000	-
Reserve fund	20,000	-
Sales	-	1,00,000
Purchases returns	1,000	-
Sales returns	-	2,000
Opening stock	30,000	-
Closing stock	-	40,000
Expenses	-	20,000
Outstanding expenses	2,000	-
Bank Balance	5,000	-
Assets	50,000	-
Debtors	-	80,000
Creditors	-	30,000
Capital	94,000	-
Suspense A/c	10,000	-
Total	2,72,000	2,72,000

- c. What is Human Resource Accounting? Explain the different methods of Human Resource Accounting. (06 Marks)  
 (08 Marks)
- 7 a. Distinguish between Gross total income and Taxable income. (02 Marks)  
 b. Explain the deduction available to individuals under section 80C. (06 Marks)  
 c. Explain various heads of Income. (08 Marks)
- 8 The following Trial Balance extracted from the books of a Merchant Mr. Santhosh on 31/3/2017 :

Particulars	Dr	Cr
Furniture & Fittings	640	-
Motor vehicles	6,250	-
Buildings	7,500	-
Capital	-	12,500
Bad Debts	125	-
Provision for Doubtful Debts	-	200
Sundry Debtors & Creditors	3,800	2,500
Stock as on 1/4/2016	3,460	-
Purchases & Sales	5,475	15,450
Bank overdraft	-	2,850
Sales & Purchases Returns	200	125
Advertising	450	-
Interest on Bank overdraft	118	-
Commission	-	375
Cash	650	-
Taxes and Insurance Premium	782	-
General expenses	1,250	-
Salaries	3,300	-
Total	34,000	34,000

Adjustments :

- i) Stock on hand on 31/3/17 Rs 3,250/-
  - ii) Depreciate Buildings @ 5% p.a. ; Furniture @ 10% p.a ; Motor vehicles @ 20% p.a.
  - iii) Rs 85/- is due for interest on Bank overdraft.
  - iv) Salaries Rs 300/- and Taxes Rs 200/- are outstanding.
  - v) Insurance Premium amounting Rs 100/- prepaid.
  - vi) One – third of the commission received is in respect of work to be done next year.
  - vii) Write off a further sum of Rs 100/- as bad debts from Debtors and create provision for Doubtful debts @ 5% on debtors.
- Prepare Final Accounts.

(16 Marks)

CMRIT LIBRARY  
BANGALORE - 560 037

\*\*\*\*\*