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First Semester MBA Degree Examination, June/July 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 What is contra entry? Give an example of transaction. (03 Marks)
- 2 List out any six items deductible U/S 80C. (03 Marks)
- 3 State the objectives of IFRS. (03 Marks)
- 4 What do you mean by corporate governance? (03 Marks)
- 5 What do you mean by business entity concept? (03 Marks)
- 6 Give any three methods of charging depreciation. (03 Marks)
- 7 Give any four techniques of analyzing financial statements. (03 Marks)

SECTION - B

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

- 1 What is window dressing? How financial statements are window dressed? (07 Marks)
- 2 Write a short note on forensic accounting. (07 Marks)
- 3 Give the list of accounting information users and explain. (07 Marks)
- 4 Srinivasa started business with the following assets and liabilities. Cash in hand = Rs.15000 goods = Rs.25000, furniture = Rs.600, buildings = Rs.20000. Due by A. Raman = Rs.6000, due to Kameshwaram = Rs.8000, due to Mohan = Rs.12000.

2016, Jan. 1	Purchased goods from Mohan subjected to trade discount of 5% = Rs.10,000
2016, Jan. 3	Sold goods to Murthy subjected to trade discount of 2% = Rs.5000
2016, Jan. 5	Received from A. Raman = Rs.5800, discount allowed = Rs.200
2016, Jan. 10	Received from Murthy in full settlement of account Rs.4500
2016, Jan. 15	Paid Kameshwaram in full settlement of account Rs.7750
2016, Jan. 20	Paid Mohan Rs.10000

Journalize the above transaction.

(07 Marks)

- 5 From the following calculate trend percentages (consider 2013 as the base) : (07 Marks)

	2013 (Rs.)	2014 (Rs.)	2015 (Rs.)
Cash	200	240	160
Debtors	400	500	650
Stock	600	800	700
Other current assets	450	600	750
Land	800	1000	1000
Buildings	1600	2000	2400
Plant	2000	2000	2400

- 6 A company purchased a second hand plant for Rs.30000. It immediately spent on it Rs.5000. The plant was put to use on 1-1-2010. After having used it for six years (6 Y), It was sold for Rs.15000. You are required to prepare the plant account for all the six years providing depreciation at 10% p.a. on original cost (straight line method of depreciation). (07 Marks)
- 7 What are the needs and objectives of corporate governance? (07 Marks)

SECTION - C

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

- 1 Prepare a three column cash book of Srichanaban from the following:

2015, Jan.1	Cash received from sale of building = Rs.6000
2015, Jan.2	Paid into bank of opening an account = Rs.5600
2015, Jan.3	Paid Albert by cheque Rs.2470. Discount allowed by him Rs.20.
2015, Jan.4	Paid wages Rs.150
2015, Jan.8	Received from Balan a cheque Rs.980. Discount allowed to him Rs.20
2015, Jan.10	Paid into bank Balan cheque Rs.980
2015, Jan.15	Paid for stationary in cash Rs.50
2015, Jan.18	Bought goods for cash Rs.120
2015, Jan.20	Paid Madhavan by cheque Rs.370. Discount allowed by him Rs.10
2015, Jan.21	Drew from bank Rs.150
2015, Jan.23	Drew from bank for private expenses Rs.200
2015, Jan.24	Received for cash sales Rs.170
2015, Jan.25	Received from Raman Rs.1800. Allowed him discount Rs.40.
2015, Jan.27	Paid into bank Rs.2000.

(10 Marks)

- 2 The following trail balance has been prepared wrongly. You are asked to prepare the trail balance correctly

Name of account	Dr. Balance (Rs)	Cr. Balance (Rs)
Capital account	--	40611
Furniture account	--	800
Surjeet furniture house	--	800
Baddebt account	--	1000
Interest on capital a/c	411	--
Purchases account	17620	--
Bindia & Co.	1120	--
Sales account	--	35320
Shiv & Co.	--	1800
Sales returns account	400	--
Purchases return account	600	--
Advertisement account	--	500
Salaries account	1800	--
Investment in shares account	1125	--
Discount account	--	420
Cash in hand	14,175	--
Cash at bank	40,600	--

(10 Marks)

- 3 Define accounting principles. Give the classification of accounting principles and explain them. (10 Marks)
- 4 From the following trial balance of Arvind, prepare trading and profit and loss account for the year ending 31 Dec. 2015.

Trail balance as on 31 Dec 2015

	Dr (Rs)	Cr (Rs)
Purchases	21,750	-
Discount allowed	1300	-
Wages	6500	-
Sales	-	30,000
Salaries	2000	-
Travelling expenses	400	-
Commission	425	-
Carriage inward	275	-
Administrative expenses	105	-
Trade expenses	600	-
Interest	250	-
Building	5000	-
Furniture	200	-
Debtors	4250	-
Capital	-	13000
Creditors	-	2100
Cash	2045	-
	45100	45100

Additional information:

- Stock on 31-12-2015 was Rs.6000.
 - Issued shares on 30-12-2015 for Rs.15000.
 - Paid up capital as on 31-12-2015 was Rs.1,50,000.
- (10 Marks)
- 5 With the following ratios and further information given below. Prepare a trading account and P & L a/c and balance sheet of Shri Narain.
- Gross profit ratio = 25%
 - Net profit/sales = 20%.
 - Stock turnover ratio = 10
 - Capital to total liabilities = $\frac{1}{2}$
 - Fixed asset/capital = $\frac{5}{4}$
 - FA/total CA = $\frac{5}{7}$
 - Fixed assets = Rs.10,00,000
 - Closing stock = Rs.1,00,000
- (10 Marks)

- 6 Statement of financial position of Mr. Arun is given below:

Liabilities	1.Jan.2008	31.Dec.2008	Assets	1.Jan.2008	31.Dec.2008
Account payables	29000	25000	Cash	40,000	30,000
Capital	7,39,000	6,15,000	Debtors	20,000	17,000
			Stock	8000	13,000
			Building	1,00,000	80,000
			Other FA	6,00,000	5,00,000
	7,68,000	6,40,000		7,68,000	6,40,000

Additional Information:

- There are no withdrawals.
 - There were no purchases or sales of either building or other fixed assets.
- Prepare a statement of cash flow.

(10 Marks)

- 7 Anil had the following transactions. Prepare accounting equation for the same.
- i) Started business with cash Rs.5000.
 - ii) Purchased goods on credit Rs.400.
 - iii) Purchased goods for cash Rs.100.
 - iv) Purchased furniture Rs.50.
 - v) Withdraw for personal use Rs.70
 - vi) Paid rent Rs.20
 - vii) Received interest Rs.10
 - viii) Sold goods costing Rs.50 on credit for Rs.70.
 - ix) Paid to creditors Rs.40.
 - x) Paid for salaries Rs.20

(10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

You are given the following transactions as on 31 January for the year ending.

- i) Ram started business with cash of Rs.10000.
- ii) He purchased goods from Mohan on credit Rs.2000.
- iii) He paid cash to Mohan Rs.1000.
- iv) He sold goods to Suresh Rs.2000.
- v) He received cash from Suresh Rs.3000.
- vi) He further purchased goods from Mahesh Rs.2000.
- vii) He paid cash to Mohan Rs.1000.
- viii) He further sold goods to Suresh Rs.2000.
- ix) He received cash from Suresh Rs.1000.

You required to prepare:

- a. Journalise the transactions.
- b. Post them into ledger.
- c. Prepare a trial balance.

(10 Marks)

(05 Marks)

(05 Marks)

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