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## First Semester MBA Degree Examination, June/July 2023 Accounting for Managers

Time: 3 hrs.

Max. Marks: 100

- Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.  
2. Question No. 8 is compulsory.  
3. M : Marks, L: Bloom's level, C: Course outcomes.**

			M	L	C																																																								
<b>Q.1</b>	<b>a.</b>	Define GAAP.	3	L1	CO1																																																								
	<b>b.</b>	Briefly explain any seven uses of accounting information.	7	L2	CO1																																																								
	<b>c.</b>	Journalize the following transactions in the books of X Co.	10	L3	CO1																																																								
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<b>Q.2</b>	<b>a.</b>	What is Trial balance?	3	L1	CO1																																																								
	<b>b.</b>	Discuss the accounting concepts in detail.	7	L2	CO1																																																								
	<b>c.</b>	The balance sheets of Charat Engg. Ltd. are given below. Prepare a cash flow statement for the year 2023 in accordance with AS-3 (revised)	10	L3	CO2																																																								
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Capital and Liabilities</th> <th style="width: 10%;">2023</th> <th style="width: 10%;">2022</th> <th style="width: 15%;">Assets</th> <th style="width: 10%;">2023</th> <th style="width: 10%;">2022</th> </tr> </thead> <tbody> <tr> <td>Stock holders equity</td> <td style="text-align: center;">207</td> <td style="text-align: center;">160</td> <td>Fixed assets</td> <td style="text-align: center;">300</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Long term debt</td> <td style="text-align: center;">150</td> <td style="text-align: center;">-</td> <td>Inventories</td> <td style="text-align: center;">100</td> <td style="text-align: center;">50</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: center;">105</td> <td style="text-align: center;">30</td> <td>Receivables</td> <td style="text-align: center;">60</td> <td style="text-align: center;">30</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash</td> <td style="text-align: center;">2</td> <td style="text-align: center;">10</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>462</b></td> <td style="text-align: center;"><b>190</b></td> <td><b>Total</b></td> <td style="text-align: center;"><b>462</b></td> <td style="text-align: center;"><b>90</b></td> </tr> </tbody> </table> <p>Net income before taxes was Rs.81 lakh. Taxes paid were Rs.27 lakh. Net Income was Rs.54 lakh. Cash dividend paid was Rs.7 lakh. Depreciation was Rs.20 lakh. Fixed assets were purchased Rs.220 lakh, Rs.150 lakh of which was financed via the issuance of long term debt and the rest from cash.</p>	Capital and Liabilities	2023	2022	Assets	2023	2022	Stock holders equity	207	160	Fixed assets	300	100	Long term debt	150	-	Inventories	100	50	Current liabilities	105	30	Receivables	60	30				Cash	2	10	<b>Total</b>	<b>462</b>	<b>190</b>	<b>Total</b>	<b>462</b>	<b>90</b>																							
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<b>Q.3</b>	<b>a.</b>	State any three ways of window dressing.	3	L1	CO1																																																								
	<b>b.</b>	Briefly explain the various methods of Human Resource Accounting.	7	L2	CO1																																																								

	<p>c. From the following income statement, interpret the results of operations of manufacturing concern using trend ratios. Income statement (Statement of P and L) (in '000' Rs.)</p> <table border="1" data-bbox="319 291 1244 705"> <thead> <tr> <th>Items</th> <th>31/3/2022</th> <th>31/3/2021</th> <th>31/3/2020</th> <th>31/3/2019</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>13,000</td> <td>12,000</td> <td>9,500</td> <td>10,000</td> </tr> <tr> <td>Less cost of goods sold</td> <td>7,280</td> <td>6,960</td> <td>5,890</td> <td>6,000</td> </tr> <tr> <td>Gross profit</td> <td>5,720</td> <td>5,040</td> <td>3,610</td> <td>4,000</td> </tr> <tr> <td>Less operating expenses</td> <td>1,200</td> <td>1,100</td> <td>970</td> <td>1,000</td> </tr> <tr> <td>Total</td> <td>4,520</td> <td>3,940</td> <td>2,640</td> <td>3,000</td> </tr> <tr> <td>Add Other income</td> <td>120</td> <td>180</td> <td>150</td> <td>100</td> </tr> <tr> <td>Net profit before tax</td> <td>4,640</td> <td>4,120</td> <td>2,790</td> <td>3,100</td> </tr> <tr> <td>Less Tax</td> <td>2,320</td> <td>2,060</td> <td>1,395</td> <td>1,550</td> </tr> <tr> <td>Net profit after tax</td> <td>2,320</td> <td>2,060</td> <td>1,395</td> <td>1,550</td> </tr> </tbody> </table>	Items	31/3/2022	31/3/2021	31/3/2020	31/3/2019	Net sales	13,000	12,000	9,500	10,000	Less cost of goods sold	7,280	6,960	5,890	6,000	Gross profit	5,720	5,040	3,610	4,000	Less operating expenses	1,200	1,100	970	1,000	Total	4,520	3,940	2,640	3,000	Add Other income	120	180	150	100	Net profit before tax	4,640	4,120	2,790	3,100	Less Tax	2,320	2,060	1,395	1,550	Net profit after tax	2,320	2,060	1,395	1,550	10	L4	CO2
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Q.4	a. Distinguish between Trade discount and Cash discount.	3	L1	CO1																																																		
	<p>b. The following trial balance has been prepared wrongly, you are asked to prepare it correctly and find out missing figure of 'Reserve fund'. (Amt in Rs.)</p> <table border="1" data-bbox="462 896 1101 1377"> <thead> <tr> <th>Heads of accounts</th> <th>Debit</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>Cash A/C</td> <td>-</td> <td>15,000</td> </tr> <tr> <td>Outstanding taxes A/C</td> <td>-</td> <td>1,800</td> </tr> <tr> <td>Outstanding salaries A/C</td> <td>6,000</td> <td></td> </tr> <tr> <td>Accounts Receivables</td> <td>33,000</td> <td></td> </tr> <tr> <td>Capital A/C</td> <td>1,20,000</td> <td></td> </tr> <tr> <td>Inventory</td> <td></td> <td>42,000</td> </tr> <tr> <td>Long term loan</td> <td></td> <td>68,000</td> </tr> <tr> <td>Building A/C (Net)</td> <td></td> <td>1,20,000</td> </tr> <tr> <td>Land A/C</td> <td>12,000</td> <td></td> </tr> <tr> <td>Account payable A/C</td> <td></td> <td>14,000</td> </tr> <tr> <td>Other assets</td> <td>4,000</td> <td></td> </tr> <tr> <td>Dividend payable</td> <td>5,000</td> <td></td> </tr> </tbody> </table>	Heads of accounts	Debit	Credit	Cash A/C	-	15,000	Outstanding taxes A/C	-	1,800	Outstanding salaries A/C	6,000		Accounts Receivables	33,000		Capital A/C	1,20,000		Inventory		42,000	Long term loan		68,000	Building A/C (Net)		1,20,000	Land A/C	12,000		Account payable A/C		14,000	Other assets	4,000		Dividend payable	5,000		7	L3	CO1											
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	<p>c. Show the accounting equation on the basis of the following transactions :</p> <ol style="list-style-type: none"> <li>Mr. Dileep started his business with a capital of Rs.3,00,000.</li> <li>Purchased goods from Mallika on credit Rs.70,000.</li> <li>Paid into bank Rs.10,000.</li> <li>Paid to Mallika for full settlement of Rs.69,700.</li> <li>Cash sales Rs.2,00,000.</li> <li>Sold goods to Meena Rs.1,75,000.</li> <li>Purchased goods from Bhumika on credit Rs.45,000.</li> <li>Paid to Bhumika by cheque Rs.45,000</li> <li>Received from Meena for full settlement Rs.1,74,600.</li> <li>Withdraw from Bank for office use Rs.20,000</li> <li>Withdraw for Personal use Rs.3,000</li> <li>Paid salary Rs.20,000</li> </ol>	10	L4	CO1																																																		
Q.5	a. What do you mean by Window dressing?	3	L1	CO1																																																		

	b.	From the following particulars, prepare a Bank Reconciliation statement showing the balance as per Pass book on 31 <sup>st</sup> March 2023. The following cheques were paid into the firm's current A/C in March 2023, but were credited by the bank in April 2023. Mr. "A" Rs.2,500, Mr. "B" Rs.3,000, Mr. "C" Rs.2,400. The following cheques were issued by the firm in March 2023, but were cashed in April 2023. Mr. "D" Rs.3,000, Mr. "E" Rs.5,000, Mr. "F" Rs.3,000. The Pass Book Bank shows a credit of Rs.2,500/- for Interest and a debit of Rs.50/- for bank charges. The Bank balance as per cash book was Rs.18,000.	7	L3	CO1																												
	c.	From the following information, construct the suitable cash book with cash, bank and discount column. <table border="1" data-bbox="327 448 1157 1097"> <tr> <td>April 2022, 1<sup>st</sup></td> <td>Commenced business with Rs.16,000 in cash</td> </tr> <tr> <td>2<sup>nd</sup></td> <td>Paid into bank Rs.14,500</td> </tr> <tr> <td>10<sup>th</sup></td> <td>Bought goods for Rs.3,850 and paid by cheque</td> </tr> <tr> <td>10<sup>th</sup></td> <td>Bought furniture for cash Rs.680</td> </tr> <tr> <td>15<sup>th</sup></td> <td>Sold goods for cash Rs.2,600 and deposited the same into bank.</td> </tr> <tr> <td>16<sup>th</sup></td> <td>Bought goods for Rs.4,850 and paid by cheque</td> </tr> <tr> <td>20<sup>th</sup></td> <td>Bought stationary for Rs.185</td> </tr> <tr> <td>22<sup>nd</sup></td> <td>Received cash from Hegde Rs.680/- allowing him a discount of Rs.20/-.</td> </tr> <tr> <td>24<sup>th</sup></td> <td>Paid Santosh his dues by a cheque of Rs.240 receiving a discount of Rs.10/-.</td> </tr> <tr> <td>25<sup>th</sup></td> <td>Paid to Chandra by cheque Rs.400</td> </tr> <tr> <td>26<sup>th</sup></td> <td>Sold goods for cash Rs.585 and remitted the same into bank.</td> </tr> <tr> <td>28<sup>th</sup></td> <td>Cheque paid to Chandra returned dishonoured.</td> </tr> <tr> <td>30<sup>th</sup></td> <td>Drew cheque for salary Rs.2,365</td> </tr> <tr> <td>31<sup>st</sup></td> <td>Drew cheque for Personal use Rs.100/-</td> </tr> </table>	April 2022, 1 <sup>st</sup>	Commenced business with Rs.16,000 in cash	2 <sup>nd</sup>	Paid into bank Rs.14,500	10 <sup>th</sup>	Bought goods for Rs.3,850 and paid by cheque	10 <sup>th</sup>	Bought furniture for cash Rs.680	15 <sup>th</sup>	Sold goods for cash Rs.2,600 and deposited the same into bank.	16 <sup>th</sup>	Bought goods for Rs.4,850 and paid by cheque	20 <sup>th</sup>	Bought stationary for Rs.185	22 <sup>nd</sup>	Received cash from Hegde Rs.680/- allowing him a discount of Rs.20/-.	24 <sup>th</sup>	Paid Santosh his dues by a cheque of Rs.240 receiving a discount of Rs.10/-.	25 <sup>th</sup>	Paid to Chandra by cheque Rs.400	26 <sup>th</sup>	Sold goods for cash Rs.585 and remitted the same into bank.	28 <sup>th</sup>	Cheque paid to Chandra returned dishonoured.	30 <sup>th</sup>	Drew cheque for salary Rs.2,365	31 <sup>st</sup>	Drew cheque for Personal use Rs.100/-	10	L3	CO1
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Q.6	a.	What is depreciation?	3	L1	CO1																												
	b.	Distinguish between Interim dividend and final dividend.	7	L2	CO3																												
	c.	On 1 <sup>st</sup> April 2020, a firm purchased a machinery for Rs.2,00,000. On 1 <sup>st</sup> October 2020 an additional machinery costing Rs.1,00,000 was purchased. On 1 <sup>st</sup> October 2021, the machinery purchased on 1 <sup>st</sup> April 2020 having become obsolete was sold for Rs.90,000. On 1 <sup>st</sup> October 2022, a new machinery was purchased for Rs.2,50,000 while the machinery purchased on 1 <sup>st</sup> October 2020, was sold for Rs.85,000/- on the same day. The firm provides depreciation on its machinery @ 10% p.a. on 31 <sup>st</sup> March every year. Show the machinery account for the period of 3 years ending 31 <sup>st</sup> March 2022 under SLM method.	10	L3	CO1																												
Q.7	a.	What is Bank Reconciliation statement?	3	L1	CO1																												
	b.	State any seven causes of differences in the balances of cash book and bank pass book.	7	L2	CO1																												
	c.	The ratio relating to the activities of National Traders Ltd., are as follows : Debtor's velocity – 3 months ; Stock velocity – 8 months Creditors velocity – 2 months ; Gross profit ratio 25% Gross profit for current years ended 31 <sup>st</sup> March amounts to Rs.4,00,000. Closing stock of the year is Rs.10,000 above the opening stock. Bills receivable amount to Rs.25,000 and Bills payable amount to Rs.10,000. Find out / Analyze : (i) Sales (ii) Sundry debtors (iii) Closing stock (ii) Sundry creditors	10	L4	CO2																												

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Q.8

**Case Study:**

20 L6 CO3

From the following ledger balances, prepare statement of Income, Expenses and Balance sheet for the year ended 31<sup>st</sup> March 2023 of XYZ Co. Ltd.

Sl. No.	Name of the accounts	Debit	Credit
1	Drawings	70,000	
2	Capital	-	5,00,000
3	Bills payable	-	85,000
4	Good will	70,000	
5	Land and Building	1,50,000	
6	Plant and Machinery	1,20,000	
7	Loose tools	55,000	
8	Bills receivables	1,30,000	
9	Stock on 1 <sup>st</sup> April 2022	10,000	
10	Sundry creditors	-	1,75,000
11	Purchase returns	-	15,000
12	Sales Revenue	-	5,25,000
13	Purchases	1,25,000	
14	Wages	40,000	
15	Carriage outwards	12,000	
16	Carriage inwards	17,000	
17	Coal	25,000	
18	Salary	40,000	
19	Rent, Rates and taxes	19,000	
20	Discount	14,000	
21	Cash at bank	1,20,000	
22	Cash in hand	60,000	
23	Sundry debtors	1,05,000	
24	Repairs	15,000	
25	Printing and stationary	7,500	
26	Bad debts	2,000	
27	Advertisements	4,500	
28	Sales returns	4,000	
29	Furniture	40,000	
30	General expenses	20,000	
31	Excise duty	25,000	
Total		12,75,000	12,75,000

**Adjustments :**

- (i) Closing inventory was valued at Rs. 75,000.
- (ii) Depreciate plant and machinery, tools and furniture by 15% and Land Buildings by 10%.
- (iii) Outstanding wages Rs.10,000
- (iv) Advertisement prepaid to the extent of Rs.1,800/-.
- (v) Provide 5% on debtors against bad debts and 2% against discount.

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