

CBCS SCHEME

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18MBA13

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

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.**

- 1 a. What do you mean by Accounting? (03 Marks)
b. Explain heads of Income classification under Income Tax Act. (07 Marks)
c. What is IFRS and what are its objectives? (10 Marks)
- 2 a. Differentiate between journals and ledgers. (03 Marks)
b. What are the advantages of Human Resource Accounting? (07 Marks)
c. From the following transaction prepare Accounting Equation.
i) Commenced business with cash Rs.2,000,000 and land Rs.50,000.
ii) Bought goods for cash Rs.80,000
iii) Cash sales of worth Rs.25,000, goods worth Rs.20,000
iv) Bought goods on credit of worth Rs.50,000
v) Sales on account to Mr. X Rs.12000, goods worth Rs.8000.
vi) Purchase furniture for cash Rs.5000
vii) Return defective furniture of worth Rs.1500 and received cash.
viii) Paid wages Rs.1000, rent Rs.2000 and electricity payable Rs.1500. (10 Marks)
- 3 a. What do you mean by window dressing? (03 Marks)
b. Mr. Anees started business on April 1, 2018 with Rs.1,00,000 and other transaction are as follows.
April, 2018, 2nd Purchased furniture for cash Rs.7000
April, 2018, 8th Purchased goods for cash Rs.2000 and for credit from Khalid Rs.1000
April, 2018, 14th Sold goods to Khan brothers Rs.12000 and cash sales Rs.5000
April, 2018, 18th Owner withdraw of worth Rs.2000 for personal use
April, 2018, 22nd Paid Khalid Rs.500
April, 2018, 26th Received Rs.10,000 from Khan
April, 2018, 30th Paid Salary expenses Rs.2000 (07 Marks)
c. Son Pharma Ltd. purchased a second hand machine for Rs.20000 on 1st July 2015 and spent Rs.3000 on reconditioning and installing. The company purchased another new machine on 1st Jan 2016 for Rs.12000. The machine purchased on 1st Jan 2016 was sold for Rs.8000 on 30th June 2017. On 1st July, 2017 a new machine was purchased on installment basis and payment was to be made as follows: 1st July 2017 Rs.5000, Jan 2018 Rs.6000 and 30th June 2019 Rs.5500, payment made in 2018 and 2019 include interest of Rs.1000 and Rs.500 respectively.
The company charges depreciation at 10% under straight line method and follows financial year for closing books of accounts. Prepare machinery account for 3 years. (10 Marks)

- 4 a. List out the uses of Ratio Analysis. (03 Marks)
 b. Explain users of Accounting. (07 Marks)
 c. Enter the following transaction in triple column cash book.
- 2017, Jan 1st Chandrika commenced business with cash Rs.20000.
 2017 Jan 3rd She paid into current account Rs.19000
 2017 Jan 4th She received cheque from Keerthi and Co. Rs.600
 2017 Jan 7th She pays in bank Keerthi & Co. cheque.
 2017 Jan 10th She pays Pattan & Co. by cheque and he is allowed a discount of Rs.20 and cheque issued for Rs.330
 2017 Jan 12th Tripathi & Co. pays into her bank A/C Rs.475.
 2017 Jan 15th She receives cheque from Varsha and allows her discount of Rs.35 for 450.
 2017 Jan 20th She receives cash Rs.175 from cash sale
 2017 Jan 25th Deposited into bank Rs.1000
 2017 Jan 27th She pays by cheque for purchase Rs.275
 2017 Jan 30th She pays sundry expenses in cash Rs.50

(10 Marks)

- 5 a. What are the differences between direct tax and indirect tax? (03 Marks)
 b. From the following particular, prepare a balance sheet vertical form for year ended 3rd May 2018.

Particulars	Amount	Particulars	Amount
Land & Building	80,000	Cash at bank	10,000
Capital	1,90,000	Bills payable	9,000
Plant & Machinery	1,20,000	Sundry debtors	20,000
Net Profit	20,000	Bills receivable	7,000
Sundry Creditors	48,000	Cash in hand	30,000

(07 Marks)

- c. From the following information prepare cash flow statement by indirect method.

Capital & Liability	31/3/2017	31/03/2016	Assets	31/3/2017	31/3/2016
Share capital	50,00,000	40,00,000	Fixed assets	31,00,000	30,00,000
Reserve fund	15,00,000	5,00,000	Investment	1,50,000	-
Secured loan	35,00,000	40,00,000	Stock & store	75,00,000	78,75,000
Current liabilities	50,00,000	60,00,000	Debtors	40,00,000	35,00,000
			Cash & bank	2,50,000	1,25,000
	1,50,00,000	1,45,00,000		1,50,00,000	1,45,00,000

- i) The net profit for the year after adjustment in respect of provision for dividend and taxation was Rs.10,00,000.
 ii) There was addition to fixed assets during the year amounting to Rs.4,00,000 and depreciation for the year was Rs.3,00,000.

(10 Marks)

- 6 a. What do you mean by sustainability reporting? (03 Marks)
 b. From the following balances obtained from the few accounts of Mr. Balaram. Prepare the trading and profit and cost A/C.

Particulars	Rs.	Particulars	Rs.
Stock (1 st April 17)	8,000	Bad debts	1,200
Purchase	22,000	Rent	1,200
Sales	42,000	Discount allowed	600
Purchase expenses	2,500	Commission paid	1,100
Salary & wages	3,500	Sales expenses	600
Advertisement	1,000	Repairs	600

Closing stock on 31st March 2018 is Rs.4500.

(07 Marks)

- c. Prepare Trial balance for Shining Brothers Pvt. Ltd. at March 31st 2017. There are several mistakes in the Umer and Brothers Pvt. Ltd. Trial balance. You are requested to identify errors and make corrected trial balance.

Sl. No.	Heads of Accounts	L/F	Debit	Credit
1	Umer owner equity		-	1551
2	Umer drawings		560	-
3	Equipments		2850	-
4	Sales		-	2850
5	Due from customers		-	530
6	Purchases		1260	-
7	Purchase return		364	-
8	Bank loan		-	996
9	Creditors		528	-
10	Taxes		720	-
11	Cash in hand		226	-
12	Note payable		680	-
13	Inventory		-	264
14	Repairs		461	-
15	Return inward		-	98
	Total		7649	6289

(10 Marks)

- 7 a. What are the differences between equity shares and preference shares? (03 Marks)
 b. Discuss accounting concepts and conventions. (07 Marks)
 c. From the data calculate gross profit ratio, net profit ratio, inventory turnover ratio, return on total assets and working capital turnover ratio.

Particulars	Amount	Particulars	Amount
Sales	25,20,000	Other current assets	7,60,000
Cost of sale	19,20,000	Fixed assets	14,40,000
Net profit	3,60,000	Networth	15,00,000
Inventory	8,00,000	Debts	9,00,000
Current liability	6,00,000		

(10 Marks)

8 **CASE STUDY: (compulsory question)**

On 31st March 2018 following trial balance is extracted from the books of Mohan. Prepare final account for the year end after considering following adjustments.

Heads of Accounts	Debit bal	Credit bal
Capital	-	30000
Drawings	5000	-
Debtors	20,000	-
Creditors	-	10000
Loans	-	9500
Interest on loan	300	-
Cash	2000	-
Provision for doubtful debts	-	700
Stock (1 st April 17)	6800	-
Motor vehicles	10000	-

Bank	3500	-
Land & building	12,000	-
Bad debts	500	-
Purchases	66,000	-
Sales	-	1,10,000
Returns	8000	1500
Carriage outward	2500	-
Carriage inward	3000	-
Salaries	9000	-
Rent & insurance	3000	-
Advertisement	3500	-
Discount	-	500
General expenses	3400	-
Bills receivable	6000	-
Bills payable	-	2000
Rent received	-	300
	1,64,500	1,64,500

Adjustments:

- i) Depreciate land and building at 2½ % and motor vehicles at 20%.
- ii) Salaries outstanding Rs.200.
- iii) Prepaid insurance Rs.200.
- iv) Provisions for doubtful debts is to be maintained at 5% on debtors.
- v) Closing stock on 31/3/2018 was valued at Rs.7000.

(20 Marks)

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