

CBCS SCHEME

16/17MBA13



First Semester MBA Degree Examination, Dec.2019/Jan.2020 Accounting for Managers

Time: 3 hrs.

Max. Marks:80

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

- 1 a. What is Annual concept? (02 Marks)
 b. A trainee in a C.A's office has prepared the following Trial Balance which has some errors. You are requested to prepare the "Corrected" Trial balance

Cost of goods sold	150,000	-	
Closing stock	-	40,000	
Debtors	-	60,000	
Creditors	-	30,000	
Fixed Assets	50,000	-	
Opening Stock	60,000	-	
Expenses	-	20,000	
Sales	-	200,000	
Capital	90,000	-	
	3,50,000		3,50,000

(06 Marks)

- c. The following trial balance is extracted from the book of Mr. Durrari, as on 31/3/2016. Prepare a Trading and Profit and Loss Account for the year ended 31/3/2016 and a Balance Sheet as on that data

Details	Debit Rs	Credit Rs
Capital	-	50,000
Opening Stock	10,000	-
Machinery	20,000	-
Purchases	35,000	-
Purchases returns	-	500
Sales	-	45,000
Sales returns	500	-
Wages	1000	-
Salaries	2500	-
Office rent	1000	-
Insurance	500	-
Sundry Debtors	25,000	-
Sundry Creditors	-	14,500
Cash	500	-
Bank balance	14,000	-

Adjustments:

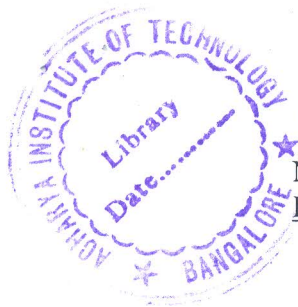
On 31/3/2016	Closing stock valued at	10,000
	Outstanding salaries	500
	Prepaid insurance	250
	Write off bad debts	500
	Provide 10% depreciation on machinery	

(08 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8=50, will be treated as malpractice.

- 2 a. What is Imprest system of Cash Accounting? (02 Marks)
 b. Bring out the important objectives of Ratio Analysis. (06 Marks)
 c. Journalise the following transactions:
- | Date | Particulars |
|--------|--|
| 1/1/16 | Ram invests Rs.10,000 in cash |
| 2/1/16 | He bought goods worth Rs.2000 from Shyam |
| 3/1/16 | He bought a machine for Rs.5000 from Lakshman on Account |
| 4/1/16 | He paid to Lakshman Rs.2000 |
| 5/1/16 | He sold goods for cash Rs.3000 |
| 6/1/16 | He sold goods to A on account Rs.4000 |
| 7/1/16 | He paid Rs.1000 to Shyam |
| 8/1/16 | He received amount from A Rs.2000 |
- (08 Marks)
- 3 a. What is a Cash Flow Statement? (02 Marks)
 b. Define Financial Capital, Human Capital and Intellectual Capital. (06 Marks)
 c. Explain straight line method and Diminishing Balance Method of charging depreciation. (08 Marks)
- 4 a. What is G.P. Ratio? Why it is computed? (02 Marks)
 b. X transport Co., purchases 10 trucks for Rs.27 lakh on 1/7/2006. On 1/1/2009, one of the trucks met with an accident and is completely destroyed. A sum of Rs.1,62,000 was settled by the insurance Co., on the same day, another truck was purchased for Rs.3 lacs. The company writes off 20% p.a. on the original cost and closes its books every year on 31st March. Show the trucks account for the 2 years ending 31/3/2010. (06 Marks)
 c. i) Mr. Waugh, an Australian Cricketer, comes to India for 100 days every year. Find out his residential status for AY 2014-15.
 ii) Mr. Tax, an Indian citizen leaves India on 22/9/13 for the first time, to work as an officer of a company in France. Determine his residential status for the AY 2014-15. (08 Marks)
- 5 a. What is the meaning of Sustainability Report? (02 Marks)
 b. Bring out the main difference between Trial Balance and Balance Sheet. (06 Marks)
 c. Following are the Liabilities and Assets of Max. Co. Ltd., along with the income statement for the year 2015. You are required to prepare cash flow statement by indirect method.

Liabilities	31/12/14	31/12/15	Assets	31/12/14	31/12/15
Capital	720,000	888,000	Fixed:		
Surplus Account	303,600	327,600	Land/Building	96,000	192,000
Sundry creditors	480,000	468,000	Plant/Equipment	720,000	11,52,000
Outstanding Expenses	48,000	96,000	Current:		
Income Tax Payable	24,000	26,400	Cash	120,000	144,000
Accumulated	240,000	264,000	Debtors	336,000	372,000
Depreciation on			Stock	528,000	192,000
plant/Equipments				15,600	18,000
	18,15,600	20,70,000		18,15,600	20,70,000



Note: Cost of Equipment sold was Rs.144,000
Income Statement of 2015

Net Sales		50,40,000
Less: Cost of sales	39,60,000	
Depreciation	120,000	
Salaries and Wages	4,80,000	
Operating Expenses	336,000	48,96,000
		<u>144,000</u>
Add: Non recurring income:		
Profit on sale of an item of equipment		24,000
Net profit		<u>168,000</u>
Retained earnings (Balance in surplus as B/F)		303,600
		<u>471,600</u>
Less: Dividend declared and paid during the year		144,000
		<u>327,600</u>

(08 Marks)

- 6 a. Define the term "ASSEESSEE". (02 Marks)
- b. Pass entries for the following transactions:
- Payment made to Krishna Rs.5000, he allowed a cash discount of Rs.250
 - Cash received from Suresh Rs.8000 and allowed him discount of Rs.500
 - X, a debtor became insolvent. A first and final settlement of 60 Paise in a Rupee was received from his total dues of Rs.20,000. (06 Marks)
- c. The Liabilities and Assets of a well established Co., are as follows:

Liabilities	Amount	Assets	Amount
Share capital of Rs.10% per share	600,000	Net fixed assets	15,00,000
10% long term Debt	800,000	Current assets	500,000
Retained Earnings	200,000		
Current liabilities	400,000		
	<u>20,00,000</u>		<u>20,00,000</u>

The Company's total assets turnover ratio is 3. Its fixed operating costs was Rs.10,00,000. Its variable operating cost ratio is 40%. The income tax rate is 50%. Calculate the following for the company: i) EBIT ii) EBT iii) PAT iv) EPS. (08 Marks)

- 7 a. Give the opening entry from the following data:

Lease held premises	400,000
Plant and Machinery	600,000
Cash in hand	200,000
Cash at Bank	300,000
Due to Y Ltd.,	200,000
Due from A Ltd.,	300,000
Due to Z Ltd.,	150,000

(02 Marks)

- b. What are the uses of Cash Flow Statement? (06 Marks)
- c. What is Human Resource Accounting? Briefly explain 4 methods of Human Resource Accounting. (08 Marks)

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From the following information of a Textile company, complete the Proforma Balance Sheet assuming:

Sales are	Rs.23,00,000
Sales to Networth	2.3 times
Current debt to Networth	42%
Total debt to networth	75%
Current ratio	2.9 times
Net sales to inventory	4.7 times
Average collection period	90 days
Fixed Assets to Networth	53.2%

Proforma Balance Sheet

Net worth	?	Fixed Assets	?
Long term debt	?	Cash	?
Current debt	?	Stock	?
		Sundry Debtors	?

(16 Marks)
