

## First Semester MBA Degree Examination, July/August 2022

### 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 Contra entry? (02 Marks)  
b. From the following transactions show the effects on assets, liabilities and capital based on accounting equations:

	Rs.
i) Mohan commenced business with	70000
ii) Withdraw for personal use	1700
iii) Purchased Goods on Credit	14000
iv) Purchased Goods for Cash	10000
v) Paid wages	300
vi) Paid to creditors	10,000
vii) Sold goods on credit	15,000
viii) Sold Goods for cash (cost price 3000)	4000
ix) Purchased furniture for cash	500
x) Outstanding salary	500
xi) Paid rent in advance	400
xii) Depreciation on furniture	20

(06 Marks)

- c. What is Human Resource Accounting? Explain various methods of valuation of Human resource accounting. (08 Marks)

- 2 a. Distinguish between cash discount and trade discount. (02 Marks)  
b. Classify the following accounts: i) Capital account ii) Drawings account  
iii) Interest accounts iv) Depreciation accounts v) Discount received account  
vi) Outstanding salary account vii) Prepaid rent account viii) Bank account  
ix) Sales account x) Bad debts accounts xi) Bank over draft account  
xii) Cash account. (06 Marks)

- c. Journalize the following transactions:  
Dec.1.2016, Ajith started business with cash Rs.40,000  
Dec.3, He paid into Bank Rs.2000  
Dec.5, He purchased goods for cash Rs.15,000  
Dec.8, He sold goods for cash Rs.6000  
Dec.10, He purchased furniture and paid by cheque Rs.5000  
Dec.12, He sold goods to Arvind 4,000  
Dec.14, He purchased goods from Amrit 10000  
Dec.15, He returned goods to Amrit 5000.

(08 Marks)

- 3 a. Name the accounting conventions. (02 Marks)  
 b. State the meaning of IFRs. State the objectives of IFRs. (06 Marks)  
 c. Enter the following transactions in a three column cash book.  
 Jan. 1.2016, Commenced business with Rs.16,000 in cash.  
 Jan. 2.2016 paid into bank 14,500.  
 Jan. 10, Bought goods for Rs.3850 and paid by cheque.  
 Jan. 10, Bought furniture for cash Rs.680.  
 Jan. 15, Sold goods for cash Rs.2600 and deposited the same into the bank.  
 Jan. 16, Bought goods for Rs.4850 and paid by cheque.  
 Jan. 20, Bought stationary for Rs.185.  
 Jan. 22, Received cash from Hegde Rs.680 allowing him a discount of Rs.20. (08 Marks)
- 4 a. What are the liquidity ratio? (02 Marks)  
 b. What is depreciation? Explain in brief the methods of depreciation. (06 Marks)  
 c. On 1<sup>st</sup> January, 2015 Tulsian Ltd. purchased a second-hand machine for Rs.80,000 and spent Rs.20000 on its cartage, repairs and installation. The residual value at the end of its expected useful life of 4 years is estimated at 40000. On 30<sup>th</sup> September, 2016, this machine is sold for Rs.50000. Depreciation is to be provided according to SLM method. Prepare machinery account for first 3 years, assuming that the accounts are closed on 31<sup>st</sup> March each year. (08 Marks)
- 5 a. What do you mean by Forensic Accounting? (02 Marks)  
 b. Explain the significance of Ratio Analysis. (06 Marks)  
 c. With the help of the following ratio regarding Indu Films, draw the balance sheet of the company.  
 Current ratio – 2.5.  
 Liquidity ratio – 1.5.  
 Networking capital 3,00,000.  
 Stock turn over ratio – 6 times.  
 Gross profit ratio – 20%.  
 Fixed asset turnover ratio (2 times).  
 Debt collection period – 2 months.  
 Fixed asset to shareholders networkth 0.80.  
 Reserve and surplus to capital – 0.50. (08 Marks)
- 6 a. Define Person as per Income Tax Act 1961. (02 Marks)  
 b. Write a note on sustainability reporting. (06 Marks)  
 c. From the following information prepare Cash Flow Statement by indirect method.

	31/3/17	31/3/16		31/3/2017	31/3/2016
Share Capital	50,00,000	40,00,000	Fixed Assets	31,00,000	30,00,000
Reserves Fund	15,00,000	5,00,000	Investments	1,50,000	-
Secured loan	35,00,000	40,00,000	Stock and sotres	75,00,000	78,75,000
Current liabilities	50,00,000	60,00,000	Debtors	40,00,000	35,00,000
			Cash at 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 provisions for dividends and tax was 10,00,000.  
 ii) There was addition to fixed assets during the year amounting to 4,00,000 and depreciation for the year was 3,00,000. (08 Marks)



- 7 a. State the two objectives of trial balance. (02 Marks)  
 b. Mention any 9 savings qualifying for deductions U/S 80C. (06 Marks)  
 c. Briefly explain the various accounting concepts. (08 Marks)

**CASE STUDY**

- 8 From the following particulars, prepare a Trading and Profit and Loss account for the year ended on 31<sup>st</sup> December 2016:

	Rs.	Rs.
Sanjana's Capital	-	50000
Drawings	8000	-
Purchases	1,00,000	-
Fright	5000	-
Carriage	4000	-
Sundry expenses	600	-
Sundry debtors	60,000	-
Bad debts	2,000	-
Bad debts provision	-	3500
Salaries	10,000	-
Discount allowed	1200	-
Rent	1300	-
Discount received	-	1000
Provision for discount on debtors	-	1500
Postage	1400	-
Provision for discount on creditors	1200	-
Wages	4300	-
Return inwards	4000	-
Sales	-	1,75,000
Return outwards	-	5000
Bills payable	-	12,000
Cash at Bank	4000	-
Cash in hand	1000	-
Sundry creditors	-	60,000
Stock 1-1-2016	40,000	-
Land and Buildings	60,000	-
<b>Total</b>	<b>3,08,000</b>	<b>3,08,000</b>

Adjustment:

- i) Closing stock is Rs.60000
- ii) Write off 5% depreciation on land and buildings
- iii) Make 5% provisions for doubtful debts
- iv) Make 3% provisions for discount on debtors and creditors
- v) Wages outstanding Rs.100.

(16 Marks)

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