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14MBA13

**First Semester MBA Degree Examination, Dec.2015/Jan.2016**  
**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 Convention of Conservatism? (03 Marks)
- 2 What is Contra Entry? Give examples (03 Marks)
- 3 What is Contingent Liability? (03 Marks)
- 4 What is Common size statement? (03 Marks)
- 5 What is IFRS? (03 Marks)
- 6 What is Forensic Accounting? (03 Marks)
- 7 Distinguish between Direct and Indirect tax. (03 Marks)

**SECTION - B**

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

- 1 Classify the following accounts into Personal, Real and Nominal accounts.  
i) Drawings A/c    ii) Capital A/c    iii) Salary A/c    iv) Salary outstanding A/c  
v) Bad debt A/c    vi) Cash A/c    vii) Goodwill A/c. (07 Marks)
- 2 Journalise the following transactions in the books of X Co. : (07 Marks)

Date	Transactions
2013 Nov 1	Commenced business with ₹ 2,00,000 ; out of which ₹ 50,000 deposited into bank.
2	Purchased good from Trilok ₹ 40,000.
4	Sold goods for cash ₹ 20,000.
8	Paid to Trilok and availed cash discount of ₹ 400.
10	Paid telephone bill through cheque ₹ 500.
12	Purchased furniture for ₹ 25,000
15	Purchased a computer for Personal use for ₹ 20,000 and issued cheque.

- 3 What is Balance sheet? What are its limitations? (07 Marks)
- 4 Given Current Ratio – 2.6 , Liquid Ratio – 1.4 , Working Capital ₹ 1,10,000. Calculate Current assets , Liquid assets and Inventory. (07 Marks)
- 5 What are Accounting Standards? What are their benefits? (07 Marks)
- 6 What is Window dressing? What are the ways of Window dressing? (07 Marks)
- 7 Mention any seven savings qualifying for deductions U/S 80C. (07 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.

**SECTION - C**

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

- 1 Analyse the effects of following transactions on the accounting equations. (10 Marks)

2009 March 1	Kumar began business with cash ₹ 50,000
2	Took loan ₹ 20,000 from Amar.
3	Purchased 2 computers each costing ₹ 29,000 on cash.
4	Purchased stationary for ₹ 6,000 on credit.
6	Paid to creditor ₹ 2,000
8	Paid towards salary ₹ 4,000 and ₹ 1,200 towards office rent.
10	Withdrew cash ₹ 3,500 for personal use.
20	Sold goods for ₹ 20,000 on cash ₹ 10,000 on credit.
22	Purchased goods for ₹ 15,000 on cash and ₹ 25,000 on credit.
25	Paid life insurance premium ₹ 1000.

- 2 Record the following transactions in a cash book. (10 Marks)

2013 Feb 1	Commenced business with cash ₹ 10,000.
6	Received a cheque for ₹ 5,000
7	Issued a cheque for ₹ 500 for furniture purchased.
8	Purchased goods for ₹ 3,000 and paid by cheque.
8	Received a cheque for ₹ 490 in full settlement of ₹ 500 on account.
10	Paid into Bank ₹ 5,000 from Ranga.
15	Paid wages ₹ 200
18	Drew a cheque for personal use ₹ 400
25	Drew from bank for office use ₹ 250
27	Paid electricity charges ₹ 15
28	Paid salary by cheque ₹ 500.

- 3 A firm purchased a plant on 1/7/2005 for ₹ 90,000 and incurred ₹ 10,000 on its erection on 30/6/2008 a part of plant purchased on 1/7/2005 for ₹ 50,000 sold for ₹ 30,000. Depreciation is written off at 10% p.a. The business firm closes its books on 31st Dec. each year. Prepare Plant A/c under straight Line Method. (10 Marks)

- 4 Using the following financial data, construct a balance sheet. (10 Marks)

Gross Profit (20% of sales)	₹ 60,000
Share holders equity	₹ 50,000
Credit sales to total sales	80 %
Total assets turnover (on sales)	3 times
Stock turnover	8 times
Average collection period (360 days in a year)	18 days
Current ratio	1.6 : 1
Long term debt – to - equity	40 %

- 5 What is Human Resource Accounting? Explain various methods of valuation of HR. (10 Marks)

- 6 What is Corporate Governance? Explain its models. (10 Marks)



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7 From the following information prepare CFS by Indirect Method. (10 Marks)

	31/3/2007	31/3/2006		31/3/2007	31/3/2007
Share capital	50,00,000	40,00,000	Fixed Assets	31,00,000	30,00,000
Reserve Fund	15,00,000	5,00,000	Investments	1,50,000	-
Secured loan	35,00,000	40,00,000	Stock & Stores	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
Total	1,50,00,000	1,45,00,000	Total	1,50,00,000	1,45,00,000

- The net profit for the year after adjustment in respect of provisions for dividends and tax was ₹ 10,00,000.
- There was addition to fixed assets during the year amounting to ₹ 4,00,000 and depreciation for the year was ₹ 3,00,000.

**SECTION - D**  
**CASE STUDY - [ Compulsory ]**

From the following balances, prepare Trading and P & L A/c and B/S as on 31/3/2002.

	Debit	Credit
Capital	-	20,000
Building	15,000	-
Investments	10,000	-
Furniture	1,000	-
Maruti car	8,000	-
Purchase / sales	94,000	1,40,000
Returns	500	1,000
Debtors/Creditors	15,000	4,800
General Expenses	800	-
Cash	300	-
Bank	4,700	-
Rent	4,000	-
Commission	1,400	-
Rates & Tax	600	-
Bad debts	200	-
Insurance	400	-
Discount	700	500
Provision for doubtful debts	-	300
Opening stock	10,000	
Total	1,66,600	1,66,600

**Adjustments :**

- Outstanding Expenses commission ₹ 100. Rent 400.
- Insurance prepaid ₹ 50.
- Create provision for doubtful debts @ 3% in debtors.
- Stock on 31/3/2002 ₹ 15,000.
- Interest on Investments @ 5% due but not received.
- Depreciate Maruti car by 10% , Furniture by 2% , Building by 3%.
- Provide interest on capital @ 5%.

(20 Marks)

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