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14MBA13

First Semester MBA Degree Examination, June/July 2015
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

SECTION - A

Note : Answer any FOUR questions.

- 1 What are the functions of Accounting? (03 Marks)
- 2 What is Forensic Accounting? (03 Marks)
- 3 Define Depreciation. (03 Marks)
- 4 What do you understand by the term Corporate Governance? (03 Marks)
- 5 What is Proprietary ratio? (03 Marks)
- 6 What do you mean by IFRS? (03 Marks)
- 7 What do you understand by the term Previous year and Assessment year? (03 Marks)

SECTION - B

Note : Answer any FOUR questions.

- 1 What is a Deduction? Explain the deduction available to Individual under sec 80 C. (07 Marks)
- 2 What is Window Dressing? Explain any 5 techniques of window dressing. (07 Marks)
- 3 What is GAAP? Explain the need for Accounting standard. (07 Marks)
- 4 What is Human Resource Accounting? Is it essential? (07 Marks)
- 5 Show the Accounting equation on the basis of the following transaction :
 - a) Mr. Arun started business with ₹ 1,00,000.
 - b) Purchased goods for cash ₹ 20,000 and credit ₹ 20,000.
 - c) Sold goods for cash Rs 20,000 costing ₹ 10,000.
 - d) Loan taken from bank ₹ 15,000.
 - e) Deposited into Bank ₹ 25,000.
 - f) Bought furniture for ₹ 60,000.
 - g) Charge depreciation of ₹ 1,000 on furniture.
 - h) Goods destroyed by fire (cost is 5000 and sale price 6000). (07 Marks)
- 6 From the following information you are required to prepare common size Income statement :

Particulars	2012	2013
Sales	45,00,000	72,00,000
Cost of good sold	22,50,000	36,00,000
Operating expenses	1,25,000	4,50,000
Interest on loan	15,000	1,00,000
Depreciation	1,75,000	1,00,000
Advertisement Expenses	45,000	75,000
Distribution Expenses	10,000	-

Tax rate is 35%.

(07 Marks)



- 7 Rubal Ltd purchased a machinery costing ₹ 3,00,000 on 1st April 2010 and an additional machinery on 1st Oct 2010 costing ₹ 2,00,000 and on 1st July costing ₹ 1,00,000. On 1st January 2012, one third machinery purchased on 1st April 2010 was sold at ₹ 30,000. Prepare Machinery Account for 3 years. It is given that depreciation is charged @ 10% p.a on Straight Line Method. (07 Marks)

SECTION - C

Note : Answer any FOUR questions.

- 1 Journalise the following transaction in Books of Mr. Arun. (10 Marks)

Date	Particular
1st June 2013	Commenced a business ₹ 50,000
3rd June	Bought machine worth ₹ 1,00,000 and furniture worth ₹ 2,000.
5th June	Purchased goods ₹ 20,000 less 2% Trade discount and 5% cash discount.
8th June	Purchased a motor car in exchange for goods ₹ 2,000 and cheque ₹ 3,000.
10th June	Paid proprietors Life Insurance premium ₹ 1,000.
12th June	Furniture costing ₹ 500 was destroyed by fire and recovered ₹ 100.
15th June	Paid salary ₹ 20,000 for eight months (due for remaining 4 months)

- 2 The following Balance sheet are given : (10 Marks)

Liabilities	2010	2011	Assets	2010	2011
Equity share capital	3,00,000	3,50,000	Building	2,30,000	3,90,000
Share premium	-	30,000	Machinery	85,400	1,40,000
General reserves	45,000	65,000	Furniture	5,500	6,500
P/L A/c	30,000	80,800	Stock	82,400	95,700
6 % Debentures	-	70,000	Sundry debtors	75,000	85,500
Sundry creditors	85,000	90,700	Bank balances	34,200	44,300
Provision for tax	22,500	40,500			
Proposed dividend	30,000	35,000			
	5,12,500	7,62,000		5,12,000	7,62,000

Additional Information : Depreciation written off during the year includes Building 60,000, Machinery 50,000 and furniture 1200. Prepare a cash flow statement as per Indirect method.

- 3 From the following information prepare a Balance sheet in vertical format with as many details as possible.
 i) Current ratio = 2.5 ; ii) Liquid ratio = 1.5 ; iii) Proprietary ratio (fixed assets / proprietary fund) = 0.75 ; iv) Working capital = 1,20,000 ; v) Reserves and surplus = 80,000 ; vi) Bank overdraft = 20,000 ; vii) There are No long term loan and fictitious assets. (10 Marks)

- 4 Enter the following transaction in a three – column cash book. (10 Marks)

1st April 2014	Commenced Business with 40,000 in cash.
2nd April	Remitted into Bank 9,000.
3rd April	Paid to Chatura by cheque 4,000 and was allowed discount 100.
4th April	Drew a cheque for self 200.
5th April	Paid salaries by cheque 500.
6th April	Paid into Bank 600.
7th April	Received cheque from chetan for machine sold Rs 2000.
8th April	Paid the above cheque into Bank.
10th April	Received a cheque from Batiwala & Co. in settlement of their account of Rs 750 less 5% discount and paid the same direct into the bank.



- 5 From the following trial balance of M/s Rangu & Co., prepare Trading and Profit & Loss A/C for the year ending 31st March 2013. (10 Marks)

Particulars	Debit	Credit	Particulars	Debit	Credit
Capital		62,000	Advertisement	1,500	
Opening stock	23,000		Interest		800
Sales & Purchases	32,000	53,700	Creditor & debtor	28,000	32,000
Returns	2,000	1,500	Cash in hand	1,200	
Wages	1,800		Salaries	2,500	
Land & Buildings	52,000		Other Expenses	2,000	
Freight & Carriage	2,700				
Trade Expenses	1,300				

- 6 What are the concepts and conventions of Accounting? Explain them in brief. (10 Marks)
- 7 Describe the Income tax sales rates applicable for Individual for the Annual year 2014 – 15. (10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

The following is the Trial Balance of Star Ltd as on 31-3-2013. You are required to prepare Final Accounts.

Particulars	Amt	Particulars	Amt
Opening stock as on 1-4-2013	90,000	Share capital (50,000 @ 10 each)	5,00,000
Wages	80,000	Sales	4,00,000
Purchases	2,50,000	Discount	6,000
Freight	20,000	P& L A/c	22,000
Salaries	20,000	Creditors	48,000
Rent	10,000	Reserve fund	24,000
Discount	8,000	6% debentures	1,00,000
Sundry expenses	7,000	Outstanding salaries	5,000
Bad debts	2,000		
Dividend	5,000		
Interim dividend	3,000		
Debtors	70,000		
Buildings	85,000		
Machinery	50,000		
Furniture	15,000		
Loan to Employees	4,000		
Cash	1,11,000		
Calls in Arrears	20,000		
Goodwill	1,05,000		
Investment	1,50,000		

Additional Information :

- Closing stock at market price was 1,10,000 and at cost price was 1,00,000.
- Transfer to reserve fund 6000.
- Create reserve for doubtful debts @ 5% on debtors.
- Depreciate machinery and furniture at 10% and 5% respectively.
- Interest outstanding on debentures for one year.
- Prepaid Rent 2500.

(20 Marks)
