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First Semester MBA Degree Examination, Dec.2016/Jan.2017

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. Define accounting. (02 Marks)
 - b. From the following transactions show the effects on assets, liabilities and capital based on accounting equations:
 - i) Commenced business with a capital of Rs.1,00,000.
 - ii) Bought goods on credit from Rajesh Rs.80,000.
 - iii) Bought furniture for cash Rs.10,000. (06 Marks)
 - c. Explain the important accounting concepts. (08 Marks)

- 2
 - a. What is journalizing? (02 Marks)
 - b. Journalize the following transactions in the books of Mr. Ramesh for the month of October 2016:
 - i) 1 – 10 – 16 commenced business with cash Rs.5,00,000.
 - ii) 2 – 10 – 16 purchased furniture for office use Rs.1,00,000.
 - iii) 10 – 10 – 16 purchased goods for cash Rs.1,00,000.
 - iv) 12 – 10 – 16 sold goods to Abhishek for cash Rs.60,000.
 - v) 20 – 10 – 16 Purchased machinery worth Rs.50,000 and issued a cheque for the same.
 - vi) 25 – 10 – 16 withdrawn from bank for office use Rs.20,000.
 - vii) 27 – 10 – 16 paid rent by cheque Rs.10,000.
 - viii) 30 – 10 – 16 paid salary by cash Rs.1,00,000. (06 Marks)
 - c. What is depreciation? Explain the advantages of straight line method of depreciation. (08 Marks)

- 3
 - a. What is balance sheet? (02 Marks)
 - b. From the following information prepare a trading A/C for the year ended 31 March 2016:

Stock on 1-4-15	-	20,000
Purchases	-	65,000
Returns outwards	-	5,000
Sales	-	1,00,000
Returns inwards	-	10,000
Stock on 31-3-16	-	15,000
Carriage inwards	-	6,000
Duty and clearing charges	-	4,000

(06 Marks)
 - c. Prepare trading and profit and loss A/c from the followings for the year ended 31 March 2016:

Capital Rs.	-	20,000		Wages	-	10,000
Creditors	-	2,400		Bank	-	2,000
Return outwards	-	1,000		Repairs	-	100
Sales	-	32,800		Stock	-	4,000
B/P	-	1,000		Rent	-	800
Plant and machinery	-	8,000		Manufacturing expenses	-	1,600
Sundry debtors	-	4,800		Trade expenses	-	1,400
Drawings	-	2,000		Bad debts	-	400
Purchases	-	21,000		Carriage	-	300
Return inwards	-	600		Oil and fuel	-	200



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Adjustments:

- i) Closing stock was valued at Rs.2,900
- ii) Depreciate plant and machinery by Rs.800
- iii) Allow interest on capital at 5%
- iv) A sum of Rs.80 is due for repairs.

(08 Marks)

4 a. What is absolute liquid ratio?

(02 Marks)

b. Given:

Sales	- 10,50,000
Working capital	- 1,50,000
Fixed assets	- 2,10,000
Total assets	- 5,25,000
Capital employed	- 3,50,000

Calculate:

- i) Capital turnover ratio
- ii) Fixed assets turnover ratio
- iii) Working capital turnover ratio
- iv) Total assets turnover ratio.

(06 Marks)

c. From the following details prepare a balance sheet as on 31st March 2016:

- i) Current ratio - 2.5
- ii) Liquid ratio - 1.5
- iii) Proprietary ratio - 0.75 (Fixed assets to proprietors funds)
- iv) Fixed assets - Rs.1,80,000
- v) Working capital - Rs.60,000
- vi) Reserves and surplus - Rs.40,000
- vii) Bank over draft - Rs.10,000

(08 Marks)

5 a. What do you mean by cash flow statement?

(02 Marks)

b. Calculate cash flow from operating activities from the followings:

	31 - 3 - 15	31 - 3 - 16
Profit and loss A/c	60,000	65,000
Debtors	85,000	48,000
Bills receivables (B/R)	40,000	81,000
General reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

(06 Marks)

c. From the following transactions, prepare a three column cash book for the month of October 2016:

- 1 Oct. 16 Balance at Bank Rs.4,500
- 2 Oct. 16 Drew from Bank for office use - 1,500
- 3 Oct. 16 Bought office furniture for cash - 960
- 5 Oct. 16 Paid wages in cash - 450
- 13 Oct. 16 Drew from bank for office use - 750
- 15 Oct. 16 Sold goods for cash - 660
- 18 Oct. 16 Received a cheque from Mr. X in settlement of their account of Rs.2,250 less 5% discount and paid same direct into the Bank
- 22 Oct. 16 Bought goods for cash - 1350
- 24 Oct. 16 Drew cheque for self - 1200
- 31 Oct. 16 Paid Mr. Y A/c Rs.1,200 by cheque less 2½%.

(08 Marks)



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- 6 a. What is accounting standard? (02 Marks)
b. Explain the methods of Human Resource Accounting. (06 Marks)
c. Briefly explain the advantages of IFRS. (08 Marks)
- 7 a. What is assessment year? (02 Marks)
b. What are the deductions covered U/S 80C? (06 Marks)
c. Briefly explain the heads of income. (08 Marks)
- 8 From the following trial balance of M/S Ramu, prepare trading and profit and loss account for the year ended 31st March 2016, and a Balance Sheet as on that date.

Particulars	Dr. Rs.	Cr. Rs.
Capital		30,000
Drawings	5,000	
Purchases	40,000	
Carriage outwards	500	
Returns outwards		1,000
Sundry expenses	800	
Bad debts	300	
Sales		60,000
Postage	200	
Wages	1,000	
Bills payable		3,000
Discount	500	
Land and buildings	18,000	
Machinery	7,500	
Sundry creditors		8,500
Sundry debtors	10,500	
Salary and allowances	1,500	
Investments	3,000	
Opening stock	13,200	
Cash in hand	500	
	1,02,500	1,02,500

Adjustments:

- i) Closing stock Rs.10,300
ii) Provision for bad debts at 5%
iii) *Depreciate machinery by 6%*
iv) Outstanding salary Rs.400
v) Interest accrued on investments Rs.90
vi) Wages paid in advance Rs.50.

(16 Marks)

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