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18MBA13

First Semester MBA Degree Examination, June/July 2019 Accounting for Managers

Time: 3 hrs.

Max. Marks: 100

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

- 1
 - a. State the meaning of convention of conservation. (03 Marks)
 - b. Explain different types of subsidiary books. (07 Marks)
 - c. Briefly explain the heads of income applicable to an individual tax payer. (10 Marks)

- 2
 - a. What is Contra Entry? Give examples. (03 Marks)
 - b. Discuss the merits of ratio analysis. (07 Marks)
 - c. Journalise the following transactions in the books of Kiran :

2018 July	1	Started business with cash Rs. 450,000			
	2	Paid into Bank Rs. 250,000			
	4	Goods purchased from Amrithlal 125,000			
	6	Sold goods for Rs. 75,000			
	8	Bought furniture for cash Rs. 48,000			
	12	Amrithlal is paid Rs. 124,000 in full settlement of amount due to him			
	13	Purchased government securities Rs. 50,000			
	16	Goods purchased from Sunderlal Rs. 63,500			
	18	Goods worth Rs. 25,000 damaged in transit, a claim was made and the railway authorities paid for the same.			
	25	Received commission from RK Traders ltd. Rs. 1,000			

(10 Marks)

- 3
 - a. List out the areas covered by Forensic Accounting. (03 Marks)
 - b. What is window dressing? What are the ways of window dressing? (07 Marks)
 - c. Give accounting equation for the following transactions of Hitesh for the year 2018.
 - i. Started business with cash Rs. 18,000
 - ii. Paid rent in advance Rs. 400
 - iii. Purchased goods for cash Rs. 5,000 and on credit Rs. 2,000
 - iv. Sold goods for cash Rs. 4,000 (Costing Rs. 2400)
 - v. Rent paid Rs. 1,000 and rent outstanding Rs. 200
 - vi. Bought Motor cycle for personal use Rs. 8,000
 - vii. Purchased equipment for cash Rs. 500
 - viii. Paid to creditors Rs. 600
 - ix. Depreciation on equipment Rs. 250
 - x. Business expenses Rs. 400(10 Marks)

- 4
 - a. What is accounting standard? (03 Marks)
 - b. Briefly explain any five accounting concepts. (07 Marks)
 - c. On 1.1.2016, a firm purchases a machinery for Rs. 40,000 and spent Rs. 10,000 for its installation. On 1st July 2016, it purchased another machinery for Rs. 20,000. On 30.06.2017, machinery purchased on 1.7.2016 was sold for Rs.16,000. On 1.7.2017, a new machinery was purchased for Rs.30,000. The firm writes off 10% p.a. under WDV method. Prepare machinery A/c for three years ending 31.12.2018. (10 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.



- 5 a. What are the causes of depreciation? (03 Marks)
 b. Briefly explain the objectives of IFRS. (07 Marks)
 c. Enter the following in a three column Cash Book – 2018:

2018 Dec	3	Balance of cash in hand Rs. 12,000; Cash at bank Rs. 10,000
"	5	Bought goods for cash Rs. 8,000
"	6	Received cash from Mohit Rs. 13,000 and allowed discount Rs. 50.
"	8	Paid to Sajan & Co. Rs. 15,000 and received discount Rs. 100.
"	10	Withdraw from bank for personal use Rs. 3,000
"	10	Sold goods for cash Rs. 4,000
"	12	Paid in to Bank Rs. 6,000
"	16	Received a cheque from Navin Rs. 16,000
"	19	Withdraw from Bank for office use Rs. 2,500
"	24	Paid salaries by cheque Rs. 7,500
"	30	Received cheque for commission Rs. 2,000 from Nisha and paid the same in the bank.
"	31	Interest on deposit Rs. 120.

(10 Marks)

- 6 a. Distinguish between direct tax and indirect tax. (03 Marks)
 b. Net profit of a company before tax is Rs. 25,00,000 as on 31st March 2018 after considering the following :

	Rs.
Depreciation on fixed assets	50,000
Loss on sale of machine	12,000
Goodwill written off	15,000
Tax paid	83,000

The current assets and current liabilities of the company in the beginning and at the end of the year were as follows :

	31.3.2017	31.3.2018
Accounts Receivable	50,000	31,000
Accounts Payable	20,000	25,000
Debtors	60,000	75,000
Stock in hand	30,000	28,000
Outstanding expenses	15,000	10,000

Calculate cash flow from operating activities by indirect method.

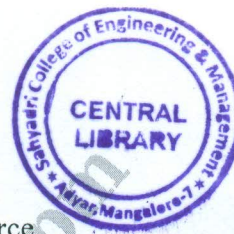
(07 Marks)

- c. Following is the Balance Sheet of Neon Ltd as on 31st March 2018 :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5,00,000	Land & Building	9,00,000
8% Preference share capital	4,00,000	Plant & Machinery	8,00,000
Reserves and Surplus	4,00,000	Closing stock	3,00,000
9% Debentures	6,00,000	Debtors	2,00,000
Current liabilities	4,00,000	Bank & cash	90,000
		Prepaid expenses	10,000

Additional information :

- Sales during the year Rs. 800,000 ; Cost of goods sold Rs. 600,000
 Office & administrative expenses Rs. 1,12,000 ; Commission & discount earned Rs. 12,000
 Loss on sale of machinery Rs. 34,000 ; Profit on sales of building Rs. 54,000
 You are required to calculate (i) Current Ratio (ii) Liquid Ratio (iii) Stock Turnover Ratio
 (iv) Gross profit ratio (v) Operating cost ratio (vi) Net profit ratio (vii) Debt-Equity Ratio
 (viii) Proprietary Ratio. (10 Marks)



- 7 a. What is ROCE? Give the ratio of ROCE. (03 Marks)
 b. Explain various methods of valuation of Human Resource. (07 Marks)
 c. From the following information, prepare cash flow statement for the year 2018 in accordance with AS-3 (revised).

Liabilities	31.3.2018	31.3.2017	Assets	31.3.2018	31.3.2017
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	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
	1,50,00,000	1,45,00,000		1,50,00,000	1,45,00,000

Additional Information : (i) The net profit after adjustment in respect of provision for dividend and tax was Rs. 10,00,000. (ii) There was addition to fixed assets during the year amounting to Rs. 400,000 and depreciation for the year was Rs. 300,000. (10 Marks)

8 Case study (Compulsory) :

Following are the balances of Shri Nath as on 30th June 2018.

Debit Balances	Rs.	Credit Balances	
Cash in hand	540	Sales	98,780
Cash at Bank	2,630	Returns outwards	500
Purchases	40,675	Capital	62,000
Returns inward	680	Creditors	6,300
Wages	8,480	Rent	9,000
Fuel and power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Opening stock	5,760		
Buildings	22,000		
Freehold land	10,000		
Machinery	20,000		
Investment	10,000		
Patents	7,500		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Debtors	14,500		

Additional Information :

- Stock on hand as on 30.06.2019 is Rs.6800
- Charge depreciation on machinery 10% and Patents 20%
- Salaries unpaid Rs. 1500
- Unexpired insurance Rs. 170
- Bad debts Rs. 725
- Rent received in advance Rs. 1,000
- Interest on investment of Rs.2,000 accrued.

Taking into account the above adjustments, prepare the Trading and Profit & Loss for the year ended 30th June 2018 and Balance sheet as at the same date. (20 Marks)
