

**First Semester MBA Degree Examination, June/July 2014**  
**Accounting for Management**

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any THREE full questions from Q.No.1 to 6.**  
**2. Q.No.7 and Q.No.8 are compulsory.**

- 1 a. State the objectives of IFRS. (03 Marks)  
b. What is journal? How is it different from ledger? (07 Marks)  
c. Journalize the following transaction in the books of Mr. Sudhir for January 2011:

1 <sup>st</sup> Jan 2011	Mr. Sudhir commenced business with cash in hand Rs.70,000/- cash at bank Rs.2,00,000/-
5 <sup>th</sup>	Paid into bank Rs.60,000/-
7 <sup>th</sup>	Brought goods from Prashanth Rs.50,000/-
12 <sup>th</sup>	Sold goods to Raman Rs.90,000/-
15 <sup>th</sup>	Draw for office use for Rs.12,000/-
20 <sup>th</sup>	Bought office furniture Rs.15,000/-
22 <sup>nd</sup>	Paid rent Rs.3,500/-
23 <sup>rd</sup>	Paid salaries Rs.20,000/-
25 <sup>th</sup>	Paid electricity charges Rs.1,500/-
27 <sup>th</sup>	Returned goods to Prashanth Rs.1000/-
28 <sup>th</sup>	Raman returned goods Rs.1,500/-
30 <sup>th</sup>	Bank charges Rs.500/-

- 2 a. What is MAOCARO? (10 Marks)  
b. Prepare a trial balance from the following: (03 Marks)  
(07 Marks)

1. Sundry debtors	8000	10. Wages	150
2. Sundry creditors	6000	11. Stock on hand	12,200
3. Capital	50,000	12. Sales	35,000
4. Cash in hand	4000	13. Purchase return	150
5. Cash at bank	35,000	14. Discount	150
6. Motor van	20,000	15. Commission	300
7. Furniture	2500	16. Gas and water	600
8. purchases	5000	17. Salaries	2000
9. Sales return	250	18. Bills receivable	1000

- c. Explain accounting concept and conventions. (10 Marks)  
3 a. Define accounting book keeping. (03 Marks)  
b. Briefly explain the pros and cons of HRA. (07 Marks)  
c. Prepare a three columnar cash book from the following transactions: (10 Marks)

2012 Aug.1 <sup>st</sup>	Cash in hand Rs.10,000/- Cash at bank Rs.5000/-
2 <sup>nd</sup>	Purchased goods Rs.1500/- and paid in cash
6 <sup>th</sup>	Sold goods for cash Rs.2000/-
10 <sup>th</sup>	Received cheque from Sunil for Rs.22,000 & discount allowed to him Rs.50/-
12 <sup>th</sup>	Paid to Ramesh Rs.1500 and discount allowed by him Rs.50/-
18 <sup>th</sup>	Purchased machinery by cheque Rs.8000/-
20 <sup>th</sup>	Draw money for office use Rs.1000/-
27 <sup>th</sup>	Insurance premium paid by cheque Rs.500/-
31 <sup>st</sup>	Rent paid Rs.1000 in cash.

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.

- 4 a. State the different types of accounting. (03 Marks)  
 b. Explain the scope and structure of IFRS. (07 Marks)  
 c. What is allowance? Explain the different types of allowances. (10 Marks)
- 5 a. What is Du-point analysis? Explain in brief. (05 Marks)  
 b. State the heading under which the following items are shown in the balance sheet of the company:  
 i) Goodwill; ii) Preliminary expenses; iii) Loan on mortgage; iv) Provisions for taxation; v) Fixed deposits raised from public; vi) Share premium; vii) For feature of shares; viii) Bank overdraft; ix) Livestock; x) Unclaimed dividend. (05 Marks)  
 c. The following trading and P and a/c of Fantasy Ltd. for the year 31-03-2011 is given below:

Particular	Amount	Particulars	Amount
To opening stock	76,250	By sales	5,00,000
To purchases	3,15,250	By closing stock	98,500
To carriage and profit	2,000		
To wages	5,000		
To gross profit creditors	2,00,000		
	5,98,500		5,98,500
To administration expenses	1,01,000	By gross profit b/d	2,00,000
To selling and distribution expenses	12,000		
To non-operating expenses	2,000		
To financial expenses	7,000	By non-operating income	
To net profit creditors	84,000	Profit on sale of shares	6000
	2,06,000		2,06,000

Calculate: i) Gross profit ratio; ii) Expenses ratio; iii) Operating ration; iv) Net profit ratio; v) Operating (net) profit ratio; vi) Stock turnover ratio. (10 Marks)

- 6 a. List out the areas covered by Forensic accounting. (05 Marks)  
 b. Following are the summarized balance sheets of ABC PA. Ltd as on 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2012:

Liabilities	31/3/11	31/3/12	Assets	31/3/11	31/3/12
Share capital	5,00,000	5,00,000	Premises	5,00,000	4,75,000
General revenue	1,25,000	1,50,000	Machinery	3,75,000	4,22,500
P & / a/c	76,250	76,500	Equipments	45,000	40,500
Term loan	1,75,000	1,55,000	S. Debtors	2,00,000	1,60,000
Sundry creditor	2,75,000	2,31,250	Cash	3000	7000
Provision for tax	84,250	76,250	Bank		10,000
			Good cases	12,500	
	12,35,500	11,89,000		12,35,500	11,89,000

Other information:

- i) Interim dividend of Rs.25,000 was paid during the year.  
 ii) Depreciation on premises is provided at 5%.  
 iii) Machinery of Rs.75,000 was acquired during the year.  
 iv) Income tax provision for the year was Rs.75,000/-. Prepare cash flow statement. (15 Marks)

- 7 a. Identify the headings under which the following items are shown in the B/S:  
 i) Discount on issue of shares; ii) Loose tools; iii) Sinking fund; iv) Proposed dividend;  
 v) Work-in-progress. (05 Marks)
- b. Mr. Anantharamu feels that his Co's current ratio 5:2 and liquidity ratio 3:1 is superior to the optimum value specified and hence feels that the company liquidity position is excellent. Do you agree with him justify. (05 Marks)
- c. From the following transaction listed indicate name of a/c, nature of a/c, involved and state whether these are to be debited or credited: i) Sam started business with cash; ii) Withdraw from bank; iii) Paid commission; iv) Paid salary to Nabin; v) Till taking (cash sales). (05 Marks)
- d. Prepare comparative income statement and interpretation:

Particular	31/3/03	31/3/04	Selling		
Sales	75,00,000	85,00,000	Expenses	25,000	42,500
Cost of goods sold	60,00,000	65,00,000	Financial expenses	1,00,000	1,25,000
Operating expenses	2,25,000	35,000	Tax rate is 35%		
Office expenses	4,50,000	15,000			
Distribution expenses	1,25,000	1,75,000			

(05 Marks)

- 8 Following are the balances of NSK Ltd., as at 31-3-2011 prepare final a/c's:

Debit	Rs/-	Credit	Rs/-
Premises	30,72,000	Share Capital	40,00,000
Plant	33,00,000	12%	
Stock on 1/4/10	7,50,000	Debentures	30,00,000
Debtors	8,70,000	P & / a/c	2,62,500
Goodwill	2,50,000	Creditors	7,70,000
Cash and bank	4,06,500	Sales	41,50,000
Call-in-arrears	75,000	General reserve	2,50,000
Interim dividend	3,92,500	RDD on 1-4-2010	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		

Additional information:

- Closing stock 10,50,000/-.
- Depreciate plant @ 15%.
- Write off 5000 from preliminary expenses.
- Half year debenture interest due.
- Ignore corporate dividend tax.
- Transfer Rs.25,000 to general reserve.
- Write of Rs.20,000/- further bad debts and create new reserve for bad debts at 5% debtors.

(20 Marks)

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