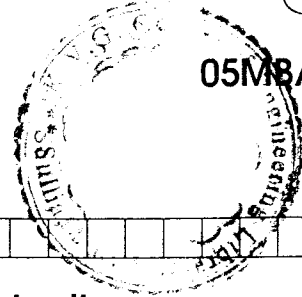


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NEW SCHEME



05MBA14

Reg. No.

**First Semester M.B.A Degree Examination
December 2005/January 2006
Master of Business Administration
Accounting For Managers.**

Time: 3 hrs.)

(Max.Marks : 100)

- Note:** 1. Answer any FOUR full questions from 1-7.
2. Question No. 8 is compulsory.
3. Show working notes wherever necessary.

1. (a) What are the branches of accounting? (3 Marks)

(b) Journalise the following transactions in the books of Vishwanath.

i) Vishwanath started his business with the following :

Cash in hand	1500
Cash at bank	3500
Goods in hand	3000
Furniture	2000
Buildings	10,000

ii) Gave charity Rs. 20

iii) Loan taken from the bank Rs.5000

iv) Purchased a motor car in exchange for goods Rs.2000 and cheque Rs.3000

v) Paid proprietor's life insurance premium Rs.100

vi) Bought goods from Lakshman on account Rs.2000

vii) Furniture costing Rs.300 was destroyed by fire Rs.10. (7 Marks)

(c) A firm purchased the plant and machinery on 1st July 1995 for Rs.90,000 and incurred Rs.10,000 on its erection expenses on 30th June 1998, part of plant and machinery purchased on 1st July 1995 for Rs. 50,000 sold for Rs.30,000. Depreciation is written off at 10%. The firm closes its books on 31st December each year. Prepare plant and machinery account and depreciation account under straight line dep. method. (10 Marks)

2. (a) Differentiate between accruals and outstanding? (3 Marks)

(b) Write the proforma of Invoice book, purchase book and sales book, with imaginary transactions for the books. (7 Marks)

(c) Define the term standard. What are the major benefits of accounting standard? In what way accounting standards are useful to external users, preparers, auditors and managers? (10 Marks)

Contd.... 2

3. (a) Define inventory. Why is the proper valuation of inventory important? (3 Marks)
- (b) Distinguish between trial balance and balance sheet. (7 Marks)
- (c) Prepare a trial balance from the following balances of the year ending 2002

Capital	28,000	Purchases	15,000
Stock of goods	4,000	Plant	15,000
Motor car	8,000	Furniture	5,000
Discount received	400	Wages	8,200
Bad-debts	400	Creditors	6,500
Sales	40,000	Salaries	2,800
Cash-at-bank	4,000	Commission (cr)	600
Return inwards	2,000	Returns outwards	1,000
Cash in hand	600	Debtors	5,600
Rent	3,500	General exp.	300
Discount allowed	300	Interest received	200
Carriage	1,500	Advertisement	500

(10 Marks)

4. (a) What is fund flow statement? (3 Marks)
- (b) Define preference share. Explain the types of preference shares. (7 Marks)
- (c) Record the following transactions in a two-column cash book (discount and cash column) and post them into ledger. (10 Marks)

2004

- Feb 1 Commenced business with cash Rs.10,000
- 6 Received a cheque for Rs.5000 for goods sold
- 7 Issued a cheque for Rs.500 for furniture purchased
- 8 Purchased goods for Rs.3000 and paid by cheque
- 8 Received a cheque for Rs.490 in settlement of Rs.500 on account
- 10 Paid into bank of India Rs.5000 from Rangan
- 15 Paid wages in cash Rs.200
- 18 Drew a cheque for personal use Rs.400
- 25 Drew for office use Rs.250
- 27 Paid electric charges in cash Rs.15
- 28 Paid salaries by cheque.

5. (a) What are the important balance sheet ratios? (3 Marks)
- (b) Define audit report. Explain how audit report is different from Directors report. (7 Marks)
- (c) Explain the different accounting concepts and conventions. (10 Marks)
6. (a) The financial manager of XYZ Ltd. expects that its earnings before interest and taxes (EBIT) in the current year would amount to Rs.10,000. The firm has 5% bonds aggregating Rs.40,000 while the 10% preference shares amount to Rs.20,000. What would be the earnings per share (EPS) after considering 35% tax rate and the number of outstanding shares 1,000. (5 Marks)

Contd.... 3

(b) Following are the B/S of a company as on 31st Dec 02 and 2003.

Liabilities	2002	2003	Assets	2002	2003
Share capital	1,39,000	1,45,000	Cash in hand	18,000	15,600
Share premium	1,000	3,000	Trade debtors	29,800	35,400
Debentures	24,000	12,000	Stock-in-trade	98,400	85,400
Trade creditors	20,000	23,680	Land	40,000	60,000
Provision for doubtful debt	1,400	1,600	Good will	20,000	10,000
Profit and loss a/c	20,800	21,120			
	<hr/>	<hr/>		<hr/>	<hr/>
	2,06,200	2,06,400		2,06,200	2,06,400
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Additional information :

- i) Dividend was paid totaling Rs.7000
- ii) Land was purchased for Rs.20,000 and the amount provided for amortisation of goodwill totalled Rs.10,000
- iii) Debenture loan was repaid Rs.12,000

You are required to prepare fund flow statement and statement of changes in working capital. **(15 Marks)**

7. (a) Give the meaning of window dressing. Provide any five examples by which a firm can resort to window dressing. **(5 Marks)**

(b) Using the following accounting variables, construct the balance sheet

Gross profit (20% of sales)	60,000
Shareholders equity	50,000
Credit sales to total sales	80%
Total assets turnover	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%

(15 Marks)

Contd.... 4

Case Study

From the following trial balance of Mr. Ajay, prepare trading and profit and loss account for the year 31st March 2004 and the Balance sheet as on that date after taking into account the adjustments given in the trial balance.

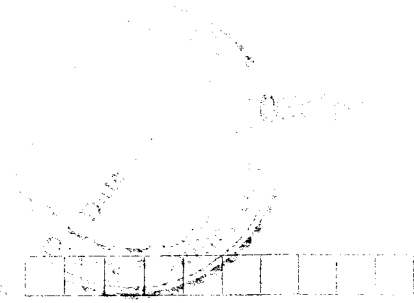
Debit balance	Dr. (Rs.)	Credit	Cr. (Rs)
Ajay's drawings	4,500	Ajay's capital	24,000
Purchases	20,000	Sales	30,500
Return inwards	1,500	Discount	1,900
Stock (1.4.03)	8,000	Sundry creditors	10,000
Salary	4,200	Bills payable	2,500
Wages	1,200		
Rent	350		
Bad debts	400		
Discounts	700		
Sundry debtors	14,000		
Cash in hand	260		
Cash at bank	5,940		
Insurance	400		
Trade exp.	300		
Printing	150		
Furniture	2,000		
Machinery	5,000		
	68,900		68,900

Adjustments :

- i) Closing stock was valued at Rs.7,000
- ii) Insurance was prepaid to the extent of Rs.60
- iii) Outstanding liabilities were salary Rs.200 wages Rs.200
- iv) Make provision for doubtful debts at 5% on sundry debtors.
- v) Calculate interest on capital 5% P.A
- vi) Depreciation is provided at 5% on machinery and 10% on furniture
- vii) Provide for discount on creditors at 1%

(20 Marks)

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Reg. No. [] [] [] [] [] [] [] [] [] []

First Semester M.B.A Degree Examination
December 2005/January 2006
Master of Business Administration
Accounting for Managers.

Time: 3 hrs.)

(Max.Marks : 100)

- Note:** 1. Answer any **FOUR** full questions from 1-7.
- 2. Question No. 8 is compulsory.
- 3. Show working notes wherever necessary.

1. (a) What are the branches of accounting? (3 Marks)

(b) Journalise the following transactions in the books of Vishwanath.

- i) Vishwanath started his business with the following :

Cash in hand	1500
Cash at bank	3500
Goods in hand	3000
Furniture	2000
Buildings	10,000
- ii) Gave charity Rs. 20
- iii) Loan taken from the bank Rs.5000
- iv) Purchased a motor car in exchange for goods Rs.2000 and cheque Rs.3000
- v) Paid proprietor's life insurance premium Rs.100
- vi) Bought goods from Lakshman on account Rs.2000
- vii) Furniture costing Rs.300 was destroyed by fire Rs.10. (7 Marks)

(c) A firm, purchased the plant and machinery on 1st July 1995 for Rs.90,000 and incurred Rs.10,000 on its erection expenses on 30th June 1998, part of plant and machinery purchased on 1st July 1995 for Rs. 50,000 sold for Rs.30,000. Depreciation is written off at 10%. The firm closes its books on 31st December each year. Prepare plant and machinery account and depreciation account under straight line dep. method. (10 Marks)

2. (a) Differentiate between accruals and outstanding? (3 Marks)

(b) Write the proforma of Invoice book, purchase book and sales book, with imaginary transactions for the books. (7 Marks)

(c) Define the term standard. What are the major benefits of accounting standard? In what way accounting standards are useful to external users, preparers, auditors and managers? (10 Marks)

3. (a) Define inventory. Why is the proper valuation of inventory important? (3 Marks)
- (b) Distinguish between trial balance and balance sheet. (7 Marks)
- (c) Prepare a trial balance from the following balances of the year ending 2002

Capital	28,000	Purchases	15,000
Stock of goods	4,000	Plant	15,000
Motor car	8,000	Furniture	5,000
Discount received	400	Wages	8,200
Bad-debts	400	Creditors	6,500
Sales	40,000	Salaries	2,800
Cash-at-bank	4,000	Commission (cr)	600
Return inwards	2,000	Returns outwards	1,000
Cash in hand	600	Debtors	5,600
Rent	3,500	General exp.	300
Discount allowed	300	Interest received	200
Carriage	1,500	Advertisement	500

(10 Marks)

4. (a) What is fund flow statement? (3 Marks)
- (b) Define preference share. Explain the types of preference shares. (7 Marks)
- (c) Record the following transactions in a two-column cash book (discount and cash column) and post them into ledger. (10 Marks)

2004

- Feb 1 Commenced business with cash Rs.10,000
- 6 Received a cheque for Rs.5000 for goods sold
- 7 Issued a cheque for Rs.500 for furniture purchased
- 8 Purchased goods for Rs.3000 and paid by cheque
- 8 Received a cheque for Rs.490 in settlement of Rs.500 on account
- 10 Paid into bank of India Rs.5000 from Rangan
- 15 Paid wages in cash Rs.200
- 18 Drew a cheque for personal use Rs.400
- 25 Drew for office use Rs.250
- 27 Paid electric charges in cash Rs.15
- 28 Paid salaries by cheque.

5. (a) What are the important balance sheet ratios? (3 Marks)
- (b) Define audit report. Explain how audit report is different from Directors report. (7 Marks)
- (c) Explain the different accounting concepts and conventions. (10 Marks)
6. (a) The financial manager of XYZ Ltd. expects that its earnings before interest and taxes (EBIT) in the current year would amount to Rs.10,000. The firm has 5% bonds aggregating Rs.40,000 while the 10% preference shares amount to Rs.20,000. What would be the earnings per share (EPS) after considering 35% tax rate and the number of outstanding shares 1,000. (5 Marks)

Contd.... 3

(b) Following are the B/S of a company as on 31st Dec 02 and 2003.

Liabilities	2002	2003	Assets	2002	2003
Share capital	1,39,000	1,45,000	Cash in hand	18,000	15,600
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Trade creditors	20,000	23,680	Land	40,000	60,000
Provision for doubtful debt	1,400	1,600	Good will	20,000	10,000
Profit and loss a/c	20,800	21,120			
	<u>2,06,200</u>	<u>2,06,400</u>		<u>2,06,200</u>	<u>2,06,400</u>

Additional information :

- i) Dividend was paid totaling Rs.7000
- ii) Land was purchased for Rs.20,000 and the amount provided for amortisation of goodwill totalled Rs.10,000
- iii) Debenture loan was repaid Rs.12,000

You are required to prepare fund flow statement and statement of changes in working capital. (15 Marks)

7. (a) Give the meaning of window dressing. Provide any five examples by which a firm can resort to window dressing. (5 Marks)

(b) Using the following accounting variables, construct the balance sheet

Gross profit (20% of sales)	60,000
Shareholders equity	50,000
Credit sales to total sales	80%
Total assets turnover	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%

(15 Marks)

Contd.... 4

8. Case Study :

From the following trial balance of Mr. Ajay, prepare trading and profit and loss account for the year 31st March 2004 and the Balance sheet as on that date after taking into account the adjustments given in the trial balance.

Debit balance	Dr (Rs.)	Credit	Cr.(Rs)
Ajay's drawings	4,500	Ajay's capital	24,000
Purchases	20,000	Sales	30,500
Return inwards	1,500	Discount	1,900
Stock (1.4.03)	8,000	Sundry creditors	10,000
Salary	4,200	Bills payable	2,500
Wages	1,200		
Rent	350		
Bad debts	400		
Discounts	700		
Sundry debtors	14,000		
Cash in hand	260		
Cash at bank	5,940		
Insurance	400		
Trade exp.	300		
Printing	150		
Furniture	2,000		
Machinery	5,000		
	68,900		68,900

Adjustments :

- i) Closing stock was valued at Rs.7,000
- ii) Insurance was prepaid to the extent of Rs.60
- iii) Outstanding liabilities were salary Rs.200 wages Rs.200
- iv) Make provision for doubtful debts at 5% on sundry debtors.
- v) Calculate interest on capital 5% P.A
- vi) Depreciation is provided at 5% on machinery and 10% on furniture
- vii) Provide for discount on creditors at 1%

(20 Marks)

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NEW SCHEME

First Semester MBA Degree Examination, July 2006

Master of Business Administration

Accounting for Managers

Time: 3 hrs.]

[Max. Marks: 100

Note : 1. Answer any **FOUR** full questions from 1 to 7.

2. Question No.8 is compulsory.

3. Assumptions for solving the case must be clearly mentioned.

- 1 a. What is GAAP? Mention any of the five institutions that influence Indian GAAP. (03 Marks)
- b. Outline the salient features of auditor's report as per Indian companies Act, 1956? (07 Marks)
- c. Record the following transactions in the journal of the Apsara Furniture Marts: 2005
- Jan. 1 Started business with cash Rs.10000/-.
- Jan. 2 Deposited into bank Rs.9 0000/-.
- Jan. 3 Purchased Machinery for Rs.5000/- from Jawahar and gave him a cheque For amount.
- Jan. 15 Paid installation charges of Machinery Rs.100/-
- Jan. 20 Purchased timber from Naveen of the list price of Rs.2000/-. He allowed 10% Trade Discount.
- Jan. 23 Furniture costing Rs.500/- was used in furnishing the office.
- Jan. 25 Sold furniture to Naresh of the list price of Rs.1000/- and allowed him 5% Trade Discount.
- Jan. 28 Received a cheque from Naresh for Rs.930/- in full settlement and sent the cheque to bank.
- Jan. 29 Sent to Naveen in full settlement a cheque for Rs.1750/-
- Jan. 31 Paid wages Rs.350/- and rent Rs.200/-. (10 Marks)
- 2 a. What is a Contra Entry? Give any two examples. (03 Marks)
- b. What is window dressing? Explain the different ways in which firm can do window dressing of accounts. (07 Marks)
- c. XY Ltd. Has purchased and issued the material 'M' in the following order:

2004		Units	Units Cost Rs.
1 st December	Purchase	300	3
4 th December	Purchase	600	4
6 th December	Issue	400	
10 th December	Purchase	600	4
15 th December	Issue	1000	
20 th December	Purchase	400	5
23 rd December	Issue	200	

Which of the methods of pricing issue of Materials would you recommend in the above case? Ascertain the quantity of closing stock as on 31st December 2004.

(10 Marks)

- 3 a. What is meant by Marshalling of Balance Sheet? (03 Marks)
- b. What is meant by Accounting Standards? Explain any three accounting standards. (07 Marks)

Contd.... 2

c. Record the following transactions in three-Column Cash Book:

(10 Marks)

2005		Rs.
January 1	Cash in hand	3,151
	Cash at Bank	91,401
January 2	Discounted a bill for Rs.1000/- at 1% through bank.	
January 3	Bought goods for Rs.2000/- & paid by cheque, discount allowed 1%.	
January 15	Paid trade expenses	120
January 16	Paid taxes	400
January 17	Paid insurance charges	100
January 25	Sold goods for Rs.12500/-, received cheque & allowed discount 1%	
January 28	Received cheque from John and co.,	6,000
January 30	Purchased 100 National Plan certificates for Rs.100/- each at Rs.95/- each and paid for them by cheque.	
January 30	Sold goods to Bimal on credit	51

- 4 a. What is the purpose of the statement of Cash Flows? (03 Marks)
 b. Identify typical users of Financial Reports. (07 Marks)
 c. On July 1, 2001, Kinox Ltd. Purchased second hand machine Rs.20000/- and spent Rs.3000/- on reconditioning and installing. On January 1, 2002 the firm purchased new machine worth Rs.12000/-. On June 30, 2003 the machine purchased on January 1, 2002 was sold for Rs.8000/-. On July 1, 2003 fresh machine was purchased on installment basis, payment for this machine was to be made as follows:
 July 1, 2003 – Rs.5000/-, June 2004 – Rs.6000/-, June 30, 2005 Rs.5, 500/-.
 Payment in 2004, 2005 include interest Rs.1000/- and Rs.500/- respectively.
 The company writes off depreciation at 10% p.a. on original cost. The Accounts are closed every year on 31 March. Show the Machine A/c for 3 years. (10 Marks)
- 5 a. List different methods of Inventory valuation. (03 Marks)
 b. Write short notes on: (07 Marks)
 i) Reserves and Surplus ii) Calls in Arrears iii) Forfeiture of shares iv) Prepaid Expense
 c. Analyse the effects of these transactions on the accounting equations:

2005

- March 1. Suresh began business with Rs.50000/- in cash.
 March 2. Took a loan of Rs.20000/- from Manish.
 March 3. Purchased for cash two computers each costing Rs.29000/-.
 March 4. Purchased supplies of floppy disks and stationery for Rs.6000/- on credit.
 March 19. Received a price of Rs.12000/- in cash for software sales.
 March 21. Paid creditor for supplies. Rs.2000/-.
 March 29. Paid salaries to employees, Rs.4000/-, and office rent, Rs.1200/-
 March 30. Sold software on credit Rs.8000/-
 March 31. Withdrew Rs.3500/- in cash for personal use. (10 Marks)

- 6 a. Write a note on Dupont Analysis? (05 Marks)
 b. Following are the condensed Balance sheets of a Company:

Liabilities	2004	2005	Assets	2004	2005
Equity Capital	50000	53000	Cash	20000	25000
Long Term Capital	14000	13000	Debtors	24000	27000
Retained Earnings	28000	37000	stock	31000	32000
Accumulated Depreciation	21000	25000	Other current Assets	8000	7000
Creditors	20000	21000	Fixed Assets	50000	58000
	133000	149000		133000	149000

Additional Information:

- i) Fixed Assets costing Rs.12000/- were purchased during 2005 for cash. ii) Fixed Assets (original cost Rs.4000/- accumulated depreciation Rs.1500/- were sold at book value. iii) Depreciation for the year amounted to Rs.5500/-. iv) Dividends paid during the year Rs.3000/-.

You are required to prepare:

1. Schedule of Changes in working capital. 2. Funds Flow Statement. (15 Marks)

Contd.... 3

- 7 a. Write a note on Du-Pont analysis. (05 Marks)
b. The ratios relating to the activities of National Traders Ltd. are as follows:

Debtors velocity	3 Months
Stock velocity	8 Months
Creditors velocity	2 Months
Gross profit ratio	25 %

Gross profit for current year ended 31st March amounts to Rs.400000. Closing stock of the year is Rs.10000 above the opening stock. Bills receivable amount to Rs.25000 and Bills payable to Rs.10000.

Find out :

- Sales.
- Sundry Debtors.
- Closing stock.
- Sundry Creditors.

(15 Marks)

- 8 Accountant of Bhuvaneshwari Limited prepared the Trial balance for the year ending 31-3-2006 and requested you to prepare Trading and Profit and Loss account, P * L, appropriation and balance sheet after incorporating the adjustments given below the Trial Balance.

	Debtors Rs.	Creditors Rs.
Share capital (10000 shares of 100 each)		1000000
Calls in arrears	5000	
10% debentures		400000
Debtors and Creditors	100000	50000
Bills receivables / bills payables	250000	100000
Purchases and sales	4500000	5000000
Stock (1.04.2005)	200000	
Bank loan @ 6%		200000
Interest on bank loan	6000	
Preliminary expenses	10000	
Plant and Machinery	450000	
Furniture's	200000	
Equipments	120000	
Investments	200000	
Good will	200000	
Free hold building	30000	
Cash-in-hand	80000	
Cash-at-bank	160000	
Manufacturing expenses	50000	
Manufacturing wages	30000	
Rent, rate taxes	4000	
Salaries	50000	
Machinery repairs	2000	
Discount	500	
Freight inward	500	
Insurance	2000	
Selling and Distribution expenses	100000	
	6750000	6750000

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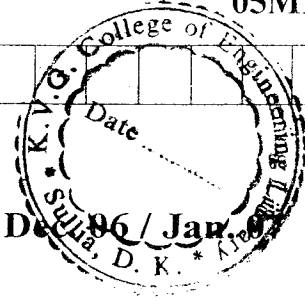
- i) Closing stock is valued at Rs.150000.
- ii) Insurance is unexpired to the extent of Rs.500.
- iii) Write off $\frac{1}{4}$ th of the preliminary expenses.
- iv) Out standing salaries Rs.1000 and interest on bank loan for 6 month.
- v) Create provision for bad debts of Rs.5000.
- vi) Depreciate :
Plant and machinery by 15%
Furniture and equipments by 10%
- vii) Investments are valued at Rs.210000.
- viii) Make provision for income tax @ 30%.
- ix) Directors propose a dividend of 10% on capital.
- x) Purchases include purchase of plant and machinery on 30/9/2005 for Rs.50000.

(20 Marks)

USN

NEW SCHEME

First Semester MBA Degree Examination, Dec 2006 / Jan 2007
Business Administration
Accounting for Managers



Time: 3 hrs.]

[Max. Marks:100

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

- 1 a. What are Contra Entries? (03 Marks)
 b. How would you prepare a funds flow statement? (07 Marks)
 c. Prepare Arun's account in the books of Bharat and Bharat's account in the books of Arun for the following transactions between them:
 Jan 1. Opening debt of Bharat to Arun Rs.500.
 Jan 5. Arun sold goods to Bharat Rs.2000.
 Jan 10. Bharat returned goods to Arun Rs.100.
 Jan 12. Arun received cash from Bharat Rs.700 and allowed Bharat discount Rs.50.
 Jan 15. Bharat sold goods to Arun on account Rs.1000.
 Jan 20. Arun returned goods to Bharat Rs.70.
 Jan 24. Bharat paid cash to Arun Rs.300.
 Jan 31. Arun received cash from Bharat in full settlement Rs.400. (10 Marks)
- 2 a. Why should we charge depreciation? (03 Marks)
 b. Mention any 3 accounting conventions. Also explain them. (07 Marks)
 c. The balance sheet of Y ltd. stood as follows as on: - (Rs. in lakhs)

Liabilities	31.3.95	31.3.94	ASSET	31.3.95	31.3.95
Capital	250	250	Fixed ASSETS	400	300
Reserver	116	100	Less depr.	260	200
Loans	100	120		260	200
Creditor and other current liabilities	125	25	Investment	40	30
			Stock	120	100
			Debtors	70	50
			Cash / Bank	20	20
			Other current assets	25	25
			Misc. Expenditure	60	70
	595	495		595	495

You are given the following information for the year 1994-95:

Sales	600	Provision for tax	60
PBIT	150	Proposed dividend	50
Interest	24		

From the above information calculate for the year 1994-95:

- Return on capital employed.
- Stock turnover ratio.
- Return on net worth.
- Current ratio.
- Proprietary ratio.

(10 Marks)

Contd.... 2

- 3 a. Differentiate between outstandings and accruals. (03 Marks)
 b. The statutory auditor of a company reports in certain issues to the share holders. Mention the issues. (07 Marks)
 c. The following are the receipts and issues of materials in a factory during Feb. 06.
 Feb 1. Opening balance 500 kgs @ Rs.25 per kg.
 Feb 3. Issued 70 kgs.
 Feb 4. Issued 100 kgs.
 Feb 8. Issued 80 kgs.
 Feb 13. Received from vendor 200 kgs @ Rs.24.50.
 Feb 14. Refund of surplus from a work order 15 kg @ Rs.24.
 Feb 16. Issued 180 kgs.
 Feb 20. Received from vendor 240 kgs @ Rs. 24.38.
 Feb 24. Issued 304 kgs.
 Feb 25. Received from vendor 320 kgs @ Rs.24.32.
 Feb 27. Refund of surplus from a work or der. 12 kgs @ Rs.24.50.
 Feb 28. Received from vendor 100 kg @ Rs.25.
 Issues are to be priced under FIFO. The stock verifier noted that on the 15th he found a shortage of 5 kgs and on 27th shortage of 8 kgs. Prepare stores ledger. (10 Marks)
- 4 a. What is an invoice? Mention its contents. (03 Marks)
 b. Mention the merits of ratio analysis. (07 Marks)
 c. Explain any 5 accounting concepts. (10 Marks)
- 5 a. What is window dressing? (03 Marks)
 b. Explain Dr. Pout analysis. (07 Marks)
 c. Differentiate between equity shares and debentures. (10 Marks)
- 6 a. What is a trial balance? (03 Marks)
 b. What is a common size statement? How useful is it? (07 Marks)
 c. Enter the following transactions in a 3 column cash book with discount, cash and bank columns:
 April 1. Commenced business with Rs.10,000 in cash.
 April 2. Opened a bank account and deposited Rs.8000.
 April 3. Arun paid is Rs.490 in full settlement of Rs.500.
 April 5. Bought goods for cash Rs.1,500.
 April 8. Draw a cheque for personal use Rs.200.
 April 10. Draw for office use Rs.1000.
 April 12. Bought goods for Rs.1,500 and paid by cheque immediately
 April 15. Received for cash sales Rs.1,000.
 April 16. Received a cheque from Mr. B for Rs.500.
 April 17. Paid Mr. B's cheque into the bank.
 April 20. Paid sales by cheque Rs.500.
 April 23. Mr. M directly paid into our bank account Rs.1000
 April 24. Paid Mr. N Rs.495 in full settlement of Rs.500.
 April 26. Received communication Rs.100.
 April 27. Cash withdrawn for personal use Rs.100.
 April 29. Cash Rs.600 deposited in bank.
 April 30. Transferred from S.B. account to current account Rs.2000. (10 Marks)
- 7 a. Explain P/E ratio EPS and DPS. (05 Marks)

b. Following are the comparative balance sheet of G.P. Ltd. as on 31.12.

LIABILITIES	2000	2001	ASSETS	2000	2001
Share capital	50,000	70,000	Goodwill	6000	4000
Debenture	10,000	5000	Plant & Machinery	22000	30000
Creditors	8000	9000	Stock	18000	26000
Prov. for doubtful debt	1000	2000	Debtors	14000	22000
P.L. a/c	11000	14000	Cash	15000	18000
			Pre. Exp.	5000	-
	80000	1,00,000		80000	1,00,000

Information:-

- Tax and dividend were paid Rs.4000 and Rs.5000 respectively.
- Debentures were redeemed for Rs.5000.
- Book value of machinery sold Rs.4000.

Prepare a statement of funds flow.

(15 Marks)

- 8 The following is the trial balance of Mr. RK as on 31.12.2003. Prepare trading and profit/loss account for the year ending 31.12.2003 and a balance sheet as on that date.

Adjustments:-

- Closing stock on 31.12.03 was Rs.10,000.
- Debenture worth Rs.2000 was bad.
- Depreciate machinery by 5% and vary by 15%.
- Prov. for bad and doubtful debts should be increased by Rs.600.
- Commission accrued and not received Rs.500.
- Goods worth Rs.500 were used by the properties for personal use.
- On 20.12.2003 a fire broke out in the shop and goods worth Rs.2000 were completely destroyed. The insurance company accepted the claim for Rs.1500 and paid the claim on 1.1.2004.

(20 Marks)

Trail Balance as on 31.12.2003.

Particulars	Dr. amount Rs.	Cr. Amount Rs.
Capital	-	85000
Drawings	7,500	-
Opening stock 1.1.2003	12,000	-
Purchase & sales	86,000	1,70,000
Returns	2000	1000
Discounts	500	700
Commission received	-	1000
Income tax paid	700	-
Office salaries	17,300	-
Office rent	2000	-
Advertising	1700	-
Sundry debtors & creditors	85,000	30,000
Provision for doubtful debt.	-	3000
Manufacturing wages	8600	-
BIR & BIP	5000	5000
Carriage	600	-
Machinery	40,000	-
Motor vans	7000	-
Land & Buildings	10000	-
Office expense	1500	-
Cash at bank	6000	-
Cash in hand	2300	-
Total	295700	295700

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First Semester MBA Degree Examination, Dec. 07 / Jan. 08
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

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

- 1 a. From the following information determine i) EPS ii) P/E ratio. (03 Marks)
 Profits before Tax – Rs.2000000
 Tax rate – 30%
 Preference Dividend – Rs.400000
 Number of shares outstanding – 200000
 Market price per share – Rs.60
- b. Explain Du-Pont analysis with the help of a diagram. (07 Marks)
- c. “Accounting concepts and conventions are the grammar of the language of accounting” –
 In the light of the above statement explain them in brief. (10 Marks)
- 2 a. What is the significance P&L appropriation account in the Final Accounts? (03 Marks)
- b. Prepare a stores ledger account from the following information under the LIFO method.
- | | | |
|------|----|---------------------------------------|
| May | 1 | Received 1000 units @ Rs.10 per unit |
| | 2 | Received 260 units @ Rs.10.5 per unit |
| | 20 | Issued 700 units |
| June | 4 | Received 400 units @ Rs.11.5 per unit |
| | 21 | Received 300 units @ Rs.12.5 per unit |
| July | 16 | Issued 620 units |
| Aug | 12 | Issued 240 units |
| Sep | 10 | Received 500 units @ Rs.11 per unit |
| | 25 | Issued 380 units |
- (07 Marks)**
- c. Journalise the following transactions:
- | | Rs. |
|---|-------|
| i) Commenced business with cash | 10000 |
| ii) Deposited into bank | 5000 |
| iii) Purchased goods for cash | 3000 |
| iv) Sold goods for cash | 2500 |
| v) Purchased goods from A on credit | 4000 |
| vi) Sold goods to B on credit | 4500 |
| vii) Withdrew from bank | 3000 |
| viii) Paid A on account | 2000 |
| ix) Received from B on account | 2500 |
| x) Took loan from C | 5000 |
| xi) Gave loan to D | 4000 |
| xii) Paid salaries | 1000 |
| xiii) Received commission | 200 |
| xiv) Cash withdrew from the business for personal use | 300 |
| xv) <u>Rent due to E, the landlord</u> | 1000 |
- (10 Marks)**
- 3 a. What are Accounting Standards? What are their benefits? (03 Marks)

- 3 b. From the following income statement and statement of financial position of a year you are required to calculate: (07 Marks)
- Current ratio
 - Acid test ratio
 - Debtors turnover ratio
 - Average collection period
 - Stock turnover ratio
(Assume 360 days in a year)

	Rs.
Net sales	100000
Less: Cost of Sales	<u>70000</u>
Gross Profit	30000
Less: Operating Expenses	<u>20000</u>
Net Profit	<u>10000</u>
Cash in Hand	5000
Cash at Bank	4000
Debtors	40000
Stock at Cost	15000
Fixed Assets (Net)	<u>56000</u>
	<u>120000</u>
Creditors	36000
Bills Payable	2000
Mortgage Loan	10000
Equity Share Capital	60000
Reserves & Surplus	<u>12000</u>
	<u>120000</u>

- c. Explain the provisions of Companies Act with a Special reference to Directors and Auditors Report? (10 Marks)
- 4 a. What is a Common size statement? (03 Marks)
- b. What are Subsidiary books? Explain their features and advantages. (07 Marks)
- c. On 1st April 2000, a firm purchased machinery for Rs.200000. On 1st October 2000 an additional machinery costing Rs.100000 was purchased. On 1st October 2001 the machinery purchased on 1st April 2000 having become obsolete was sold for Rs.90000. On 1st Oct 2002 new machinery was purchased for Rs.250000 while the machinery purchased on 1st October 2000 was sold for Rs.85000 on the same day. The firm provides depreciation on its machinery @ 10% p.a. on original cost on 31st March every year. Show machinery A/c, provision for depreciation A/c and Depreciation A/c for the period of 3 years ending 31st March, 2003. (10 Marks)
- 5 a. Explain and illustrate the terms Book value per share and net worth of a company. (03 Marks)

5 b. Show the accounting equation on the basis of the following transactions:

	Rs.
i) Y started business with cash	90000
ii) Purchased goods on credit	50000
iii) Purchased furniture for cash	10000
iv) Sold goods costing Rs.20000 for	40000
v) Sold goods costing Rs.20000 on credit for	42000
vi) Bought goods worth Rs.20000 (Rs.15000 paid in cash and balance on credit)	
vii) Drawn for personal use	5000
viii) Paid as rent	1000
ix) Paid for salaries	3000
x) Paid to creditors	40000
xi) Received from debtors	12000

(07 Marks)

c. The balance sheets (in lakhs of rupees) of Charat Engineering Ltd. are given below:

Assets	Current year	Previous year	Liabilities	Current year	Previous year
Cash	2	10	Current Liabilities	105	30
Receivables (net)	60	30			
Inventories	100	50	Long-term debt	150	-
Fixed Assets (net of accumulated depreciation)	300	100	Stockholders equity	207	160
	462	190		462	190

Net income before taxes was Rs.81 lakh. Taxes paid are Rs.27 lakh. Net income was Rs.54 lakh. Cash dividend paid was Rs.7 lakh. Depreciation was Rs.20 lakh. Fixed Assets were purchased for Rs.220 lakh, Rs.150 lakh of which was financed via the issuance of long term debt outright for cash. Prepare a cash flow statement in indirect method (based on AS - 3).

(10 Marks)

- 6 a. What do you mean by the term window dressing? Give two examples. (03 Marks)
- b. Explain the utility of financial statements for the different users of accounting statements. (07 Marks)
- c. Enter the following transactions in a cash book with cash, bank and discount columns and post them to the ledger. (10 Marks)

- 2007 April 1 Commenced business with Rs.16000 in cash.
 2 Paid into bank Rs.14500
 10 Bought goods for Rs.3850 and paid by cheque.
 10 Bought furniture for cash Rs.680
 15 Sold goods for cash Rs.2600 and deposited the same into bank.
 16 Bought goods for Rs.4850 and paid by cheque.
 20 Bought stationery for Rs.185.
 22 Received cash from Hegde Rs.680 allowing him a discount of Rs.20.
 24 Paid Santosh his dues by a cheque of Rs.240 receiving a discount of Rs.10
 25 Paid Chandra by cheque Rs.400
 26 Sold goods for cash Rs.585 and remitted the same into bank
 28 Our cheque to Chandra returned dishonored.
 30 Drew cheque for salary Rs.2365
 30 Drew cheque for personal use Rs.100.

- 7 a. What is a fund flow statement? What are its uses? (05 Marks)
- b. What are the limitations of ratio analysis? with the help of the following ratios regarding Indu films, draw the balance sheet of the company for the year 2006: (15 Marks)
- | | |
|--|-----------|
| Current ratio | 2.5 |
| Liquidity ratio | 1.5 |
| Net working capital | Rs.300000 |
| Stock turnover ratio (cost of sales/closing stock) | 6 times |
| Gross profit ratio | 20% |
| Fixed assets turnover ratio (on cost of sales) | 2 times |
| Debt collection period | 2 months |
| Fixed assets to shareholders net worth | 0.80 |
| Reserves and surplus to capital | 0.50 |

- 8 Following are the balances of Johri Albbhushan Bhandar Co. Ltd. as on 31st March 2007:

Credit	Amount Rs.	Debit	Amount Rs.
Share Capital	4000000	Premises	3072000
12% Debentures	3000000	Plant	3300000
P&L Account	262500	Stock	750000
Bills Payable	370000	Debtors	870000
Creditors	400000	Goodwill	250000
Sales	4150000	Cash and Bank	406500
General Reserve	250000	Calls in Arrear	75000
Bad Debt Provision on 1.4.06	35000	Interim Dividend paid	392500
		Purchases	1850000
		Preliminary expenses	50000
		Wages	979800
		General Expenses	68350
		Salaries	202250
		Bad debts	21100
		Debenture Interest paid	180000
	12467500		12467500

Additional information:

- Depreciate plant by 15%.
- Write off Rs.5000 from preliminary expenses.
- Half years debenture interest due.
- Create 5% provision on debtors for doubtful debts.
- Provide for Income Tax @ 50%
- Stock on 31st March 2007 was Rs.950000.
- A claim of Rs.25000 for workmen's compensation is being disputed by the company.

Prepare Final Accounts of the company.

(20 Marks)

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05MBA14

First Semester MBA Degree Examination, Dec. 07 / Jan. 08

Accounting for Managers

Time: 3 hrs.

Max. Marks:100

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

- 1 a. From the following information determine i) EPS ii) P/E ratio. (03 Marks)
- Profits before Tax – Rs.2000000
 Tax rate – 30%
 Preference Dividend – Rs.400000
 Number of shares outstanding – 200000
 Market price per share – Rs.60
- b. Explain Du-Pont analysis with the help of a diagram. (07 Marks)
- c. “Accounting concepts and conventions are the grammar of the language of accounting” – In the light of the above statement explain them in brief. (10 Marks)
- 2 a. What is the significance P&L appropriation account in the Final Accounts? (03 Marks)
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- (07 Marks)
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(10 Marks)

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 b. What are the limitations of ratio analysis? with the help of the following ratios regarding Indu films, draw the balance sheet of the company for the year 2006: (15 Marks)

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Liquidity ratio	1.5
Net working capital	Rs.300000
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Gross profit ratio	20%
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		Wages	979800
		General Expenses	68350
		Salaries	202250
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		Debenture Interest paid	180000
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Additional information:

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- Half years debenture interest due.
- Create 5% provision on debtors for doubtful debts.
- Provide for Income Tax @ 50%
- Stock on 31st March 2007 was Rs.950000.
- A claim of Rs.25000 for workmen's compensation is being disputed by the company.

Prepare Final Accounts of the company.

(20 Marks)

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First Semester M.B.A. Degree Examination, June / July 08
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

Note : 1. Answer any four questions from question 1 to 7.
2. Question No. 8 is compulsory.

- 1 a. Briefly explain accounting period concept. (03 Marks)
b. Mention any seven users of accounting statements. (07 Marks)
c. The following is the trail balance in which some accounts have been included in the wrong column. As a result the trail balance is not matching. Identify the accounts and rearrange the trail balance. Also find the missing figure of reserve fund.

	Debit (Rs.)	Credit (Rs.)
Cash a/c		15,000
Outstanding taxes A/c		1,800
Outstanding salaries A/c	6,000	
Accounts receivable	33,000	
Capital A/c	1,20,000	
Inventory –	–	42,000
Long term loan	–	68,000
Building A/c (net)	–	1,20,000
Land A/c	12,000	
Accounts payable A/c	–	14,000
Other assets	4,000	–
Dividends payable	5,000	
Reserve fund A/c		?

(10 Marks)

- 2 a. Mention any three inventory (stock) valuation techniques. (03 Marks)
b. If sales of a firm are Rs. 1, 60,000 costs of sales is Rs. 1, 10,000, administrative expenses are Rs. 32,000, and selling expenses are Rs. 40,000, calculate the profit and loss of the firm and prepare a income statement. Show calculation by using profit and loss A/c equation. (07 Marks)
c. 'Accounting is closely connected with management control'. Elaborate this statement explaining the role of accounting in providing feedbacks for a firm's management control. (10 Marks)

- 3 a. Specify the following statements are true / false with brief reason.
i) The entity concept is an assumption enabling the accountant to take a longer term view for the financial statement T /F.
ii) Losses results in an increase in the owner's equity T/F.
iii) All assets in the balance sheet are valued at their cost value T /F. (03 Marks)
b. What do you mean by mercantile system of accounting? Explain briefly with example. (07 Marks)
c. From the following information prepare a purchases day book.

2006 June 1	Opening stock of raw material no × × 06 is 1000 units @ Rs. 50 /- unit.
“ 2	Purchased on account from M/s Hardware traders 600 units @ 40 per unit.
“ 5	Returned 50 units bought on June 2.
“ 8	Purchased 300 units of × × 06 @ Rs. 60 per unit from M/s Best Suppliers.
“ 10	Purchased item × × 06 from M/s Hardware traders 300 units @ Rs. 70 per unit.
“ 15	Sold item × × 06 to M/s components Ltd. 200 units @ Rs.100 /- profit being 10% on selling price.
“ 19	Received a new sample of × × 06 form M/s Sharan Hardware 100 units.
“ 28	Purchased from M/s Sharan Hardware 400 units of × × 06 @ Rs. 100 per unit.

(10 Marks)

- 4 a. Write a short note on sales day book. (03 Marks)
- b. Shekhar started a consultancy services on Jan 4 2005, with a cash balance of Rs. 50,000. During the month he enters the following transactions. Prepare three columnar cash book. (07 Marks)
- 15/1/2005 Cash deposited to bank amount Rs. 15,000
- 20/1/2005 Received a cheque from Govinda for Rs. 8,000 against bill no 003.
- 24/1/2005 Issued a cheque to Anjali for Rs. 6,000 against books purchased.
- 24/1/2005 Cash received Rs. 10,000 (discount allowed Rs. 500) against bill 005.
- 29/1/2005 Issued cheque to Krishna against purchases of Rs. 14,000 made, after deducting a cash discount of Rs. 2000.
- 29/1/2005 Received a cheque from Syad for Rs. 8,000 against bill 008.
- 30/1/2005 Paid salary by cheque to Hema Rs. 2,000 purchased stationery by cash Rs. 1000.
- c. Explain the utility of ratio analysis from shareholders perspective. Identify the three key financial ratios from shareholders perspective. (10 Marks)
- 5 a. Mention any three purpose of a profit /loss account. (03 Marks)
- b. A Textile Company acquires a machine on 1/4./2005 at Rs. 1, 00,000. The machine has a life of 10 years with no salvage value after its useful life. The company incurred Rs. 10,000 on carriage and installation expenses as this machine. The company follows written down value method of depreciation. Prepare machinery account for 10 years assuming the company's financial year as April –March. Rate of depreciation is 12%. (07 Marks)
- c. Fine Tools Ltd. provides you the following information. (10 Marks)

(Rs. in million)

	Year 2004	Year 2005
Sales	300	280
Cost of goods sold	148	140
Gross profit	152	140
Total operating expenses	85	80
Operating profit	67	60
Interest expenses	14	13
Profit before tax	53	47
Income tax	26	23
Profit after tax	27	24
Dividends	2	2
Retained earnings	25	22
Depreciation expense	13	11

Identify the ratios that can be created on the above information and show the calculation of those ratios. Assuming the total investments in the business as Rs. 10,000 million calculate ROI.

- 6 a. Mention the GAAP for valuation of closing stock, with brief reason. (03 Marks)
- b. A cash flow statement can be more useful than a fund flow statement. Briefly discuss. (07 Marks)
- c. A paper Products Company gives you the following data, prepare a statement of sources and application of funds and provide your comment on the working capital position of the company. (10 Marks)

Balance sheet on at March 31 (Rs. in lakhs)

Assets	2004	2005	Liabilities	2004	2005
Land	2.0	2.40	Equity share capital	10.00	10.00
Building	5	2.80	Profit /loss A/c	1.00	2.20
Machinery	2.8	4.60	Long term loans	.80	.40
Stock	1.6	2.00	Bills payable	1.00	.40
Debtors	.8	1.20	Sundry creditors	1.00	.14
Long –term investments cash	1.4	1.00			
Cash	.20	.40			
	13.80	14.40		13.80	14.40

- 7 a. Indicate which of the following transactions would result in a (a) source (b) use (c) neither source nor use. **(03 Marks)**
 i) Conversion of debentures into preference shares, ii) Income tax refund iii) Redemption of debentures, iv) Goods sold on credit, v) Sale of old machinery, vi) Collection from debtors.
- b. Classify each item listed in column A into i) Operating revenue, ii) Non-operating revenue, iii) Cost of goods sold, iv) Operating expenses/ income, v) Not related to P /L A/c by appropriately marketing them in column B. **(07 Marks)**

A	B
Interest received	
Dividends received	
Raw materials consumed	
Wages paid to productive workers	
Carriage on goods sold	
Power used in administrative office	
advertising	

- c. Rearrange the following items of a manufacturing company under the heads i) fixed assets, ii) current assets iii) loans and advances. Also highlight the order (as per schedule) vi) of companies Act) in which you highlight them in a public Ltd. company balance sheet.

1) Live stock	9) bills receivables
2) Patents	10) Loose tools
3) Goodwill	11) Vehicles
4) Accounts receivable	12) Advances (to words bribe to officer) made.
5) Salary advances to employees given	13) Lease premium on land
6) Security deposit	14) fixed deposit with bank
7) Work -in progress	15) cash on hand
8) Trade marks	

(10 Marks)

(10 Marks)

8 Case Study :

Best instant Foods Ltd. is in the business of manufacturing instant food and also ready food through their parlors spread out in south India. The company provides you the following data.

Financial ratios	2005	2006	Industry average
i) Acid - test ratio	1.80 times	1.90 times	1.20 times
ii) Current ratio	2.20 times	2.00 times	1.70 times
iii) Average collection period	88 days	83 days	76 days
iv) Inventory turnover	9 times	9.70 times	6 times
v) Operating income ROI	20 %	21 %	10 %
vi) Operating profit margin	18 %	19 %	9 %
vii) Fixed asset turnover	2 times	2.2 times	1.20 times
viii) Total assets turnover	3 times	4. times	4 times
ix) Interest payout ratio	16 times	17 times	4 times
x) Return on equity	22 %	24 %	13 %
xi) Debt ratio	48 %	46 %	58 %

Questions :

- a. Is Best instant Food Ltd's management generating adequate operating profits on the firm's assets? Provide ratios you consider to justify your opinion.
- b. How is the company financing its assets?
- c. Do you feel that equity share holders are receiving good return on their investment? Specify the ratios you consider to provide your view.
- d. Comment on liquidity status of the company. **(20 Marks)**

First Semester MBA Degree Examination, Dec.08/Jan.09**Accounting for Managers**

Time: 3 hrs.

Max. Marks:100

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

- 1 a. Explain the stages of Accounting cycles. (03 Marks)
b. What is meant by Accounting standards? Explain any three accounting standards. (07 Marks)
c. Journalise the following transaction in the books of Sharma Bros:-

2007

- April 1 Commenced business with cash Rs.50,000 and machinery Rs.10,000.
April 2 Deposited cash into bank Rs.20,000
April 4 Purchased goods worth Rs.8,000 less 10% trade discount and 2% cash discount.
April 7 Purchased goods from Roy Sons for Rs.5,000 less 20% trade discount and 5% cash discount; half the amount was paid in cash.
April 10 Withdrew from bank for office use Rs.2,000.
April 13 Sold goods to Ashok for Rs.3,000 less 5% trade discount.
April 16 Appointed Mr. Manu as cashier at a salary of Rs.1,000 P.M and received Rs.2,000 from him as security deposit.
April 18 Received cash from Ashok Rs.2,840 in full settlement of his account.
April 20 Withdrew from business for personal use Rs.1,000.
April 22 Purchased goods for Rs.2,000 from Patel and invoiced the same to Sahil for Rs.2,400. (10 Marks)

- 2 a. Write any three differences between Journal and Ledger. (03 Marks)
b. From the following transaction pertaining to material 'C' prepare stores ledger account using Weighted average method of Pricing materials

Date	Units purchased	Cost price per kg
2006 January 2	200	102
7	300	105
10	200	108
20	100	110

There were 100 kg in stock on January 1, 2006 which were valued at Rs.100 per kg. Quantities issued from stores during the month were 2006 January 5 – 250kgs, January 13 – 200kgs, January 18 – 200kgs, January 25 – 150kgs. (07 Marks)

- c. ABC Ltd Co. purchased second hand machinery on 1st April 2003 for Rs.3,70,000 and installed it at cost of Rs.30,000. On October 2004 it purchased another machine for Rs.1,00,000 and on 1st October 2005, it sold off the first machine purchased in 2003 for Rs.2,80,000. On the same date it purchased a machinery for Rs.2,50,000. On 1st October, 2006 the second machinery purchased for Rs.1,00,000 was sold off for Rs.20,000. In the beginning depreciation was provided on machinery at the rate of 10% p.a. on the original cost each year on 31st March. From the year 2004-05 however the company changed the method of providing depreciation and adopted the W.D.V. method, the rate of depreciation being 15%. Give machinery account for the period 203-2007 (10 Marks)

- 3 a. What are the uses and significance of Ratio analysis? (10 Marks)

- b. Calculate liquidity ratio from the following information

(10 Marks)

Following is the profit and loss account to Electro Matrix Ltd. for the year ended 31st Dec 2006

Dr.				Cr.
To		Rs.	By	Rs.
	Opening stock	1,00,000	Sales	5,60,000
	Purchases	3,50,000	Closing stock	1,00,000
	Wages	9,000		
	Gross profit C/d	2,01,000		
		<u>6,60,000</u>		<u>6,60,000</u>
To			By	
	Administrative expenses	20,000	Gross profit b/d	2,01,000
	Selling Distribution expenses	89,000	Interest on investment	18,000
	Non-Operating expenses	30,000		
	Net profit	80,000		
		<u>2,19,000</u>		<u>2,19,000</u>

Balance Sheet of Electro Matrix Ltd.

As on 31st March, 2006

Liabilities	Rs.	Assets	Rs.
Equity Share capital	15,00,000	Good Will	1,00,000
7% Debentures	2,00,000	Land and building	6,50,000
Long term debts	1,00,000	Plant and Machinery	8,00,000
Bank overdrafts	30,000	Furniture	1,50,000
Sundry Creditors	70,000	Sundry Debtors	90,000
Bills payable	60,000	Bills Receivables	70,000
Liability for expenses	5,000	Cash in hand	30,000
		Cash at Bank	15,000
		Stock	30,000
		Prepaid Rent	5,000
		Short-term investment	25,000
	<u>19,65,000</u>		<u>19,65,000</u>

- 4 a. Give any three examples of cash flow from operating activities (03 Marks)
- b. Explain significance and importance of Fund Flow statement. (07 Marks)
- c. Prepare a petty cash book on imprest system from the following transactions. Show necessary journal entries.

2007		Rs.	
July	1	Received cheque from cashier	200
July	2	Paid taxi charges	30
July	5	Paid cartage	10
July	7	Paid for postage and telegrams	23
July	9	Purchased stationery	25
July	10	Paid bus charges	10
July	11	Paid tonga charges	15
July	11	Refreshment to customers	12
July	12	Paid for stationery	18
July	13	Paid for cold drinks	10
July	14	Spent on telegram	12
July	15	Repair of typewriter	25

(10 Marks)

- 5 a. Is depreciation a source of fund? Explain.
- b. From the following balance sheets of Y Ltd., as on 31st December 2006 and 2007, you are required to prepare:
- (a) A schedule of changes in working capital
- (b) A fund flow statement.

Liabilities	2006	2007
	Rs.	Rs.
Share capital	1,00,000	1,00,000
General Reserve	14,000	18,000
Profit & Loss account	16,000	13,000
Sundry Creditors	8,000	5,400
Bills payable	1,200	800
Provision for taxation	16,000	18,000
Provision for doubtful debts	400	600
	1,55,600	1,55,800
Assets	2006	2007
Good Will	12,000	10,000
Building	40,000	36,000
Plant	37,000	36,000
Investment	10,000	11,000
Stock	30,000	23,400
Debtors	18,000	19,000
Bills Receivables	2,000	5,200
Cash at Bank	6,600	15,200
	1,55,600	1,55,800

The following additional information has been given:

- (1) Depreciation charged on plant was Rs.4,000 and on building was Rs.4,000
- (2) Provision for taxation of Rs.19,000 was made during the year 2007.
- (3) Interim (1/2 year) dividend of Rs.8,000 was paid during the year 2007. (15 Marks)

- 6 a. Suppose a firm has a capital structure exclusively comprising of ordinary shares amounting to Rs.10,00,000. The firm now wishes to raise additional Rs.10,00,000 for expansion. The firm has four alternative financial plans:
- A) It can raise the entire amount in the form of equity capital.
- B) It can raise 50% as equity capital and 50% as 5% debentures.
- C) It can raise the entire amount as 6% debentures.
- D) It can raise 50% as equity capital and 50% as 5% preference capital.
- Further assume that the existing EBIT are Rs.1,20,000, the tax rate is 50% outstanding, ordinary shares 10,000 and the market price per share is Rs.100 under all the four alternatives. Calculate EPS. (05 Marks)
- b. Write a note on EBIT & EPS analysis. (05 Marks)
- c. Write a note on DU-PONT analysis. (05 Marks)
- d. Compute the return on capital employed (total assets basis) from the following information relating to companies X and Y (05 Marks)

	Company X	Company Y
Net sales for the year	Rs.2,75,000	?
Total Assets	?	Rs.42,500
Net profit on sales	6 times	19%
Turnover of total assets	38%	Rs.4,680 (25%)

- 7 a. What do you mean by paid up capital? (03 Marks)
- b. What is a Trial balance? Explain its features. (07 Marks)
- c. What are the basic ingredients of Board of Director report? Explain. (10 Marks)

8 Case study

(20 Marks)

Given the trial balance of Lakshmi Narayan for the year 2006

	<u>Dr. in Rs.</u>	<u>Cr. in Rs.</u>
Drawing and capital	10,000	2,00,000
Purchase and sales	84,000	2,10,000
Returns	2,000	1,000
Freehold property	60,000	-
Plant and Machinery	1,00,000	-
Salaries	14,000	-
Printing and stationery	2,000	-
Furniture and Fixtures	4,000	-
Discount	1,500	-
Bills payable	-	5,700
Stock (1-1-2006)	30,000	-
Wages	37,000	-
Sundry debtors & creditors	25,000	40,000
Insurance	3,000	-
Gas and Fuel	2,700	-
Bad debts	600	-
Office rent	2,600	-
Freight and duty	5,000	-
Loose tools	2,000	-
Factory lighting	2,600	-
Provision for doubtful debts	-	800
Loan to Prakash at 5% p.a (1 st July)	40,000	-
Interest on loan to Prakash	-	1,000
Cash at Bank	25,000	-
Cash in Hand	5,500	-
	4,58,500	4,58,500

Adjustments:

- a) Wages Rs.11500 and salaries Rs.700 were outstanding
- b) Insurance prepaid Rs.400.
- c) A new machinery was installed on 30th September 2006 costing Rs.15,000 but it was not recorded in the books and no payment was made for it. Wages Rs.1000 paid for its erection have been debited to wages account.
- d) Loose tools valued at Rs. 1500 on 31st December 2006.
- e) Depreciate plant and machinery at 10% p.a. – Furniture and Fixture at 5% p.a.
- f) Lakshmi Narayan's drawing account balance includes an item of Rs.200 drawn in cash for the purchase of stationery which was used in the business.
- g) Maintain a provision of 5% on sundry debtors for doubtful debts and 2% for Discount on Debtors; a provision of 2% on for Discount on creditors.
- h) Stock on 31st Dec.2006 was valued at Rs.70,000.
- i) Stock of the value of Rs.5,000 was destroyed on 25th Dec.2006 and the insurance company admitted the claim for Rs.4,000 only.

Ascertain

- a. Net profit
- b. Total Assets and liabilities.

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First Semester MBA Degree Examination, Dec.08/Jan.09
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

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

- 1**
- a. Explain OUTSTANDING EXPENSES and ACCRUED INCOME. (03 Marks)
- b. The statutory auditor has to base his report on the concept of true and fair view. What is the basis of such reporting? (07 Marks)
- c. Briefly explain any five concepts of accounting. (10 Marks)
- 2**
- a. What is return on Capital employed? (03 Marks)
- b. What are the objects of preparing the Funds flow statement? (07 Marks)
- c. A manufacturing concern whose books are closed on 31st March purchased machinery for Rs.1,50,000 on 1st April 2003. Additional machinery was acquired for Rs. 40,000 on 30th Sept 2004 and for Rs. 25,000 on 1st April 2006. Certain machinery which was purchased for Rs. 40,000 on 30th Sept 2004 was sold for Rs. 34,000 on 30th Sept 2006. Prepare Machinery account for the year ending 31st March 2007 taking into account depreciation at 10% per annum under the WDV method. (10 Marks)
- 3**
- a. What are Comparative Financial statements? (03 Marks)
- b. Mention the limitations of Financial statements. (07 Marks)
- c. Enter the following transactions in a three column cash book of Mr Z.
- Aug 1. Cash in hand Rs.2,500 and at bank Rs.8,500.
- Aug 2. Cash received from Mr. Ranjan Rs.1,450 in full settlement of Rs.1,500.
- Aug 5. Purchased goods and paid by cheque Rs.1,200.
- Aug 6. Received a cheque from Ravi Rs.1,000.
- Aug 8. Deposited the cheque in the bank.
- Aug 11. Paid rent in cash Rs. 900.
- Aug 14. Paid nagraj Rs. 980 by a cheque and he allowed discount Rs.20.
- Aug 17. Cash withdrawn from bank for office use Rs. 500.
- Aug 19. Stationery purchased Rs. 200.
- Aug 24. Drew from Bank for personal use Rs. 700. (10 Marks)
- 4**
- a. Explain Unlimited Liability as a feature of partnership. (03 Marks)
- b. From the following details of stores receipts and issues of materials prepare stores ledger using WEIGHTED AVERAGE method of issues of materials:-
- Nov 1. Opening Stock of units @ Rs. 5.00 each.
- Nov 3. Issued to production 1,500 units.
- Nov 4. Received 4,500 units @ Rs. 6.00 each.
- Nov 8. Issued 1,600 units to production.
- Nov 9. Return to stores 100 units by the production dept issued on Nov 3.
- Nov 16. Received 2,400 units @ Rs. 6.50 each.
- Nov 19. Return to supplier 200 units out of the quantity received on Nov 4.
- Nov 20. Received 1,000 units @ Rs. 7.00 each.
- Nov 24. Issued to production 2,100 units.
- Nov 27. Received 1,200 units @ Rs. 7.50 each.
- Nov 29. Issued to production 2,800 units.
- (Use rates upto 2 decimal places.) (07 Marks)

- c. Draw up a proforma income statement for the month of July, Aug and Sept for a company from the following information:-
1. Sales are projected at Rs.225000, Rs.240000 and Rs.215000 for July, Aug and Sept.
 2. Cost of goods sold is Rs.50000 plus 30% of sales of the month.
 3. Selling expenses are 3% of the sales.
 4. Rent is Rs.7500 per month, administrative expenses for July is 60,000 and is expected to increase 1% per month over previous month's expenses.
 5. The company is in the income tax rate of 35%.
 6. The company has Rs.3,00,000 of 8% loan per annum, interest payable monthly. (10 Marks)

- 5 a. What is WINDOW DRESSING? (03 Marks)
- b. Given below are some transactions of Shri. Das. Use accounting equations to show their effect on his Assets, Liabilities and Capital.
1. Started business with cash Rs. 60,000.
 2. Purchased furniture for cash Rs. 3,000.
 3. Purchased goods on credit from Ramesh Rs. 6,000.
 4. Withdraw for personal use Rs. 1,000.
 5. Sold goods costing Rs. 3,000 for Rs. 4,000.
 6. Received commission Rs. 500.
 7. Paid Ramesh in part payment Rs. 2,000. (07 Marks)
- c. The following are the summarized Profit and loss account of XYZ Ltd for the year ending 31.12.2000 and Balance sheet as on that date.

PROFIT AND LOSS ACCOUNT (Amt in rupees)

To Opening stock	99,500	By Sales	8,50,000
To Purchases	5,45,250	By Closing stock	1,49,000
To Incidental expenses	14,250		
To Gross profit c/d	3,40,000		
	9,99,000		
To Operating expenses:-		By Gross profit b/d	3,40,000
Finance	15,000	By Non operating Income:-	
Selling & distribution	30,000	Interest	3,000
Administration	1,50,000	Profit on sale of shares	6,000
To Non Operating Exp:-			9,000
Loss on sale of assets	4,000		
Net profit	1,50,000		
	3,49,000		3,49,000

BALANCE SHEET (amount in rupees)

2,000 equity shares of 100 each	2,00,000	Land and building	1,50,000
Reserves	90,000	Plant and Machinery	80,000
Current Liabilities	1,30,000	Stock in trade	1,49,000
Profit and loss account	60,000	Sundry Debtors	71,000
		Cash and Bank balances	30,000
	4,80,000		4,80,000

- Calculate:- 1. Current ratio. 2. Operating Ratio. 3. Stock Turnover ratio
 4. Return on total resources 5. Turnover of fixed assets. (10 Marks)

- 6 a. What is P/E ratio? (03 Marks)
- b. Name the 4 conventions of accounting and explain any 3 of them. (07 Marks)

The financial position of ABC Ltd on 1st Jan 2000 and on 31st Dec 2000 was as follows:-

Liabilities	1-1-2000	31-12-2000	Assets	1-1-2000	31-12-2000
Current liabilities	72,000	82,000	Cash	8,000	7,200
Loan from associated firm	-	40,000	Debtors	70,000	76,000
Loan from Bank	60,000	50,000	Stock	50,000	44,000
Capital and reserves	2,96,000	2,98,000	Land	40,000	60,000
			Buildings	1,00,000	1,10,000
			Machinery	1,60,000	1,72,000
	4,28,000	4,70,000		4,28,000	4,70,000

During the year Rs,52,000 were paid as dividends. The provision for depreciation against machinery as on 1-1-2000 was 54,000 and as on 31-12-2000 was 72,000. Prepare Cash Flow statement. (10 Marks)

- 7 a. Briefly explain DU Pont control chart. (05 Marks)
b. The summarized Balance sheet of XYZ Ltd as on 31-12-2000 and 31-12-2001 are given below:-

Liabilities	31-12-2000 (Rs)	31-12-2001 (Rs)	Assets	31-12-2000 (Rs)	31-12-2001 (Rs)
Share capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
Gen Reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and Loss	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Prov for tax	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage loan	-	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information:-

1. Investment costing Rs.8,000 were sold during the year 2001 for Rs.8,500.
 2. Provision for tax made during the year was Rs.9,000.
 3. During the year part of the fixed assets costing Rs.10,000 was sold for Rs.12,000 and the profit was included in the profit and loss account.
 4. Dividend paid during the year amounted to Rs.40,000.
- Prepare a statement sources and applications of funds. (15 Marks)

8 CASE STUDY: (20 Marks)

The following balances have been extracted from the books of M/s Modern stores for the year ended 31-12-2007. Prepare Trading and Profit & Loss a/c and a Balance sheet as on that date.

Debit Balances	Rs.	Credit Balances	Rs.
Cash in hand	1,500	Capital	10,000
Purchases	12,000	Sales	15,000
Returns	1,000	Returns	2,000
Salaries	2,500	Bank overdraft	2,000
Taxes and Insurance	500	Bad debts reserve	1,000
Debtors	5,000	Creditors	1,850
Investments	4,000	Commission	500
Stock opening	3,000	Bills payable	2,500
Drawing	1,400	Sales tax collected	150
Furniture	600		
Bills Receivable	3,000		
	35,000		35,000

Adjustments:-

1. Salaries Rs.100 and taxes Rs.400 are outstanding but insurance Rs.50 is prepaid.
2. Commission Rs.100 has been received in advance for work to be done next year.
3. Interest accrued on investments Rs.210.
4. Bad debts reserve is to be maintained at Rs.1,000.
5. Depreciate furniture @ 10% p.a.
6. Closing stock is Rs.4,500.
7. Interest on bank overdraft to be paid @ 5% p.a.

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First Semester MBA Degree Examination, June-July 2009
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

Note:1. Answer any FOUR full questions from Q1 to Q7.
2. Question No.8 is compulsory.

- 1 a. What is Journal proper? (03 Marks)
b. Explain the different accounting concepts. (07 Marks)
c. Journalize the following transactions in the books of Apoorva:
i) 2 Jan 2005, Ram started business with a capital of Rs.10000.
ii) 4 Jan 2005, He purchased furniture for cash worth 5000.
iii) 7 Jan 2005, He purchased goods from Mohan Rs.2000.
iv) 10 Jan 2005, Sold goods to srikanth for cash Rs.3000.
v) 15 Jan 2005, Paid to mohan.
vi) 20 Jan 2005, Cash withdrawn from bank for personal use Rs.500
vii) 22 Jan 2005, Paid salaries and postages. Rs.5000 and Rs.150 respectively.
viii) 24 Jan 2005, Cash deposited in to bank Rs.1500
ix) 26 Jan 2005, Interest received Rs.100
x) 28 Jan 2005, Paid rent by cheque Rs.2500. (10 Marks)

- 2 a. What is materiality convention? (03 Marks)
b. What are financial statements? Explain the limitations of financial analysis. (07 Marks)
c. Enter the following in a three-column cashbook 2005. (10 Marks)

Date	Transactions
Jan 1	Balance of cash in hand Rs.4000 and bank Rs.16000
Jan 2	Paid sathish by cheque Rs.9500 in full settlement of his account for Rs.9600
Jan 4	Bought goods for cash Rs.800 and for cheque Rs.3000
Jan 6	Drew cash for office use Rs.3000
Jan 7	Paid wages in cash Rs.2500
Jan 8	Paid umesh Rs.1200 by cheque
Jan 10	Sold goods for cash Rs.8000
Jan 12	Received cheque from Bhaktha Rs.3200 in full settlement of his account for Rs.3250. Deposited Bhaktas cheque into the bank
Jan 15	Bhaktas cheque was dishonored
Jan 20	Paid Rs.9200 into bank
Jan 24	Received cheque from Joseph Rs.4200 on account and deposited the same into the bank
Jan 27	Paid henry Rs.1750 in full settlement of his account.
Jan 30	Received cheque from Jagdish Rs.5850 in full settlement of his account for 5900
Jan 31	Transferred from fixed deposit account to current account Rs.5000
Jan 31	Discounted a bill of exchange of Rs.1000 at 2% through bank

- 3 a. What are the different branches of accounting? (03 Marks)
b. Explain the different subsidiary books with imaginary transactions. (07 Marks)
c. Explain the different methods of providing depreciation. (10 Marks)

- 4 a. What are profitability ratios? (03 Marks)
- b. From the following transactions relating Mr. Sandeep, show the effect on his assets, liabilities and capital using accounting equation.
- Commenced business with cash Rs.15000 and furniture worth Rs.5000.
 - Purchased goods on credit Rs.6000
 - Cash deposited into bank Rs.2500
 - Paid salaries Rs.3700
 - Drawn cash for personal use Rs.1000
 - Received a cheque from a debtor worth Rs.3000 (07 Marks)
- c. The capital of ABC Ltd is as follows:
- | | |
|------------------------------------|--------|
| 9% preference shares of Rs.10 each | 300000 |
| Equity shares of Rs.10 each | 800000 |

1100000

The accountant has ascertained the following information:

Profit after tax Rs.270000, Depreciation Rs.60000, and equity dividend paid 20%. Market price of equity shares Rs.40. You are required to state the following, showing necessary workings:

- Dividend yield on equity shares.
 - Coverage ratio (preference)
 - Earnings for equity shares.
 - Price earnings ratio. (10 Marks)
- 5 a. What is meant by marshalling of balance sheet? (03 Marks)
- b. Bring out the difference between the following:
- Journal and a ledger.
 - Trail balance and a balance sheet. (07 Marks)
- c. From the following trial balance and additional information, you are required to prepare final accounts:

Particulars	Debit	Credit
Capital		20000
Sundry creditors	5400	
Drawings	1800	
Machinery	7000	
Sundry creditors		2800
Wages	10000	
Purchases	19000	
Opening stock	4000	
Bank balance	3000	
Carriage charges	300	
Salaries	400	
Rent and taxes	900	
Sales		29000
	51800	51800

Additional information:

- Closing stock Rs.1200
- Outstanding rent and taxes Rs.100
- Charge depreciation on machinery at 10%.
- Wages prepaid Rs.400 (10 Marks)

6 a. What do you mean by GAAP? (03 Marks)

b. Write short notes on:

i) Shares vs Debentures.

ii) Window dressing

(07 Marks)

c. Following are the ratios of the trading activities of National Traders Ltd:

Debtor's velocity : 3 months

Stock velocity : 8 months

Creditor's velocity : 2 months

Gross profit ratio : 25%

Gross profit for the year ended 31 Dec. 2006 amounts to Rs.400000. Closing stock of the year is 10000 above the opening stock. Bills receivable amount to Rs.25000 and bills payable to Rs.10000. Find out:

i) Sales ii) Sundry debtors iii) Closing stock iv) Sundry creditors. (10 Marks)

7 a. What are the different methods of inventory valuation? (05 Marks)

b. The summarized balance sheet of ABC Ltd as at 31 Dec. 2005 and 2006 are given as under:

Liabilities	2005	2006	Assets	2005	2006
Share capital	450000	450000	Fixed assets	400000	320000
General reserve	300000	310000	Investments	50000	60000
Profit and loss account	56000	68000	Stocks	240000	210000
Creditors	168000	134000	Debtors	210000	455000
Provision for taxation	75000	10000	Bank	149000	197000
Mortgage loan	--	270000			
	1049000	1242000		1049000	1242000

Additional information:

i) Investments costing Rs.80000 were sold during the year 2006 for Rs.8500

ii) Provision for taxation made during the year was Rs.9000

iii) During the year part of fixed assets costing Rs.10000 were sold for Rs.12000 and the profit was included in profit and loss account.

iv) Dividend paid during the year amounted to Rs.40000

Prepare Fund Flow Statement.

(15 Marks)

8 Case study:

Assume that a firm has owner's equity of Rs.100000. The ratios for the firm are

Current debt to total debt .40

Total debt owners equity .60

Fixed assets to owners equity .60

Total assets turn over 2 times

Inventory turnover 8 times

Compute the following balance sheet, given the information above:

(20 Marks)

Liabilities	Rs.	Assets	Rs.
Current debt -----		Cash -----	
Long term debt -----		Inventory -----	
Total debt	-----	Total current assets	-----
Owner's equity	-----	Fixed assets	-----
Total	-----	Total	-----



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SCHOOL OF DISTANCE EDUCATION
MANGALORE

08MBA14

First Semester MBA Degree Examination, June-July 2009
Accounting for Manager's

Time: 3 hrs.

Max. Marks:100

Note : 1. Answer any **FOUR** full questions from Q1 to Q7.
2. Q8 is compulsory.

- 1 a. What is GAAP? (03 Marks)
b. Enter the following in a Single Column Cash Book : (07 Marks)

Jan 1.	Balance of cash in hand Rs 1700/-.
Jan 5.	Paid to Mr. B Rs 300/-, discount allowed by him Rs 10/-.
Jan 8.	Purchased goods from Mr. G, for cash Rs 400/-
Jan 10	Received from Mr. K, Rs 980/-, discount allowed Rs 20/-.
Jan 16	Sold goods to Mr. Z for cash Rs 400/-.
Jan 21	Paid to Mr. A Rs 295/-, discount received Rs 5/-
Jan 25	Paid wages Rs 50/-
Jan 31	Paid X and Co. in full settlement of his account Rs 390/- for Rs 400/-
Jan 31	Furniture purchase Rs 200/-

- c. Briefly explain any 5 accounting concepts. (10 Marks)

- 2 a. Explain P/E Ratio. (03 Marks)
b. Briefly describe various types of Debentures. (07 Marks)
c. On Jan 1st 2002 a firm purchases a machine for Rs 40,000 and spent Rs 10,000 for its installation. On 1.07.02 it purchased another machine for Rs 20,000. On 30.06.03 the machine purchased on 1.07.02 was sold for Rs 16,000 and on 1.07.03 a new one was purchased for Rs 30,000. The firm writes off 10% p.a. under the WDU method. Prepare machinery account for 3 years ending 31.12.04. (10 Marks)

- 3 a. What is Partnership? (03 Marks)
b. Briefly explain any 3 of the conditions after mentioning the 4 of them. (07 Marks)
c. Prepare stores ledger under weighted AU method for the following transactions :

Jan 1. Opening Balance of Stock 10,000 units @ 2.10			
Purchases		Issues	
Jan 9	1000 units @ Rs 2.21	Jan 12	2000 units
Jan 27	1000 units @ Rs 2.31	Feb 10	4000 units
Feb 16	2000 units @ Rs 2.41	Mar 17	4000 units
Mar 3	2000 units @ Rs 2.40	April 18	4000 units
Mar 29	4000 units @ Rs 2.29	May 12	1000 units
April 4	2000 units @ Rs 2.14		
April 23	2000 units @ Rs 2.04		
May 24	3000 units @ Rs 2.00		

(10 Marks)

- 4 a. Differentiate between "Analysis" and "Interpretation" as two terms. (03 Marks)
b. Briefly explain the contents of an Audit Report. (07 Marks)
c. Prepare a common size Balance Sheet from the following Balance Sheet as on 31.12.2006 (10 Marks)

LIABILITIES	(Rs. In Lakhs)		ASSETS	(Rs. In Lakhs)	
	2005	2006		2005	2006
B/P	50	75	Cash	100	140
S. Creditors	150	200	Debtors	200	300
Tax Payable	100	150	Stock	200	300
6% Debentures	100	150	Land	100	100
6% Pre. Shares	300	300	Building	300	270
Equity Capital	400	400	Plant	300	270
Reserves	200	245	Furniture	100	140
	1300	1520		1300	1520

- 5 a. What is Share holders Net worth? (03 Marks)
 b. How would you present a cash flow statement according to AS – 3 (mandators disclosure 2000) with one example for each of them. (07 Marks)
 c. Prepare a 3 column Cash Book for the following transactions. (10 Marks)

Nov 1.	Opening Cash balance Rs 4,000 and at Bank Rs 20,000.
3.	Mr S. Settled his account for the 8000 less 5% discount by cheque.
4.	Issued a cheque to Mr V. in settlement of his account for Rs 10,080 at a discount of Rs 80.
7.	Draw a cheque for purchase Rs 2000 less 5% discount
10.	Received a cheque from Mr.K. Rs 1600 and allowed him discount Rs 100.
14.	Received a cheque from Vasudeva a debtor in full settlement of Rs 6000 less 10% discount, the cheque is endorsed to Mr. Sharma a creditor in settlement of a claim of Rs. 6000.
17.	Received a cheque for Rs 4500 from Mr. M in full settlement of his account for Rs 5000 and deposited the same in the Bank.
21.	Received a cheque from Mr. N for Rs 450 in full settlement of Rs 500, the cheque being deposited in the Bank on the same day.
22.	Mr. N's cheque was dishonoured.
24.	Received a cheque for discount from Mr. B who was paid in full earlier Rs 50.
25.	Received a cheque from Mr. R in full settlement of his account for Rs 4000 and cashed the same over the counter.
28.	Paid to Mr. Z Rs 1000 by cheque less cash discount at 10%.
30.	Cheque issued to Mr. Z returned dishonoured.

- 6 a. What is an Accounting Equation? (03 Marks)
 b. Briefly explain various subsidiary books. (07 Marks)
 c. From the following Profit and Loss A/c and Balance Sheet of X Co. Ltd., you are required to calculate the following ratios :
- Current Ratio
 - Operating Ratio
 - Stock turnover Ratio
 - Return on Total resources
 - Return on Proprietors fund.

22

Profit and Loss A/c for the year ended 31.12.04

To, Opening stock	1,00,000	By Credit sales	16,00,000
Credit Purchases	8,00,000	By Closing Stock	2,00,000
Gross Profit c/d	9,00,000		
	18,00,000		18,00,000

To, Admn Exp	2,00,000	By G/P b/d	9,00,000
To Selling / Dist exp	1,00,000	By Profit on sale of fixed Assets	25,000
To, Other exp	25,000		
To, Net profit	6,00,000		
	9,25,000		9,25,000

BALANCE SHEET As on 31.12.04

LIABILITIES	AMT (Rs)	ASSETS	AMT (RS)
Earning Capital	5,00,000	Building	3,50,000
General Reserves	3,00,000	Machinery	2,50,000
Profit / Loss A/c	2,00,000	Stock	3,00,000
Sundry Creditors	2,00,000	Debtors	2,00,000
		Cash	1,00,000
	12,00,000		12,00,000

Also find Debtors velocity and Creditors velocity.

(10 Marks)

7 a. Briefly explain the Du. Pont Analysis.

(05 Marks)

b. The following are the Balance Sheets of P.Ltd as on 31.12.2002 and 2003.

LIABILITIES	2002 Rs	2003 Rs	ASSETS	2002 Rs	2003 Rs
Share Capital	50,000	70,000	Goodwill	6000	4000
Debentures	10,000	5,000	Plant	22,000	30,000
Creditors	8,000	9,000	Stock	18,000	26,000
Provision for Doubtful debts	1,000	2,000	Debtors	14,000	22,000
Profit & Loss A/c	11,000	14,000	Cash	15,000	18,000
			Pre. Exp	5000	-
	80,000	1,00,000		80,000	1,00,000

Information : i) Debentures were redeemed for Rs 5000.

ii) Tax and Dividend were paid Rs 4000 and Rs 5000 respectively.

iii) Book value of plant was sold for Rs 4000.

Prepare a statement of Working Capital changes and Funds flow statement.

(15 Marks)

8 Compulsory Question :

From the following Trial Balance of Mr. Hari and additional information prepare Trading and Profit and Loss A/C and a Balance Sheet as on 31.12.2004.

	Dr (Rs)	Cr (Rs)
Capital		1,00,000
Furniture	20,000	
Purchase	1,50,000	
Debtors	2,00,000	
Interest earned		4,000
Salaries	30,000	
Sales		3,21,000
Purchases Return		5,000
Wages	20,000	
Rent	15,000	
Bad Debts written off	7,000	
Creditors		1,20,000
Drawings	24,000	
Provision for Bad Debts		6,000
Printing and Stationary	8,000	
Insurance	12,000	
Opening Stock	50,000	
Office Expenses	12,000	
Provision for Depreciation		2,000
Sales Returns	10,000	
	5,58,000	5,58,000

Additional Information :

- Depreciate furniture by 10% on cost.
- A provision for doubtful debt is to be created to the extent of 5% on debtors.
- Salaries for the month of March 2004 of Rs 3,000 was unpaid which is to be provided for, However salaries included Rs 2,000 paid in advance.
- Insurance prepaid Rs 2,000.
- Provide for O/S expenses Rs 8,000.
- Stock used for private purpose Rs 6,000.
- Closing stock Rs 60,000.

(20 Marks)

First Semester MBA Degree Examination, Dec.09-Jan.10
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

- Note: 1. Answer any FOUR full questions from the Q.1 to Q.7.**
2. Question No. 8 is compulsory.
3. Working notes must be provided wherever necessary.

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.

- 1**
- a. Give the meaning of accrual concept of accounting. (03 Marks)
 - b. Briefly explain the different methods of providing depreciation. (07 Marks)
 - c. Pass the journal entries for the following transactions.
 - i) Mr. Shine started the business with a cash of Rs.100,000.
 - ii) Purchased goods Rs.20,000, less 20% trade discount and 5% cash discount.
 - iii) Goods worth Rs.500 wire damaged in transit and a claim was made on the TVS transport company for the same.
 - iv) Received cash from TVS transport company in full settlement of claim Rs.500.
 - v) Sold goods Rs.40,000 to Mr. Smart.
 - vi) Mr. Smart was declared insolvent and 50 paise in the rupee was received from his estate.
 - vii) Receiving from traveling salesman Rs.30,000 for the goods sold by him after deducting his traveling expenses Rs.1500
 - viii) Opened a bank account with ICICI Bank with Rs.5000.
 - ix) Took goods home for personal use Rs.1000.
 - x) Paid salary Rs.5000, rent Rs.3000 and wages Rs.2000. (10 Marks)
- 2**
- a. What are debit note and credit notes? (03 Marks)
 - b. Record the following transactions in a three column cash book. (07 Marks)

Jan 1, 2007	Opening balance: cash Rs.3000 and Bank Rs.4000
Jan 4	Rent paid by cheque Rs.2000
Jan 6	Received on account of cash sales Rs.3000
Jan 8	Paid to RK Brothers by cheque Rs.2000 and earned Rs.200 as discount.
Jan 10	Sold goods Rs.5000 to Mr. Prasad on credit
Jan 12	Cash sales Rs.20,000
Jan 20	Purchased goods from Mr. Krishna Rs.5000 on credit
Jan 25	Cash purchases Rs.15,000
Jan 31	Salaries paid Rs.1000
Jan 31	Sold furniture on credit Rs.5000 to Mr. Rama
Jan 31	Paid in to Bank Rs.1000.
 - c. Write short notes on the following:
 - i) Window Pressing
 - ii) Du-port Analysis
 - iii) Accounting standards
 - iv) Trial Balance. (10 Marks)
- 3**
- a. Give the meaning of imprest system of petty cash. (03 Marks)
 - b. Briefly explain the different accounting concepts. (07 Marks)
 - c. ABC Ltd purchased a machinery on 1/1/02 for Rs.100,000 and spent Rs.2000 for its erection. On 1/7/02, additional machinery casting Rs.50,000 was purchased. On 1/7/04, the machinery purchased on 1/1/02 was sold for Rs.40,000 and a new machinery was purchased for Rs.25,000.
Depreciation was provided annually on 31/12 at 10% on straight line method. In 2005, the method was changed to written down value method at 15% depreciation. Give the machinery account from 2002-2006. (10 Marks)

- 4 a. State the matters of which a company has to maintain books of account. (03 Marks)
 b. What are the uses of cash flow statements? (07 Marks)
 c. From the following data, calculate the value of inventory on 31.1.2007 after recording them in the stores ledger under FIFO method.

January 2007

1	Opening stock	200 units @ Rs.2 each
4	Purchases	100 units @ Rs.2.20 each
10	Purchases	150 units @ Rs.2.40 each
20	Purchases	180 units @ Rs.2.50 each
25	issues	150 units
7	issues	100 units
12	issues	100 units

On January 31st stock verification revealed a shortage of 10 units. (10 Marks)

- 5 a. What are the objectives of providing depreciation? (03 Marks)
 b. Briefly explain the provisions of companies Act relating to auditors report. (07 Marks)
 e. From the following transactions relating to Mr. Jigar, show the effect on his assets, liabilities and capital by using accounting equation.
 i) Started the business with cash Rs.10,000
 ii) Purchased goods on credit Rs.8000
 iii) Plant purchased for cash Rs.2000
 iv) Sold goods costing Rs.1000 for Rs,2000 for cash.
 v) Sold goods on credit to Mahendra casting RS.800 for Rs.1500.
 vi) Draw for personal use Rs.500
 vii) Paid salaries Rs.300
 viii) Received cash from Mahendra Rs.700
 ix) Goods destroyed by fire Rs.100. (10 Marks)

- 6 a. What do you mean by basic EPS and diluted EPS? (03 Marks)
 b. Distinguish between book keeping and accounting. (07 Marks)
 c. With the help of the following ratios regarding India Films Ltd, draw the Balance sheet of the company for the year 2007.

Current Ratio – 2.5 ; Liquidity Ratio – 1.5 ; Net working capital Rs.300,000
 Stock turnover ratio (cost of sales/closing stock) – 6 times. ; Gross profit ratio – 20%
 Fixed Assets turnover Ratio (on cost of sales) – 2 times ;
 Debt collection period – 2 months ; Fixed assets to shareholders net worth – 0.80
 Reserves and surplus to capital – 0.50. (10 Marks)

- 7 a. What are the limitations of financial statements? (05 Marks)
 b. The comparative balance sheets of X Ltd are given below (Rs. in crores).

	31/12/05	31/12/06
	Rs.	Rs.
<u>Liabilities</u>		
Share capital	50	50
Reserves and surplus	60	70
Long term debt	95	80
ST bank borrowing	70	80
Trade creditors	50	60
Provisions	<u>20</u>	<u>15</u>
	345	355
<u>Assets</u>		
Fixed Assets	180	190
Inventories	70	60
Debtors	60	70
Cash	20	15
Other assets	<u>15</u>	<u>20</u>
	345	355

Current year's income statement. (Rs. in crores) (9)			
Net sales		800	
<u>Less cost of goods sold</u>			
Stocks	300		
Wages and salaries	105		
Manufacturing expenses	<u>115</u>	<u>520</u>	
Gross Profit		280	
<u>Less operating Expenses</u>			
Selling and administrative expenses	130		
Depreciation	20	<u>150</u>	
Operating profit		130	
<u>Less Non operating expenses/income</u>	<u>(50)</u>		
EBIT	80		
<u>Less Interest</u>	<u>30</u>		
EBT	50		
<u>Less Tax</u>	<u>20</u>		
EAT	<u>30</u>		
Dividend	20		
Retained Earnings	10		

Prepare cash flow statement for the current year.

(15 Marks)

8 The following are the balances of ABC Ltd as on 31/3/07.

	Debit Rs.	Credit Rs.
1. Premises	30,72,000	
2. Plant	33,00,000	
3. Stock	7,50,000	
4. Debtors	8,70,000	
5. Good will	250,000	
6. Cash and Bank	406500	
7. Calls in arrears	75,000	
8. Interior dividends paid	392500	
9. Purchases	18,50,000	
10. Preliminary expenses	50,000	
11. Wages	9,79,800	
12. General expenses	68,350	
13. Salaries	202250	
14. Bad debts	21,100	
15. Debenture interest paid	180,000	
16. Share capital		40,00,000
17. 12% Debentures		30,00,000
18. P/L Account		262500
19. Bills Payable		3,70,000
20. Creditors		4,00,000
21. Sales		41,50,000
22. General Reserve		2,50,000
23. Bad debts provision as on 1/4/06		35,000
	1,24,67,500	1,24,67,500

Additional information

- i) Depreciate plant by 15%
- ii) Writes off Rs.5000 from preliminary expenses
- iii) Half year's debenture interest is due
- iv) Create 5% provision for doubtful debts
- v) Provide income tax @ 30%
- vi) Stock on 31.3.07 was Rs.950,000

Prepare Final Accounts.

(20 Marks)

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First Semester MBA Degree Examination, Dec.09/Jan.10

Accounting for Managers

Time: 3 hrs.

Max. Marks:100

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

- 1
 - a. What is an accounting equation? (03 Marks)
 - b. What is fund flow statement? What are the objectives of preparing a fund flow statement? (07 Marks)
 - c. What is depreciation? Explain in brief the methods of depreciation. (10 Marks)

- 2
 - a. What are the types of accounts? (03 Marks)
 - b. Explain in brief, various accounting concepts. (07 Marks)
 - c. Prepare the stores ledger account using FIFO method, for the following :

Date	Particulars	Units	Rate
1 st Jan	Opening balance	500 units	Rs. 4.00
4 th Jan	Issued	200 units	
5 th Jan	Purchased	200 units	Rs.4.25
10 th Jan	Issued	400 units	
12 th Jan	Purchased	150 units	Rs.4.10
15 th Jan	Issued	100 units	
19 th Jan	Issued	100 units	
20 th Jan	Purchased	300 units	Rs.4.50
25 th Jan	Purchased	400 units	Rs.4.00
26 th Jan	Issued	200 units	
30 th Jan	Issued	250units	

(10 Marks)

- 3
 - a. What is marshalling of balance sheet? (03 Marks)
 - b. What are the merits and demerits of financial accounting? (07 Marks)
 - c. Show the accounting equation on the basis of the following transactions :
 - i) Y started business with cash Rs.90,000.
 - ii) Purchased goods on credit Rs.50,000.
 - iii) Purchased furniture for cash Rs.10,000.
 - iv) Sold goods costing Rs.20,000 for Rs.40,000.
 - v) Sold goods costing Rs.20,000 on credit for Rs.42,000.
 - vi) Bought goods worth Rs.20,000. (Rs.15,000 paid in cash and balance on credit)
 - vii) Drawn for personal use Rs.5,000.
 - viii) Paid for rent Rs.1,000.
 - ix) Paid for salaries Rs.3,000.
 - x) Paid to creditors Rs.40,000.
 - xi) Received from debtors Rs.12,000. (10 Marks)

- 4
 - a. What is an accounting cycle? (03 Marks)
 - b. What are the merits and demerits of LIFO and FIFO? (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.

- 4 c. Record the following transactions in a two-column cash book and post them into the ledger.

2004 Feb, 1 st	Commenced business with cash Rs.10,000.
2004 Feb, 6 th	Received a cheque for Rs.5,000 for goods sold.
2004 Feb, 7 th	Issued a cheque for Rs.500 furniture purchased.
2004 Feb, 8 th	Purchased goods for Rs.3,000 and paid by cheque.
2004 Feb, 8 th	Received a cheque for Rs.490 in settlement of Rs.500 on account.
2004 Feb, 10 th	Paid into Bank of India Rs.5,000 received from Rangan.
2004 Feb, 15 th	Paid wages in cash Rs.200.
2004 Feb, 18 th	Drew a cheque for personal use Rs.400.
2004 Feb, 25 th	Drew for office use Rs.250.
2004 Feb, 27 th	Paid electricity charges in cash Rs.15.
2004 Feb, 28 th	Paid salaries by cheque Rs.1,000.

(10 Marks)

- 5 a. Distinguish between tangible, intangible and fictitious assets. (03 Marks)

- b. What is window dressing? Explain in brief, the methods of window dressing. (07 Marks)

- c. The ratios relating to the activities of Karnataka Traders Ltd. are as follows :

Debtors' velocity : 3 months

Stock velocity : 8 months

Creditors' velocity : 2 months

Gross profit ratio : 25%

Gross profit for current year ended 31st March, amounts to Rs.4,00,000. closing stock of the year is Rs.10,000 above the opening stock. Bills receivable amounts to Rs.25,000 and bills payable amounts to Rs.10,000. Find out :

- i) Sales ii) Sundry debtors iii) Closing stock and iv) Sundry creditors. (10 Marks)

- 6 a. What are the liquidity ratios? (03 Marks)

- b. Explain Du-Pont chart and ratios considered. (07 Marks)

- c. From the following balance sheet of X Ltd. make put the statement of sources and uses of funds:

Capitals and Liabilities	1997	1998	Assets	1997	1998
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% reduced preference shares	1,50,000	1,00,000	Land & building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
P and L A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivables	20,000	30,000
Bills payable	20,000	16,000	Cash	15,000	10,000
Provision for tax	40,000	50,000	Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information :

- i) Depreciation of Rs.10,000 and Rs.20,000 have been charged on plant account and land and building respectively in 1998.

- ii) An interim dividend of Rs.20,000 has been paid in 1998.

- iii) Income tax Rs.35,000 was paid during the year 1998. (10 Marks)

- 7 a. What are the types of subsidiary books? Why are they prepared? (05 Marks)

- b. Infotech Ltd. depreciates its machinery at 10% p.a. according to WDV method. It had a debit balance of Rs.8,10,000 in machinery account on 1st April 2006. During the year ended 31st March 2007 the machinery purchased on 1st April 2004 for Rs.1,00,000 was sold for Rs.60,000 on 1st October 2006 and new machinery costing Rs.2,00,000 was purchased and installed on the same date. Installation charges incurred Rs.20,000.

(18)

Q.7(b) continued...

Now the company wants to change the method of depreciation from WDV to SLM with retrospective effect from 1st April 2004 and adjust the difference before 31st March 2007. The rate of depreciation remains the same as before. Show machinery A/c for the year ended 31st March 2007. (15 Marks)

- 8 From the following balances extracted from the books of 'X' firm, prepare trading and profit and loss account and balance sheet as on 31-3-2002.

Particulars	Debit (Rs.)	Credit (Rs.)
Purchases / sales	71,280	60,000
Capital / drawings	4,440	60,000
Computer	18,000	-
Cash at bank	4,380	-
Cash in hand	2,836	-
Stock on 1/04/2001	3,000	-
Miscellaneous receipts	-	220
Patents	1,540	-
Rent	10,000	-
Trade mark	2,090	-
Discount received	-	2,000
Reserve fund	-	13,000
Workmen's compensation fund	-	2,000
Bills receivable/bills payable	6,720	10,000
Freight inward	920	-
Sundry debtors / creditors	22,000	18,000
IDBI shares	6,000	-
Commission	-	720
Computer repair expenses	1,156	-
Office expenses	1,200	-
Dividend	-	320
Provision for doubtful debts	-	432
Insurance premium	550	-
Entertainment expenses	2,000	-
Wages	1,800	-
Salaries	16,780	-
Returns	1,000	11,000
	1,77,692	1,77,692

Adjustments:

- i) The value of closing stock Rs.8,000.
- ii) Rent outstanding Rs.1,000.
- iii) Advance salary paid Rs.1,780.
- iv) Dividend accrued but not received Rs.180.
- v) Depreciate computer at 5% p.a. Write off patents at 10% p.a.
- vi) Create provision for discount on debtors and on creditors at 1% each.
- vii) Insurance premium prepaid Rs.300.

(20 Marks)

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First Semester MBA Degree Examination, May/June 2010
Accounting for Managers

Time: 3 hrs.

Max. Marks:100

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

- 1 a. What is a trial balance? (03 Marks)
 b. Distinguish a journal from a ledger. (07 Marks)
 c. Enter the following transactions in the journal of Ashok: (10 Marks)
 November, 2009

- | | |
|----|---|
| 1 | Ashok commenced business with the following : |
| | Cash = 15,000 |
| | Goods = 3,000 |
| 2 | Karnataka government gave him loans of Rs.10,000 |
| 8 | Bought office furniture Rs.3,000 |
| 12 | Purchased goods from Rao and Co. of Rs.1500 |
| 14 | Bought goods of Rs.500 |
| 16 | Sold goods to Vijay of Rs.600 |
| 18 | Sold goods of Rs.1800 |
| 20 | Paid Rao and company on account of Rs.1000 |
| 24 | Returned goods to Rao and Co. of Rs.200 |
| 26 | Vijay returned goods to us of Rs.100 |
| 28 | Received from Vijay on account of Rs.300 |
| 29 | Received commission from L traders ltd. of Rs.250 |
| 30 | Paid for printing charges Rs.100 |
| 30 | Paid for advertisement charges of Rs.150 |
| 31 | Paid office rent Rs.400 |
| 31 | Paid salary to manager Rs.800 |
| 31 | Paid interest on loan Rs.80 |

- 2 a. Distinguish between trade discount and cash discount. (03 Marks)
 b. Explain different types of subsidiary books. (07 Marks)
 c. Record the following transactions in three column cash book (10 Marks)

- | | |
|------------|--|
| 1/03/2007 | Balance of cash Rs.200 and at bank Rs.5000 |
| 3/03/2007 | Received cash Rs.500 and cheque of Rs.400 for cash sales. |
| 4/03/2007 | Paid the above cheque of Rs.400 into bank. |
| 6/03/2007 | Paid by cheque for cash purchases Rs.100 |
| 9/03/2007 | Paid Gopal by cheque Rs.680 and he allowed discount Rs.20 |
| 12/03/2007 | Received cash from Raghupati Rs.600 in full settlement of his account of Rs.630 |
| 14/03/2007 | Paid sundry expenses in cash Rs.10 |
| 15/03/2007 | Withdrawn from bank for personal use Rs.500 |
| 18/03/2007 | Paid cash for wages Rs.140 |
| 20/03/2007 | Sham and company paid direct into our bank account Rs.700 |
| 23/03/2007 | Paid cash for commission of Rs.350 |
| 24/03/2007 | Paid office rent by cheque Rs.320 |
| 26/03/2007 | Paid cash Rs.200 and cheque Rs.300 for purchase of office furniture from Rao and Co. |
| 30/03/2007 | Paid staff salaries by cheque Rs.400 |
| 31/03/2007 | Paid cash in excess of Rs.100 into bank. |

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.

- 3 a. What is accounting equation? (03 Marks)
 b. ABC Ltd has the following capital structure: (07 Marks)
- | | |
|---|--------------|
| 20,000 equity shares of Rs.100 each | Rs.20,00,000 |
| 10% 5000 preference shares of Rs.100 each | Rs. 5,00,000 |
| 10% 5000 debentures of Rs.100 each | Rs. 5,00,000 |
| | Rs.30,00,000 |

During the previous year the company made an operating profit (EBIT) of Rs.10,00,000. Determine the earnings per share (EPS), dividend per share (DPS) and price earnings ratio (PIE). You may assume: payout policy of 50%, tax rate 50% and market price per share 200.

- c. Give detailed explanation of any five accounting concepts. (10 Marks)
- 4 a. What are the advantages of maintaining a petty cash book? (03 Marks)
 b. Mention the merits of ratio analysis. (07 Marks)
 c. Y Co. Ltd purchased a plant on 1/01/2007 at a cost of Rs.4500. The working life of the plant is estimated to be four years. The scrap value of the same is estimated at Rs.500 at the end of fourth year. Calculate the annual depreciation and prepare plant account and depreciation account for the four years ending 31/12/2004 under straight line method. (10 Marks)
- 5 a. Explain the following ratios:
 i) Debtors turnover ratio ii) Creditors turnover ratio iii) Stock turnover ratio
 iv) Sales to capital employed v) Sales to total assets (05 Marks)
 b. The following particulars relate to receipt and issues of a material, during the month of May 2009:
- | | |
|------------|------------------------------------|
| 4/05/2009 | Received 500 units at Rs.2.00 each |
| 8/05/2009 | Received 350 units at Rs.2.10 each |
| 12/05/2009 | Issued 600 units |
| 16/05/2009 | Received 600 units at Rs.2.20 each |
| 20/05/2009 | Issued 450 units |
| 24/05/2009 | Received 500 units at Rs.2.30 each |
| 28/05/2009 | Issued 500 units |
| 30/05/2009 | Issued 100 units |

Prepare stores ledger account on the basis of LIFO method and FIFO method. (15 Marks)

- 6 a. Distinguish between equity shares and debentures. (05 Marks)
 b. Balance sheet of S Ltd stood as on 31/03/2009 as : (15 Marks)

Liabilities	Amount (lakhs)		Assets	Amount (lakhs)	
30,000 equity shares of Rs.1000 each	300		Fixed assets		500
10,000 6% preference shares of Rs.100 each	10		Investment		50
	310		Current assets	750	
Reserves and surplus	100	410	Less: current liabilities	300	450
Long term liability		600	Miscellaneous expenses		10
		1010			1010

Additional information:

Market value of equity shares = Rs.5000; PBIT = Rs.1,50,00,000; interest = Rs.40,00,000; PBT = Rs.1,10,00,000; income tax = Rs.10,00,000; PAT = Rs.1,00,00,000. Dividend declared to equity 10%. Calculate the following ratios:

Question No.6(b) continued...

- 16
- i) Return on capital employed (ROCE) ii) Return on total assets (ROTA)
 iii) Return on net worth (RONW) iv) Earning per share (EPS)
 v) Dividend per share (DPS) vi) Dividend payout ratio (D/P)
 vii) Dividend yield viii) Earnings yield
 ix) Price earning ratio
- 7 a. List few techniques or tools of financial statement analysis. (03 Marks)
 b. Explain the following terms:
 i) Depreciation ii) Contra entries iii) Credit note (07 Marks)
 c. Explain the procedure for preparation of fund flow statement. (10 Marks)
- 8 Following trial balance was extracted from the books of D ltd as on 31/12/2008 : (20 Marks)

	Dr	Cr
D's capital	-	35000
D's drawings	6000	-
Purchases and sales	69,500	1,10,000
Stock (1/4/08)	12000	-
Return inward	3000	-
Wages	9500	-
Investment	10,000	-
Interest on the above	-	1200
Interest from the bank	-	400
Discount allowed and earned	1300	1100
Staff salaries	9000	-
Rent, rates and taxes	2000	-
Printing and stationary	1200	-
Bad debts written off	500	-
Miscellaneous expenses	620	-
Machinery	8000	-
Loose tools	1000	-
Sundry debtors and creditors	20,000	13,000
Bills receivable and payable	9000	8900
Cash and bank balance	6980	-
	1,69,600	1,69,600

You are required to prepare trading, P and L A/c and balance sheet for the year ending 31/12/08.

Adjustments:

- i) A new machine was installed on 31/12/08 at a cost of Rs.1400 which was not paid for nor has any entry been made.
 ii) Depreciation 5% on machinery and 20% on loose tools.
 iii) Loose tools were made by the workers of the business and wages of Rs.1500 and purchases of Rs.500 have to be transferred from the account to loose tool account before calculation of depreciation.
 iv) Sales include Rs.1000 resale without profits, closing stock was valued at Rs.14000.
 v) Goods of Rs.2000 were received on 29/12/08 but the invoice was omitted to be recorded in purchase book.
 vi) Make provision for bad debts at 5% on debtors. Also provide for discount at 2% on debtors as well as on creditors.

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