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10MBA14

**First Semester MBA Degree Examination, June 2012**  
**Accounting for Managers**

Time: 3 hrs.

Max. Marks:100

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

- 1 a. What is a personal account? What are the types of personal account? (03 Marks)  
b. What is cash book? What are the different types of cash book? How is the cash book different from a petty cash book? (07 Marks)  
c. From the following information prepare a Stores Ledger Account under LIFO method. (10 Marks)

Date	Purchase	Date	Issue
1-1-2011	Opening stock 1000 units at Rs 5/- each	8-1-2011	Issued 1000 units
4-1-2011	Purchase 900 units at Rs 6/- each	21-1-2011	Issued 500 units
11-1-2011	Purchase 1000 units Rs 6.50 each	25-1-2011	Issued 400 units
28-1-2011	Purchase 200 units at Rs 7/- each		
31-1-2011	Shortage of 20 units		

- 2 a. What are the branches of accounting? (03 Marks)  
b. What is window dressing? What are the reasons for window dressing? (07 Marks)  
c. Analyse the effects of the following transactions on the accounting equation :  
1. Mr. Kishan commenced business with Rs 3000 in cash Rs 2000 Inventory and Rs 2000 in furniture.  
2. He opens as current account with bank of India and deposits Rs 2500.  
3. Purchased goods worth Rs 5000 on credit.  
4. Sold goods costing Rs 2000 for Rs 2500 on credit.  
5. Made a payment of Rs 500 for office expenses.  
6. Paid Rs 2000 to trade credit.  
7. Received interest income Rs 5000.  
8. Fixed deposit is opened for Rs 5000 with SBI.  
9. Received Rs 500 from Trade debts.  
10. Paid interest expenses of Rs 800. (10 Marks)

- 3 a. What is inventory turnover ratio? How it is calculated? (03 Marks)  
b. What is fund flow statement? How it is different from cash flow statement? (07 Marks)  
c. Enter the following transactions in a three column cash book of Mr. Kishore.

Feb 1	Cash balance Rs 3000 and at Bank Rs 10,000
Feb 2	Cash received from Mr. Rakesh Rs 1950 in full settlement of Rs 2000.
Feb 5	Purchased goods and paid by cheque Rs 1000
Feb 6	Received a cheque from Rajesh Rs 2000
Feb 7	Deposited the cheque in the bank
Feb 11	Paid rent in cash Rs 500.
Feb 14	Paid Mr. Ganesh Rs 580 by a cheque and he allowed discount Rs 20.
Feb 18	Cash withdrawn from bank for office use Rs 1000
Feb 19	Stationery purchased Rs 100.
Feb 24	Draw from bank for personal use Rs 500.

(10 Marks)

- 4 a. What is a debit note and a credit note? (03 Marks)  
 b. What are the basic ingredients of Board of Directors Report? (07 Marks)  
 c. Record the following transactions in the Journal of Mr. X. (10 Marks)

2011 Jan 1	Started business with Rs 1,00,000
8	Purchased goods worth Rs 50,000 less 20% trade discount and 5% cash
12	Bought 100 shares of Bharat Ltd at Rs 15/- per share brokerage paid Rs 25/-.
16	Purchased a motor car in exchange of goods Rs 20,000 and cash Rs 30,000
20	Sold goods to Mr Y for Rs 60,000 in cash
22	Purchased goods from Ram Rs 25,000
26	Goods distributed as free samples Rs 1000
29	Mr. Y became insolvent and only as dividend of 50 paise is recovered from his estate.
30	Cash Rs 5000 is withdrawn by the proprietor for personal use.
31	Paid into Bank Rs 5000.

- 5 a. What is WDV method of depreciation? (03 Marks)  
 b. Explain Dupoint analysis. (07 Marks)  
 c. A firm purchased a plant on 1-7-2005 for Rs 90,000 on its enactment on 30-6-2008. Part of the plant purchased on 1-7-2005 for Rs 50,000 is sold for Rs 30,000. Depreciation is written off at 10% P.a. The firm closes the books on 31<sup>st</sup> December every year. Prepare for plant account under straight line method. (10 Marks)

- 6 a. What is going concern concept? (03 Marks)  
 b. What are the uses of ratio analysis? (07 Marks)  
 c. The working capital of ABC Ltd has determined in recent years and now stands as under :

Current Liabilities	Amt (Rs)	Current Assets	Amt (Rs)
Creditors	4,90,000	Inventory	5,60,000
Bank loan	2,10,000	Debtors	3,50,000
		Cash	70,000
Total	7,00,000	Total	9,80,000

- 1) Compute current and quick ratios.  
 2) A further bank loan of Rs 50,000 against debtors is under negotiation. Assuming that the loan is received, calculate the revised current and quick ratio.  
 3) There is also a negotiation going on for discounting the debtors Rs 3,50,000 for Rs 3,15,000 in a collective agency for immediate agency. Also absolute stock worth Rs 1,25,000 is being sold for Rs 80,000 of the cash to be realized by the two transaction, the bank loan is proposed to be reduced to Rs 1,00,000. Calculate the current ratio after the transactions are put through. (10 Marks)
- 7 a. What is FIFO? Write its uses. (05 Marks)  
 b. Following are the balance sheets of a company :

Liabilities	2007	2008	Assets	2007	2008
Equity capital	50,000	53,000	Cash	20,000	25,000
Long term loan	14,000	13,000	Debtors	24,000	27,000
Retained earnings	28,000	37,000	Stock	31,000	32,000
Accumulated depreciation	21,000	25,000	Other C.A	8,000	7,000
Creditors	20,000	21,000	Fixed Assets	50,000	58,000
Total	1,33,000	1,49,000	Total	1,33,000	1,49,000

Prepare fund flow statement :

Additional information :

- 1) Fixed assets costing Rs 12,000 were purchased during 2008 for cash.
- 2) Fixed assets original cost Rs 4,000, (accumulated depreciation Rs 1500) were sold at book value (Rs 2500).
- 3) Depreciation for the year amounted to Rs 5,500.
- 4) Dividend paid during the year Rs 3,000.

(15 Marks)

- 8 From the following balances, prepare trading and profit and loss account and balance sheet as on 31-3-2008.

Particulars	Rs	Particulars	Rs
Building	15,000	Capital	20,000
Investments	10,000	Sales	1,40,000
Furniture	1,000	Returns	1,000
Car	8,000	Creditors	4,800
Purchases	94,000	Discount	500
Returns	500	Provision for doubtful debts	300
Debtors	15,000		
Expenses	800		
Cash in hand	300		
Cash at bank	4,700		
Rent paid	4,000		
Commission	1,400		
Rates and taxes	600		
Bad debts	200		
Insurance	400		
Discount	700		
Opening stock	10,000		
Total	1,66,600		1,66,600

Adjustments :

- 1) Outstanding expenses, commission Rs 100, rent Rs 400.
- 2) Insurance prepaid Rs 50.
- 3) Maintain provision for doubtful debts at 5% on debtors.
- 4) Stock on 31-3-2008 Rs 15000.
- 5) Interest on investments at 5% due, but not received.
- 6) Depreciate car by 10%, furniture by 2% and building by 3%.
- 7) Provide interest on capital at 5%.

(20 Marks)

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