

Total No. of Questions – 10]

[Total Pages : 5

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M.B.A. (1st Semester) Examination

ACCOUNTING FOR MANAGERS

Paper-106

Time : Three Hours] [Maximum Marks : { Regular : 60
ICDEOL : 70

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : Attempt *five* questions in all, selecting *one* question from each unit. Each question carries equal marks.

UNIT-I

1. Briefly explain the concepts and conventions which form the backbone of accounting.
2. Journalise the following transactions, 1998 June 1 Karthik commenced business with Rs. 20,000. June 2 Paid into bank Rs. 5,000 from Anwar. June 3 Purchased Plant worth Rs. 10,000 from Modi & Co. June 4 Purchased goods worth Rs. 5,000 from Anwar. June 6 Goods worth Rs. 4,000 sold to Anu. June 8 Sold goods worth Rs. 2,000

for cash. June 10 Goods returned by Anu Rs. 50. June 15 Paid rent Rs. 250. June 18 Withdrawn from bank for office use Rs. 2,500. June 20 Paid Salaries Rs. 1,800. June 25 Withdrawn for personal use Rs. 250. June 26 Goods returned to Anwar Rs. 100. June 27 Paid for office furniture Rs. 1,500 by cheque. June 28 Received Rs. 3,900 cash from Anu and discount allowed Rs. 50. June 29 Paid Anwar on account Rs. 4,800 and discount allowed by him Rs. 100.

UNIT-II

3. What purpose do the final accounts serve? Explain the composition and process of preparing final accounts.
4. From the following data, prepare a profit and loss a/c and a balance sheet as on 31-3-1996.

Particulars	Amount	Particulars	Amount
Drawings	10,000	Capital	30,000
Purchases	30,000	Purchase return	1,000
Sales return	5,000	Sales	60,000
Carriage in	2,000	Wages outstanding	2,000
Carriage out	3,000	Rent received	1,000
Depreciation on plant	4,000	Reserve for doubtful debt	1,000
Plant account	20,000	Interest (Cr)	5,000
Salaries & wages	3,000	Sundry creditors	6,000
Bad debts	2,000	Loans	38,000
Premises	20,000		
Interest	5,000		
Stock 1.4.95	25,000		
Sundry debtors	15,000		
	1,44,000		1,44,000

Adjustment : (a) Stock on 31- 3- 96 was Rs. 40,000. A fire broke-out in the godown and destroyed stock worth Rs. 5,000. Insurance company had accepted the claim in full, (b) Provide for bad debts @ 10% and provide for discount on debtors @ 5% and on creditors @ 10% (c) Depreciate buildings at the rate of 15% p.a. (d) Rent outstanding amounted to Rs. 1,000 (e) Closing stock includes samples worth of Rs.2,000, (f) Provide interest on drawings @ 10% and on capital @ 10%.

UNIT-III

5. Enumerate the methods of calculating depreciation. Discuss briefly the merits and limitations of straight-line method and diminishing balance method.
6. A firm acquired machinery on 1st July 2010 at cost of Rs. 45,000 and spent Rs. 5,000 for its installation. The firm writes off depreciation at 10% per annum on diminishing balance method. The books are closed on 31st march every year. Show machinery account and depreciation account for three years.

UNIT-IV

7. Fund flow statement is also referred to as "source and application of funds". Elaborate to justify the statement.

8. From the following relating to the ABC company, prepare the fund flow statement Balance Sheet as on 31st December

Liabilities	2012	2013	Assets	2012	2013
Share capital	6,00,000	8,00,000	Fixed assets	3,80,000	4,20,000
Reserves	2,00,000	1,00,000	Accounts receivables	2,10,000	3,00,000
Retained earnings	60,000	1,20,000	Stock	3,00,000	3,90,000
Accounts payable	90,000	2,70,000	Cash	60,000	1,80,000
	9,50,000	12,90,000		9,50,000	12,90,000

Additional information :

- The company issued bonus share for 1,00,000 and for cash 1,00,000.
- Depreciation written off during the year 30,000.

UNIT-V

9. Explain briefly the different ratios that are commonly used in ratio analysis and show how they are useful in financial analysis.
10. (a) The sales of a company are @ Rs. 200 per unit
20,00,000
Variable cost 12,00,000
Fixed cost 6,00,000
The capacity of the factory 15,000 units
Determine the BEP. How much profit is the company making?

(b) A product is sold at a price of Rs. 120 per unit and its variable cost is Rs. 80 per unit. The fixed expenses of the business are Rs. 8,000 per year.

Find (i) BEP in Rs. and units, (ii) profits made when sales are 240 units, (iii) Sales to be made to earn a net profit of Rs. 5,000 for the year.
