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MBA

(SEM 1) THEORY EXAMINATION 2018-19

FINANCIAL ACCOUNTING FOR MANAGERS

Time: 3 Hours ***Total Marks: 100***

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief. 2 x 10 = 20

a. What is Book-Keeping?
b. What do you understand by trade discount and cash discount?
c. What is an open entry? Give an example.
d. Explain Convention of Conservatism.
e. What are Accounting Standards?
f. Define IFRS.
g. What is Profit and Loss Appropriation Account?
h. Define Trend Analysis.
i. What do you understand by working capital?
j. What is the difference between Gross Profit and Net Profit Ratio?

SECTION B

2. Attempt any *three* of the following: 10 x 3 = 30

a. What is an accounting equation? Explain various elements of accounting equation with example.
b. Explain the process of issuing various accounting standard in India.
c. What are final accounts? Explain their usefulness to various users of accounting information.
d. Discuss various market capitalisation ratios. Also explain uses of these ratios.
e. "Cash flow analysis helps in short-term planning by the management." Elaborate.

SECTION C

3. Attempt any *one* part of the following: 10 x 1 = 10

(a) "Accounting concepts acts as guidelines to accountant in preparing the accounts." Explain the statement in the light of various accounting concepts.
(b) What is depreciation? Explain various reasons and uses of charging depreciation.

4. Attempt any *one* part of the following: 10 x 1 = 10

(a) What are international Accounting standards? How can we match them with Indian Accounting Standards?
(b) Explain the concept of Human resources Accounting. Discuss the importance of Human Resource Accounting.

5. Attempt any *one* part of the following: 10 x 1 = 10

(a) Journalize the following transactions, of April, 2018. in the books of Mr. Sunil.
1. Assets: Furniture Rs. 10,000; Machinery Rs. 12,000; Stock of goods Rs. 5,000; Cash in hand Rs. 75,000; Cash at bank Rs. 10,000; Ramesh & Co. (owe)

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Rs. 1,000 and the amount due from Suresh Rs. 2,000.
Liabilities: Amount due to Rama Rs. 4,500;
Amount due to Chatterjee Rs. 5,000;
Amount due to Mukherjee Rs. 5,000.

3. Bought goods of the list price of Rs. 15,000 from Sohan less 10% trade & 2% cash discount and paid 50% at the same time.
5. Purchased goods for Rs. 2,00,000
9. Paid life insurance preimum Rs. 1000
15. Salary due to clerk Rs. 100
19. Paid salaries by cheque Rs. 100
22. Provide depreciation on Machinery @ 10% for one month.
28. Received commission Rs. 3000
30. Ramesh & Co. became insolvent, nothing could be recovered from his estate
31. Paid municipal taxes Rs. 100

(b) The following Trial Balance is extracted from the books of a merchant on 31st December, 2007:

Particulars	Amount Rs.	Amount Rs.
Furniture and Fittings	2,000	
Motor Vehicles	18,250	
Buildings	8,500	
Capital Account		28,858
Bad Debts	125	
Provision for Bad Debts		200
Sundry Debtors and Creditors	3,800	2,500
Stock on January 1, 2007	4,460	
Purchase and Sales	6,475	16,450
Bank Overdraft		2,850
Sales and Purchase Returns	200	125
Advertising	450	
Interest (On Bank Overdraft)	118	
Commission		375
Cash	650	
Taxes and Insurance	2,250	
General Expenses	780	
Salaries	3,300	
	51,358	51,358

6. Attempt any *one* part of the following: 10 x 1 = 10

(a) What is Ratio Analysis? Explain its usefulness and limitations.

(b) From the following particulars extracted from the financial statements of XYZ & Co., compute the current turnover ratio, liquid ratio, inventory ratio, debtor's turnover ratio and creditor's turnover ratio.

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Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Opening Stock	47,000	Sundry debtors	42,000
Closing stock	10,000	Cash	53,000
Sales less returns	2,52,000	Bank	8,000
Provision for bad debts	2,000	Bills receivables	15,000
Sundry creditors	32,000	Provision for taxation	15,000
Loose tools	4,000	Bills payable	29,000
Purchases	1,80,000	Marketable securities	8,000

7. Attempt any *one* part of the following: 10 x 1 = 10

(a) What are Funds? Discuss Various factors that determine the level of working capital in a firm.

(b) Balance Sheets of X and Y on 1.1.2017 and 31.12.2017 were as follows:

Balance Sheet

Liabilities	1.1.17 Amount (Rs.)	31.12.17 Amount (Rs.)	Assets	1.1.17 Amount (Rs.)	31.12.17 Amount (Rs.)
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. X's loan	25,000	-	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year, a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery, as on 1.1.2017 was Rs. 25,000, and on 31.12.2017 it was Rs. 40,000. Net profit for the year 2017 amounted to Rs. 45,000. You are required to prepare a cash flow statement.

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KMB103 CORRECTION M 15.12.2018

Note : Q. No. 5 (a) and 5 (b) should be read as follows:

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   Liabilities : Amount due to Rama Rs. 4,500;
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4. Paid life insurance preimum Rs. 1000
5. Salary due to clerk Rs. 100
6. Paid salaries by cheque Rs. 100
7. Provide depreciation on Machinery @ 10% for one month.
8. Received commission Rs. 3000
9. Ramesh & Co. became insolvent, nothing could be recovered from him
10. Paid municipal taxes Rs. 100

(b) The following Trial Balance is extracted from the books of a merchant on 31st December, 2007. Prepare Final Account.

Particulars	Amount Rs.	Amount Rs.
Furniture and Fittings	2,000	
Motor Vehicles	18,250	
Buildings	8,500	
Capital Account		28,858
Bad Debts	125	
Provision for Bad Debts		200
Sundry Debtors and Creditors	3,800	2,500
Stock on January 1, 2007	4,460	
Purchase and Sales	6,475	16,450
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