Paper Id: 270103 Roll No: | | | | | | | | | | | | | |

MBA
(SEM-I) THEORY EXAMINATION 2019-20
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**

Qno.	Question	Marks	CO
a.	To make accounts comparable we need one convention to be followed name the convention and also explain the same.	2	1
b.	Goodwill created by Reliance Co. cannot be shown in the balance sheet of Reliance Co. Why?	2	1
c.	Define IFRS.	2	2
d.	Describe Human Recourse Accounting.	2	2
e.	Illustrate the treatment of Goods sold on Approval Basis in Final Accounts?	2	3
f.	Define Capital expenditures and Revenue expenditures with example.	2	3
g.	List any four tools available for the analysis of financial statement.	2	4
h.	What is the significance of activity ratios?	2	4
i.	Define the term negative working capital.	2	5
j.	Differentiate Gross working capital and Net working capital.	2	5

SECTION B

2. Attempt any *three* of the following:

Qno.	Question	Marks	CO
a.	Define accounting its objectives and Limitation.	10	1
b.	Describe Accounting Standards and their utility.	10	2
c.	From the following ledger balances prepare a Trial Balance:	10	3
d.	Prepare the format of Common size Income statement with imaginary figures.	10	4
e.	Define Working Capital and factors determining the need for working capital.	10	5

Purchase	1,04,000	Drawings	7,950
Sundry Debtors	18,550	Sundry Creditors	8,300
Premises	62,000	Return Inwards	5,360
Sales	1,49,000	Furniture	15,600
Return Outward	8,900	Cash in Hand	390
Rates and Taxes	780	Capital	85,000
Cash at Bank	1,560	Factory Wages	5,830
Carriage Inwards	650	Carriage Outward	260
Salaries	25,000	Rent Received	2,990
Opening Stock	25,000	Insurance	2,100
Bad Debts	260		

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SECTION C

3. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	"Accounting is based on the Concepts" do you agree with the above statement? Kindly explain any five Accounting concepts in detail with examples.	10	1
b.	On 1st January, 2014, machinery was purchased by X for Rs.50,000. On 1st July, 2015, additions were made to the extent of Rs.10,000. On 1st April, 2016, further additions were made to the extent of Rs.6,400. On 30th June, 2017 machinery, the original value of which was Rs.8,000 on 1st January, 2014, was sold for Rs.6,000. Depreciation is charged at 10% per annum on original cost. Show the Machinery Account for the years from 2014 to 2017 in the books of X. X closes the books on 31st December.	10	1

4. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	Describe the various methods of valuation of human assets.	10	2
b.	"Forensic accounting has risen to prominence because of increased financial frauds" Explain the above statement and mention the functions of Forensic Accountant.	10	2

5. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	Illustrate double entry system and explain the merits and demerits of the same.	10	3
b.	The following is the Trial Balance of Mr. A on 31st December, 2018:	10	3

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Particulars	Debit Balance	Credit Balance
	Rs.	Rs.
Cash in Hand	1,080	
Cash at Bank	5,260	
Purchases	81,350	
Sales		1,97,560
Returns Inward	1,360	
Returns Outward		1,000
Wages	20,960	
Fuel and Power	9,460	
Carriage on Sales	6,400	
Carriage on Purchases	4,080	
Stock (1st January, 2018)	11,520	
Building	60,000	
Freehold Land	20,000	
Machinery	40,000	
Salaries	30,000	
Patents	15,000	
General Expenses	6,000	
Insurance	1,200	
Capital		1,42,000
Drawings	10,490	
Sundry Debtors	29,000	
Sundry Creditors		12,600
	3,53,160	**3,53,160**

Taking into aecount the following adjustments prepare Trading and Profit and Loss Account and the Balance Sheet:

1) Stock on hand on 31st December, 2018 is Rs.13,600.
2) Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%.
3) Salaries for the month of December, 2004 amount Rs.3,000 were unpaid.
4) Insurance include a premium of Rs.170 for 2019.
5) Wages include a sum of Rs.4,000 spent on the erection of a scooter shed for employees.
6) A provision for Bad and Doubtful Debts is to be created to the extent of 5% on Sundry Debtors.

6. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	You are an investor and you want to invest the money into A Ltd. What the things you would like to take care and which ratios you will calculate and why?	10	4
b.	From the following information, prepare a summarized Balance Sheet as on March 31, 2012.	10	4

Working Capital	1,20,000
Reserves & Surplus	80,000
Bank overdraft	20,000
Proprietary ratio (Fixed assets: Proprietors' fund)	0.75

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		Current ratio	2.5		
		Liquid (or Quick) ratio	1.5		
	There is no long-term loan.				

7. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	Explain the factors determining the working capital requirement in any organization.	10	5
b.	From the following Balance Sheets, prepare the Cash Flow Statement for the year ended March 31, 2015:	10	5

Liabilities	**31-3-14**	**31-3-15**	**Assets**	**31-3-14**	**31-3-15**
	Rs.	**Rs.**		**Rs.**	**Rs.**
Share Capital	2,00,000	2,50,000	Land and Buildings	2,00,000	1,90,000
General Reserve	50,000	60,000	Plant and Machincry	1,50,000	1,69,000
Profit and Loss A/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan	70,000	.....	Sundry Debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Provision for Tax	30,000	35,000	Bank	.....	8,000
			Goodwill	.....	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information:

a) The Dividend of Rs.23,000 was paid.

b) Machinery was purchased during thc year Rs.33,000.

c) Depreciation written off on machinery Rs.14,000; buildings Rs.10,000.

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