

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2017

(CUCSS)

BUS 1C 08—ACCOUNTING FOR MANAGERS

(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all questions.**Each question carries 1 weightage.*

1. Explain the term convention of conservations.
2. What is cash flow statement ?
3. What do you mean by investing activities ?
4. Distinguish between Capital Expenditure and Revenue Expenditure with examples.
5. What is capital gearing ratio ?
6. Distinguish between Trial Balance and Balance Sheet.

(6 × 1 = 6 weightage)

Part B*Answer any four questions.**Each question carries 3 weightage.*

7. Calculate fund from operation from the following Profit and Loss Appropriation A/c :

	Rs.		Rs.
Salaries	20,000	Gross profit	2,00,000
Rent	12,000	Profit on sale of building	20,000
Depreciation on plant	20,000		
Printing and Stationery	12,000		
Preliminary expenses written-off	8,000		
Goodwill written-off	12,000		
Provision for tax	16,000		
Proposed dividend	24,000		
Net profit taken to balance sheet	96,000		
	2,20,000		2,20,000

Turn over

8. How does an accountant follow the principle "anticipate no profit, provide for all losses"? On which accounting concept is this based? Explain it and discuss its significance.
9. From the following figures calculate the creditors' turnover ratio and average payment period :

	Rs.
Credit purchase during 2016	2,00,000
Creditors on 1 st January 2016	40,000
Creditors on 31 st December 2016	20,000
Bills payable on 1 st January 2016	8,000
Bills payable on 31 st December 2017	12,000

10. Calculate gross profit ratio from the following figures :

	Rs.		Rs.
Sales	2,00,000	Purchases	1,20,000
Sales return	20,000	Purchase return	30,000
Opening stock	40,000	Closing stock	10,000

11. Define accounting and explain its objectives in the light of modern business world.
12. Name three activities in which cash flows are classified. Also give three examples of transactions covered in these activities.

(4 × 3 = 12 weightage)

Part C

Answer any **three** questions.

Each question carries 4 weightage.

13. What do you understand by fund flow statements? How are they prepared? What are their uses?

14. Journalise the following transactions, post them in the ledger and balance the accounts :

(a) Ram started a business with a capital of	Rs. 20,000
(b) He purchased goods from Mohan on credit	Rs. 4,000
(c) He paid cash to Mohan	Rs. 2,000
(d) He sold goods to Suresh	Rs. 4,000
(e) He received cash from Suresh	Rs. 6,000
(f) He further purchased goods from Mohan	Rs. 4,000
(g) He paid cash to Mohan	Rs. 2,000
(h) He further sold goods to Suresh	Rs. 4,000
(i) He received cash from Suresh	Rs. 1,000

15. 'Ratios are the symptoms like the blood pressure, the pulse or the temperature of an Individual'. Explain. Also name and explain in brief the ratios made use to judge the long-term solvency of a concern.
16. From the following trial balance and additional information, you are required to prepare final accounts :

Particulars	Dr. Rs.	Cr. Rs.
Capital		20,000
Sundry debtors	5,400	
Drawings	1,800	
Machinery	7,000	
Sundry creditors		2,800
Wages	10,000	
Purchases	19,000	
Opening stock	4,000	
Bank balance	3,000	
Carriage charges	300	
Salaries	400	
Rent	900	
Sales		29,000
	51,800	51,800

Additional Information :

- Closing stock Rs. 1,200
- Outstanding rent Rs. 100
- Charge depreciation on machinery @10%
- Wages prepaid Rs. 400

Turn over

17. After taking into consideration the following items of YES Ltd., which made a net profit of Rs. 1,00,000 for the year ended 31st March 2017 : Find out cash from operations :

		Rs.
Loss on sale of machinery	...	10,000
Depreciation on building	...	4,000
Depreciation on machinery	...	5,000
Preliminary expenses written-off	...	5,000
Provision for taxation	...	10,000
Goodwill written-off	...	5,000
Gains from sale of building	...	8,000

(3 × 4 = 12 weightage)

Part D

Answer the compulsory question. 6 weightage.

18. From the following balance sheets of XYZ Ltd. on 31st December 2015 and 2016, you are required to prepare :

(a) A schedule of changes in working capital.

(b) A fund flow statement.

Liabilities	2015	2016	Assets	2015	2016
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
12% preference share capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plants	80,000	2,00,000
Profit and Loss account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividends	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 in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information :

- Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and building respectively in the year 2016.
- An interim dividend of Rs. 20,000 has been paid in 2016.
- Income Rs. 35,000 has been paid in 2016.

(6 weightage)