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# FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2019

(CUCSS)

### M.B.A

### 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. What are the differences between Ledger and Journal.
- 2. What do you mean by Fund Flow Statement?
- 3. State various types of profitability ratios.
- 4. State the cash flows from investing activities.
- 5. What do you mean by journal proper?
- 6. Mention the features of Trading Account.

 $(6 \times 1 = 6 \text{ weightage})$ 

### Part B

Answer any four questions.

Each question carries 3 weightage.

- 7. Explain different accounting concepts.
- 8. Prepare a three-column Cash Book from the following securities:

#### 2018 December

- 1 Commenced business with 25,000 in cash.
- 5 Opened a bank account and deposited 15,000.
- 13 Arun paid 490 in full settlement of 500.
- 15 Bought goods for cash 1500.
- 18 Drew a cheque for personal use 200.
- 20 Drew for office use 4,000.
- 22 Bought goods for 1500 and paid by cheque immediately.
- 25 Received for cash sales 1,000.
- 28 Paid Sohan's account 400 by cheque less 2 %.
- 31 Interest on bank loan 5,000.

Turn over

- 9. How Investor will be benefited by Ratio Accounting?
- 10. Following figures of XYZ Company are available for the year ended 31st December 2018:

Net Profit Before Interest and Tax Rs. 2,75,000; Net Profit after Tax Rs. 2,20,000; Net Profit after interest and tax 1,10,000; Preference Dividend Rs. 35,000; Capital Employed Rs. 11,00,000; Total Assets Rs. 12,65,000; Net worth or equity shareholders fund Rs. 7,50,000. Calculate: (a) Return on Capital Employed; (b) Return on Total Assets; and (c) Return on Shareholder's Fund.

- 11. State the difference between Fund Flow Statement and Cash Flow Statement.
- 12. The net profit after making a provision of Rs. 3,30,000 for Income Tax of Tata Ltd. for the year ended 31<sup>st</sup> March, 2018 amounts to Rs. 3,00,000. This figure of the net profit has been arrived at after taking into account the following items:

	1	Rs.
Depreciation on fixed assets		65,000
Preliminary expenses written off		7,000
Bad debts	***	1,000
Loss on sale of furniture		1,500
Profit on sale of long-term investments		5,000

Calculate Funds from Operations.

 $(4 \times 3 = 12 \text{ weightage})$ 

#### Part C

Answer any three questions.

Each question carries 4 weightage.

- 13. Discuss the advantages and disadvantages of Fund Flow Statement.
- 14. Journalise the following transactions in the books of Mr. Rao.

2018 August 1st Started business with cash 1,00,000 and goods 50,000 and furniture 25,000.

- 2 Purchased goods from Mr. Singh of the list price of 25,000 at a trade discount of 12 %.
- 4 Sold goods to Mohan of the list price of 30,000 at 10 % trade discount.
- 6 Payment made to Singh by cheque.
- 7 Loan taken from bank 35,000.
- 8 Paid stationery 1,500.
- 10 Sold goods worth 15,000 less 10 % trade discount and 5 % cash discount. The sale proceeds are deposited into bank.
- 16 Cheque given to Singh returned as being dishonoured.
- 20 Received commission 2,000.
- 25 Withdrew cash for personal use 2,000.

Journal Entries in the books of Mr. Rao.

- 15. Explain the users of Accounting information.
- 16. Following are the balance sheets of X Co. Ltd. as on 31st March 2015 and 31st March 2016.

  Prepare Cash Flow Statement.

Liabilities	. 2016	2015	Assets	2016 •	2015
	Rs.	Rs.		Rs.	Rs.
Share Capital	5,00,000	5,00,000	Goodwill	 12,500	_
General Reserve	1,25,000	1,50,000	Buildings	 5,00,000	4,75,000
Profit and Loss Account	76,250	76,500	Machinery	 3,75,000	4,22,500
Bank loan (long-term)	1,75,000	1,55,000	Plant	 45,000	40,500
Creditors	2,75,000	2,31,250	Stock	 1,00,000	74,000
Provision for tax	84,250	76,250	Debtors	 2,00,000	1,60,000
			Bank	 3,000	7,000
			Cash	 -	10,000
	12,35,500	11,89,000		12,35,500	11,89,000

## Additional Information:

- (a) Interim dividend paid 25,000.
- (b) Depreciation on premises 5 %.
- (c) Machinery of 75,000 was acquired during the year.
- (d) Income tax provision for the year was 75,000.
- 17. From the details given below, calculate the following ratios:
  - (a) Net Profit Ratio.

(b) Operating Profit Ratio.

(c) Current Ratio.

- (d) Debt-Equity Ratio.
- (e) Stock Turnover ratio.

Sales during the year—9,00,000.

Gross Profit-3,50,000.

Interest paid on loan-10,000.

Net Profit-2,40,000.

Sales Returns-10,000

Operating Expenses—1,00,000.

 $(3 \times 4 = 12 \text{ weightage})$ 

Turn over

Part D

# Answer the compulsory question. 6 weightage.

18. From the following Trial Balance and Adjustments, you are required to prepare Trading and Profit and Loss Account for the year ended 31-12-2018 and Balance Sheet as on that date.

Particulars		Debit	Credit
Purchases/Sales		1,30,295	1,80,500
Cash in hand		500	,
Cash at bank	***	9,500	
Stock as on 1-1-2018		40,000	_
Wages		22,525	
Returns		2,400	195
Repairs		1,675	_
Debtors/Creditors	4.2	30,000	50,305
Bad debts		2,310	
Discounts			530
Capital		800	37,500
Interest on loan		600	
Salaries		8,000	
Rent	***	2,800	
Insurance		1,500	
Charity	***	125	
Machinery	***	16,000	
Total		2,69,030	2,69,030
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# Adjustments:

- (a) Provide for depreciation on Machinery @ 5 %.
- (b) Stock as on 31-12-2018 40,925.
- (c) Salaries unpaid 800.
- (d) Further bad debts 400 Make a provisional of 5 % on debtors for doubtful debts.
- (e) Rent is paid for one year up to 31st March 2019.

(6 weightage)