

D 91606

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Name.....

Reg. No.....

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2021

(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. Define Accounting.
2. What is absolute liquid ratio ?
3. What do you mean by financial statement ?
4. What is IFRS ?
5. Distinguish fund flow statement from cash flow statement.
6. What are the steps in accounting cycle ?

(6 × 1 = 6 weightage)

Part B

Answer any four questions.

Each question carries 3 weightage.

7. Explain the important accounting concepts.
8. From the following balances on 31<sup>st</sup> March 2017, prepare a Trial Balance :

Particulars	₹	Particulars	₹
Interest on capital	24,000	Salaries	1,28,000
Creditors	6,00,000	Capital	8,00,000
Discount Received	23,000	Drawings	2,46,000
Loan	1,74,000	Machinery	3,00,000
Purchase returns	40,000	Bills payable	20,000
Sales return	6,000	Furniture	6,00,000
Advertisement	1,63,000	Debtors	5,00,000
Commission received	20,000	Bank loan	2,00,000
Rent	10,000	Patents	60,000
Purchases	19,00,000		
Sales	32,60,000		
Opening stock	12,00,000		

Turn over



9. Compare and contrast Profit and Loss Account and Balance Sheet.
10. What are the uses and limitations of ratio analysis ?
11. On 1<sup>st</sup> July 2016, a plant was purchased for ₹ 40,000 and ₹ 8,000 was spent on installing charges. On 1<sup>st</sup> January 2017, another new plant was purchased for ₹ 30,000. On 30<sup>th</sup> June 2018 a plant purchased on 1 January 2017 was sold for ₹ 24,000 and on 1<sup>st</sup> July 2018, a new plant was purchased at a cost of ₹ 32,000. Depreciation is written off at 10% on the original cost. The Accounts are closed every year on 31<sup>st</sup> March. Show the plant account upto the year ended 31<sup>st</sup> March 2019. Assume straight line depreciation method is followed.
12. From the following details prepare a statement showing Changes in Working Capital during 2019 :

*Balance Sheet of HiTech Ltd. as on 31<sup>st</sup> March 2019*

<i>Liabilities</i>	2018 (₹)	2019 (₹)	<i>Assets</i>	2018 (₹)	2019 (₹)
Share capital	5,00,000	6,00,000	Fixed Assets	10,00,000	11,20,000
Reserves	1,50,000	1,80,000	(-) Depreciation	3,70,000	4,60,000
P and L A/c.	40,000	65,000		6,30,000	6,60,000
Debenture	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book debts	2,50,000	2,30,000
Provision for tax	60,000	80,000	Cash in Hand	80,000	60,000
			Pre. expenses	20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

(4 × 3 = 12 weightage)

**Part C**

*Answer any three questions.*

*Each question carries 4 weightage.*

13. From the following details prepare a Balance Sheet as on 31<sup>st</sup> March 2019 :

Current ratio	...	2.5
Liquid ratio	...	1.5
Proprietary ratio	...	0.75 (FA to proprietary funds)
Fixed Assets	...	₹ 1,80,000
Working capital	...	₹ 60,000
Reserves and surplus	...	₹ 40,000
Bank overdraft	...	₹ 10,000



14. Prepare a Trading Account from the following information as on 31<sup>st</sup> March 2017 :

<i>Particulars</i>	₹
Opening stock as on 1-4-2016 ...	50,000
Purchases-cash ...	1,20,000
Purchases-credit ...	1,00,000
Sales-cash ...	40,000
Sales-credit ...	1,00,000
Purchase returns ...	20,000
Carriage inwards ...	10,000
Marine insurance on purchases ...	6,000
Other direct expenses ...	4,000
Sales return ...	30,000
Stock as on 31-3-2017 ...	10,000

15. The comparative Balance Sheet of M/s. Suntech is as follows :

<i>Liabilities</i>	2018 (₹)	2019 (₹)	<i>Assets</i>	2018 (₹)	2019 (₹)
Share capital	3,00,000	3,50,000	Land and Building	2,20,000	3,00,000
Loan from Bank	3,20,000	2,00,000	Machinery	4,00,000	2,80,000
Creditors	1,80,000	2,00,000	Stock	1,00,000	90,000
Bills payable	1,00,000	80,000	Debtors	1,40,000	1,60,000
Loan from SBI		50,000	Cash	40,000	50,000
	9,00,000	8,80,000		9,00,000	8,80,000

Additional Information :

- (a) Net profit for the year 2009 amounted to ₹ 1,20,000.
- (b) During the year a machine costing ₹ 50,000 (accumulated depreciation ₹ 20,000) was sold for ₹ 26,000. The provision for depreciation against machinery as on 31<sup>st</sup> March, 2018 was ₹ 1,00,000 and 31<sup>st</sup> March 2019 ₹ 1,70,000.

You are required to prepare a Cash Flow Statement.

Turn over



16. Enumerate and explain which financial ratios will be of interest to the following :  
 (i) Potential investors ; and (ii) Company's own management.
17. "Fund flow statements can be used to identify a variety of problems in the way a company operates." Illustrate the statement by the help of suitable examples.

(3 × 4 = 12 weightage)

**Part D****Compulsory question.**  
Carries 6 weightage.

18. From the following Trial Balance, prepare a Profit and Loss Account and a Balance Sheet as on 31-03-2018 :

Particulars	Dr. (₹)	Cr. (₹)
Capital	...	86,140
Drawings	3,400	
Purchase and sales	32,400	88,200
Returns	2,300	2,150
Carriage inwards	1,500	
Lighting and heating	800	
Water and gas	3,400	
Stock as on 1-4-2017	7,300	
Rent (office)	900	
Wages and salaries	2,500	
Electricity	1,300	
Postage	200	
Printing charges	700	
Legal charges	480	
Interest earned		390
Furniture	19,100	
Machinery	60,000	
Buildings	35,000	
Cash in hand	5,600	
	<u>1,76,880</u>	<u>1,76,880</u>

**Additional information :**

- (i) Closing stock amounted to ₹ 5,100.  
 (ii) Outstanding expenses wages ₹ 700, rent ₹ 300.  
 (iii) Prepaid printing charges ₹ 200.  
 (iv) Interest earned but not received ₹ 100.  
 (v) Depreciate buildings @ 2%, machineries @ 5% and furniture @ 10%.

(1 × 6 = 6 weightage)