

D 53837

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Name.....

Reg. No.....

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2024

(CUCSS)

M.B.A.

BUS IC 08—ACCOUNTING FOR MANAGERS

Time : Three Hours

Maximum : 36 Weightage

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

1. What do you mean by journal proper ?
2. Explain principle of prudence.
3. What is meant by turnover ratios ? Give examples.
4. Explain IAS 2.
5. What do you mean by statement of changes in working capital ?
6. How will you treat goods drawn by the proprietor for personal use ?

(6 × 1 = 6 weightage)

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

7. Mention the difference between Balance sheet and Trial Balance.
8. Distinguish between Fund flow statement and Cash flow statement.
9. Explain Accounting principles.
10. What do you mean by financial statements ? Mention the characteristics of ideal financial statements.
11. If current liabilities are Rs. 30,000, current ratio is 2.25 times and liquid ratio is 1.25 times; calculate Current assets, Liquid assets and Stock in trade.

Turn over

12. Explain the following :

- (a) Accrued income
- (b) Deferred revenue expenditure
- (c) Provision for discount on debtors.

(4 × 3 = 12 weightage)

Part C

Answer any **three** questions.

Each question carries 4 weightage.

13. Balance sheet of M/s. Black and white as on January 1st, 2015 and December 31st, 2015 were as follows. Prepare Funds flow statement.

| <i>Balance Sheet</i> | | | | | |
|---------------------------|----------|----------|---------------|----------|----------|
| <i>Liabilities</i> | 1.1.15 | 31.12.15 | <i>Assets</i> | 1.1.15 | 31.12.15 |
| | Rs. | Rs. | | Rs. | Rs. |
| Creditors ... | 18,000 | 20,500 | Cash ... | 2,000 | 1,800 |
| Bank loan (long term) ... | 15,000 | 22,500 | Debtors ... | 17,500 | 19,200 |
| Capital | 74,000 | 74,500 | Stock ... | 12,500 | 11,000 |
| | | | Land ... | 10,000 | 15,000 |
| | | | Building ... | 25,000 | 27,500 |
| | | | Machinery ... | 40,000 | 43,000 |
| | <hr/> | <hr/> | | <hr/> | <hr/> |
| | 1,07,000 | 1,17,500 | | 1,07,000 | 1,17,500 |
| | <hr/> | <hr/> | | <hr/> | <hr/> |

During the year drawings the proprietor for personal use amounted to Rs. 13,000. Provision for depreciation on machinery stood at Rs. 13,500 on January 1st and at Rs. 18,000 On December 31st.

14. Prepare a Trading and Profit and Loss account and a Balance sheet with the help of the following ratios :

| | |
|----------------------|--------|
| Gross profit ratio | : 25 % |
| Net profit/sales | : 20 % |
| Stock turnover ratio | : 10 |

3

| | |
|------------------------------------|-----------------|
| Net profit/capital | : 1/5 |
| Capital to total liabilities | : 1/2 |
| Fixed assets/capital | : 5/4 |
| Fixed assets/ total current assets | : 5/7 |
| Fixed assets | : Rs. 10,00,000 |
| Closing stock | : Rs. 1,00,000 |

15. Explain in brief the tools and techniques of financial statement analysis.
16. The Balance sheet of Samsung Ltd. is as follows.

| <i>Balance Sheet</i> | | | | | |
|----------------------------|--------|---------|---------------|--------|---------|
| <i>Liabilities</i> | 1.4.15 | 31.3.15 | <i>Assets</i> | 1.4.15 | 31.3.16 |
| | Rs. | Rs. | | Rs. | Rs. |
| Share capital ... | 35,000 | 37,000 | Cash ... | 4,500 | 3,900 |
| Debentures ... | 6,000 | 3,000 | Debtors ... | 7,450 | 8,850 |
| Creditors ... | 5,180 | 5,920 | Stock ... | 24,600 | 21,350 |
| Provision for bad debt ... | 350 | 400 | Land ... | 10,000 | 15,000 |
| Profit and Loss a/c ... | 5,020 | 5,280 | Goodwill ... | 5,000 | 2,500 |
| | 51,550 | 51,600 | | 51,550 | 51,600 |
| | | | | | |

Additional information :

- (a) Dividend paid amounted to Rs. 1,750
- (b) Land was purchased for Rs. 5,000
- (c) Amortization of goodwill amounted to Rs. 2,500
- (d) Debentures were redeemed to the extent of Rs. 3,000
- (e) Income tax paid Rs. 1,000

You are required to prepare a cash flow statement

17. What is ratio analysis ? Briefly explain the classification of ratios ?

(3 × 4 = 12 weightage)

Turn over

Part D

*Compulsory question.**6 weightage.*18. The following is the Trial Balance of Mr. Akhil on 31st March, 2016 :

| <i>Particulars</i> | <i>Dr.</i> | <i>Cr.</i> |
|--|-----------------|-----------------|
| Cash in hand ... | 540 | |
| Cash at bank ... | 12,630 | |
| Purchases ... | 1,40,675 | |
| Sales ... | | 2,58,780 |
| Return inwards ... | 2,680 | |
| Return outwards ... | | 1,500 |
| Wages ... | 20,480 | |
| Fuel and power ... | 4,730 | |
| Carriage on sales ... | 3,200 | |
| Carriage on purchases ... | 2,040 | |
| Stock (1 st April 2015) ... | 25,760 | |
| Buildings ... | 30,000 | |
| Freehold land ... | 20,000 | |
| Machinery ... | 20,000 | |
| Patents ... | 7,500 | |
| Salaries ... | 15,000 | |
| General expenses ... | 13,000 | |
| Insurance ... | 600 | |
| Drawings ... | 15,245 | |
| Capital ... | | 82,000 |
| Sundry debtors ... | 14,500 | |
| Sundry creditors ... | | 6,300 |
| | <u>3,48,580</u> | <u>3,48,580</u> |

Taking into account the following adjustments, prepare Trading and Profit and Loss account and the Balance sheet :

- (a) Stock in hand on 31st March 2016 is Rs. 26,800.
- (b) Machinery is to be depreciated at the rate of 10 % and patents at the rate of 20 %.
- (c) Salaries for the month of March 2016 amounting to Rs. 1,500 were unpaid.
- (d) Insurance includes a premium of Rs. 170 on a policy, expiring on 30th September 2016.
- (e) Wages include a sum of Rs. 2,000 spent on the erection of a cycle shed for employees and customers.
- (f) A provision for bad and doubtful debts is to be created to the extend of 5% of sundry debtors.

(1 × 6 = 6 weightage)