

D 53849

(Pages : 3)

Name.....

Reg. No.....

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, JANUARY 2014

BUS IC 09—ACCOUNTING FOR MANAGERS

Maximum : 36 Weightage

Time : Three Hours

PART A

Answer the following. Each question carries 1 weightage

1. What is GAAP?
2. What decisions can be made by reading a balance sheet?
3. Elucidate Du Pont Analysis.
4. What is meant by deferred revenue expenditure? Give an example.
5. Distinguish between current ratio and liquid ratio.
6. What are subsidiary books?

(6 X 1=6)

PART B

Answer any Six of the following. Each question carries 3 weightage

7. Explain the accounting treatment of the following:-
 - (a) Out standing wages Rs.30,000.
 - (b) Interest on capital Rs. 7,500
 - (c) 5% Provision on Debtors of Rs. 1,00,000 for Bad and Doubtful debts.
 - (d) Rent received in advance Rs. 10,000.
8. Write a note on Trend analysis
9. Compare and contrast cash flow and fund flow analyses.
10. Explain the need for measurement of Profitability and state its importance in business management.
11. Following are the ratios relating to the activities of ABC Traders Ltd;
Debtor's velocity: 3 months, Stock Velocity: 8 months
Creditor's velocity: 2 months, Gross profit ratio: 25%
Gross profit for the year ended 31st March, 2012 amounts to Rs. 60, 00,000.
Closing stock of the year is Rs3,00,000 above the opening stock.
Find out Sales & Closing stock
12. Today most companies use accounting software that processes many of these steps simultaneously thereby changing the accounting cycle. Do you agree? Justify.
13. Classify the following into cash flows from investing activities/ financing activities while preparing a cash flow statement:
 - (a) Redemption of preference shares
 - (b) Sale of fixed assets
 - (c) Receipt of dividend
14. If a firm has Rs.10000 in inventories, a current ratio equal to 1.2, and a quick ratio equal to 1.1, what is the firm's Net Working Capital?

(6 × 3 = 18)
Turn over

PART C

Answer any two of the following. Each question carries 6 weightage

15. From the following Trial Balance prepare the Trading and Profit and Loss Account for the year ending 31st March, 2009 and the Balance Sheet as on that date:

<i>Particulars</i>	Debit Rs	Credit Rs
		41,000
Shri Banker's Capital Account		
Shri Banker's Drawing Account	6,100	
Mrs Banker's Loan Account		4,000
Sundry Creditors		45,000
Cash in Hand	250	
Cash at Bank	4,000	
Sundry Debtors	40,500	
Patents	2,000	
Plant and Machinery	20,000	
Land and Buildings	26,000	
Purchases of Raw Materials	35,000	
Raw Material: 1.4. 04	3,500	
Work – in - process 1.4. 04	2,000	
Finished Stock 1.4. 04	18,000	
Carriage Inwards	1,100	
Wages	27,000	
Salary of Works Manager	5,600	
Factory Expenses	3,400	
Factory Rent and Taxes	2,500	
Royalties (paid on sales)	1,200	
Sales (less Returns)		1,23,400
Advertising	3,000	
Office Rent and Insurance	4,800	
Printing and Stationery	1,000	
Office Expenses	5,800	
Carriage Outwards	600	
Discounts	1,400	2100
Bad debts	750	
Total	2,15,500	2,15,500

The Stock on 31st March 2009 was as follows:

Raw Materials Rs 5,000; work –in- progress Rs 6,500, finished goods Rs. 30,000.

16. X Ltd. made a profit of Rs. 1,00,000 after charging Depreciation of Rs. 20,000 on assets and a transfer to General Reserve of Rs. 30,000 The goodwill written off was Rs. 7,000 and the gain on sale of Machinery was Rs. 3,000. The other information available to you (changes in the value of Current Assets & Current Liabilities) is as follows:
At the end of the year Debtors showed an increase of Rs. 6,000, Creditors an increase of Rs 10,000, Prepaid Expenses an Increase of Rs. 200; Bills Receivable a Decrease of Rs. 3000; Bills Payable a Decrease of Rs. 4,000 and Outstanding Expenses a Decrease of Rs. 2,000. Ascertain the cash flow from the operating activities.
17. The following trial balance relates to a listed company, at 31 March 2013:

	Debit	Credit
Rental of leased plant	22,000	

On 01 April 2012, the company entered into a lease for an item of plant which had an estimated life of five years. The lease period is also five years with annual rentals of 22 lakhs payable in advance from 01 April 2012. The plant is expected to have a nil residual value at the end of its life. If purchased this plant would have a cost of 92 lakhs and be depreciated on a straight-line basis. The lessor includes a finance cost of 10% per annum when calculating annual rentals. (Note: you are not required to calculate the present value of the minimum lease payments.)

(2 X 6 = 12)