

D 12142-H

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Name.....

Reg. No.....

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2016
(CUCSS)

BUS IC 08—ACCOUNTING FOR MANAGERS
(2016 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Section A

Answer all the questions.
Each question carries 1 weightage.

1. Why is accounting called the language of business ?
2. What are accounting concepts and conventions ? Is there any difference between them ?
3. What is the significance of dual aspect concept ?
4. What is the position in India regarding the formulation and enforcement of accounting standards ?
5. How and why closing entries are made ?
6. Bring out the relationship between a journal and a ledger.

(6 × 1 = 6 weightage)

Section B

Answer any four questions.
Each question carries 3 weightage.

7. Explain the mechanism of balancing an account.
8. Narrate the rules of debit and credit.
9. What is meant by ratio analysis ? Explain its significance in the analysis and interpretation of financial statements.
10. Distinguish between schedule of changes in working capital and funds flow statement.
11. Explain the significance of funds flow analysis and cash flow analysis.
12. Justify the need for analysis and interpretation of financial statements.

(4 × 3 = 12 weightage)

Turn over

Section C

Answer any three questions.
Each question carries 4 weightage.

13. Write down the differences between single account system and double account system.
14. The following transactions relate to a business concern for the month of December 2016. Journalize them, post into ledger accounts, balance and prepare the trial balance :
- March 1 – Started business with a capital of Rs. 9,000
- March 2 – Purchased furniture for Rs. 300
- March 3 – Purchased goods for Rs. 6,000
- March 11 – Received order for half-of the goods from 'C'
- March 15 – Delivered goods, 'C' invoiced Rs. 4,000
- March 17 – Received order for the remaining half of the goods
- March 21 – Delivered goods, cash received Rs. 3,800
- March 31 – Paid wages of Rs. 300
15. Shyam and company has the following information for the year ending 31st March 2012. Sales Rs. 5,000, Depreciation Rs. 450, Other operating expenses Rs. 4,100. You are required to : Estimate the amount of funds generated during the year. If the amount of depreciation increases to Rs. 900, what would be its effect on funds generated during the year ? Under what circumstances can the funds from operation be zero ?
16. Explain the following :
- (A) Assets.
 - (B) Liabilities.
 - (C) Fictitious Assets.
 - (D) Income Received in Advance.
 - (E) Investments.
17. How are ratios broadly classified ? Explain how ratios are calculated under each classification.
- (3 × 4 = 12 weightage)

Section D

Compulsory question.
The question carries 6 weightage.

18. The following are the financial statements of Yes Limited for the year 2016 :

| Balance sheet as at 31-12-2016 | | | |
|--------------------------------|-----------------|--------------|-----------------|
| Rs. | | Rs. | |
| Equity share capital | ... 1,00,000 | Fixed Assets | ... 1,50,000 |
| General Reserve | ... 90,000 | Stock | ... 42,500 |
| Profit and loss balance | ... 7,500 | Debtors | ... 19,000 |
| Sundry creditors | ... 35,000 | Cash | ... 61,000 |
| 6% debentures | ... 30,000 | | |
| Proposed dividends | ... 10,000 | | |
| | <u>2,72,500</u> | | <u>2,72,500</u> |

Trading and Profit and Loss Account for the year ended 31-12-2016

| Rs. | | Rs. | |
|-----------------------|-----------------|---------------------|-----------------|
| To cost of goods sold | ... 1,80,000 | By sales | ... 3,00,000 |
| To Gross profit C/D | ... 1,20,000 | | |
| | <u>3,00,000</u> | | <u>3,00,000</u> |
| To Expenses | ... 1,00,000 | By Gross profit B/D | ... 1,20,000 |
| To Net Profit | ... 20,000 | | |
| | <u>1,20,000</u> | | <u>1,20,000</u> |

You are required to compute the following :

- (i) Current Ratio.
- (ii) Acid Test Ratio.
- (iii) Gross Profit Ratio.
- (iv) Debtors Turnover Ratio.
- (v) Fixed Assets to Net Tangible Worth.
- (vi) Turnover to Fixed Assets.

(1 × 6 = 6 weightage)