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Name.....

Reg. No.....

FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2018

(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. "Accrual accounting is superior to cash accounting". Elaborate.
2. Distinguish between accrued income and prepaid income.
3. What is intangible asset ? Give examples.
4. Explain the meaning of the term real account.
5. What are liquidity ratios ?
6. What do you mean by financing activities ?

(6 × 1 = 6 weightage)

Part B

Answer any four questions.

Each question carries 3 weightage.

7. Determine the value of closing stock from the following details ?

Sales : 4,00,000.

Gross profit ratio : 10%.

Stock velocity : 4 times.

Closing stock was ₹ 10,000 in excess of opening stock.

Turn over

8. From the following balance sheets of XYZ Ltd as on 31st December 2015 and 2016, you are required to prepare a schedule of changes in working capital :

<i>Liabilities</i>	2015	2016	<i>Assets</i>	2015	2016
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
12% preference share capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plants	8,00,00	2,00,000
Profit and Loss account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividends	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivables	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash at bank	10000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

9. Discuss meaning of cash flow statement. Discuss its utility.
10. Define the term accounting and discuss its functions.
11. What are final accounts ? Why are these accounts prepared ?
12. Following is the trading account of Sea palace Ltd. Calculate the stock turnover ratio :

<i>Particulars</i>	₹	<i>Particulars</i>	₹
Opening stock	80,000	Sales	4,00,000
Purchases	2,00,000	Closing stock	40,000
Carriage	20,000		
Gross profit	1,40,000		
	4,40,000		4,40,000

(4 × 3 = 12 weightage)

Part C

Answer any three questions.

Each question carries 4 weightage.

13. What is 'Fund from operation' ? How would you compute fund from operation ?

14. From the following trial balance and additional information, you are required to prepare final accounts :

<i>Particulars</i>	Dr.	Cr.
Capital		20,000
Sundry debtors	5,400	
Drawings.	1,800	
Machinery	7,000	
Sundry creditors		2,800
Wages	10,000	
Purchases	19,000	
Opening stock	4,000	
Bank balance	3,000	
Carriage charges	300	
Salaries	400	
Rent	900	
Sales		29,000
	51,800	51,800

Additional Information :

- Closing stock ₹ 1,200.
 - Outstanding rent ₹ 100.
 - Charge depreciation on machinery @10%.
 - Wages prepaid ₹ 400.
15. Distinguish between Capital Expenditure and Revenue Expenditure with examples.
16. Following information is available from the books of Standard company Ltd :

<i>Particulars</i>	2015	2016
Profit made during the year		2,50,000
Income received in advance	500	600
Prepaid expenses	1,600	1,400
Debtors	80,000	95,000
Bills receivables	25,000	20,000
Creditors	45,000	40,000
Bills payable	13,000	15,000
Outstanding expenses	2,500	2,000
Accrued income	1,500	1,200

Calculate cash from operation.

Turn over

17. Journalise the following transactions, post them in the ledger and balance the accounts :

- (i) Ram started a business with a capital of ₹ 40,000.
- (ii) He purchased goods from Mohan on credit ₹ 8,000.
- (iii) He paid cash to Mohan ₹ 4,000.
- (iv) He sold goods to Suresh ₹ 8,000.
- (v) He received cash from Suresh ₹ 12, 000.
- (vi) He further purchased goods from Mohan ₹ 8,000.
- (vii) He paid cash to Mohan ₹ 4,000.
- (viii) He further sold goods to Suresh ₹ 8,000.
- (ix) He received cash from Suresh ₹ 2,000.

(3 × 4 = 12 weightage)

Part D

Answer the compulsory question.

6 weightage.

18. With the following ratio and further information given below, prepare a Trading and Profit and Loss account and a Balance sheet of Sigma Agencies :

- | | | |
|---|---|------------|
| (i) Gross profit ratio | : | 25% |
| (ii) Net profit ratio | : | 20% |
| (iii) Stock turnover ratio | : | 10 |
| (iv) Net profit / Capital | : | 1/5 |
| (v) Capital to total liability | : | 1/2 |
| (vi) Fixed assets / Capital | : | 5/4 |
| (vii) Fixed assets / Total current assets | : | 5/7 |
| (viii) Fixed assets | : | ₹ 2,00,000 |
| (ix) Closing stock | : | ₹ 20,000 |

(1 × 6 = 6 weightage)