

**FIRST SEMESTER M.B.A. DEGREE EXAMINATION, DECEMBER 2019**

(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. What are the differences between Ledger and Journal.
2. What do you mean by Fund Flow Statement ?
3. State various types of profitability ratios.
4. State the cash flows from investing activities.
5. What do you mean by journal proper ?
6. Mention the features of Trading Account.

(6 × 1 = 6 weightage)

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

7. Explain different accounting concepts.
8. Prepare a three-column Cash Book from the following securities :

2018 December

- 1 Commenced business with 25,000 in cash.
- 5 Opened a bank account and deposited 15,000.
- 13 Arun paid 490 in full settlement of 500.
- 15 Bought goods for cash 1500.
- 18 Drew a cheque for personal use 200.
- 20 Drew for office use 4,000.
- 22 Bought goods for 1500 and paid by cheque immediately.
- 25 Received for cash sales 1,000.
- 28 Paid Sohan's account 400 by cheque less 2 %.
- 31 Interest on bank loan 5,000.

**Turn over**

9. How Investor will be benefited by Ratio Accounting ?
10. Following figures of XYZ Company are available for the year ended 31st December 2018 :
- Net Profit Before Interest and Tax Rs. 2,75,000 ; Net Profit after Tax Rs. 2,20,000 ; Net Profit after interest and tax 1,10,000 ; Preference Dividend Rs. 35,000 ; Capital Employed Rs. 11,00,000 ; Total Assets Rs. 12,65,000 ; Net worth or equity shareholders fund Rs. 7,50,000. Calculate : (a) Return on Capital Employed ; (b) Return on Total Assets ; and (c) Return on Shareholder's Fund.
11. State the difference between Fund Flow Statement and Cash Flow Statement.
12. The net profit after making a provision of Rs. 3,30,000 for Income Tax of Tata Ltd. for the year ended 31<sup>st</sup> March, 2018 amounts to Rs. 3,00,000. This figure of the net profit has been arrived at after taking into account the following items :

	Rs.
Depreciation on fixed assets	65,000
Preliminary expenses written off	7,000
Bad debts	1,000
Loss on sale of furniture	1,500
Profit on sale of long-term investments	5,000

Calculate Funds from Operations.

(4 × 3 = 12 weightage)

### Part C

*Answer any three questions.  
Each question carries 4 weightage.*

13. Discuss the advantages and disadvantages of Fund Flow Statement.
14. Journalise the following transactions in the books of Mr. Rao.
- 2018 August 1<sup>st</sup> Started business with cash 1,00,000 and goods 50,000 and furniture 25,000.
- 2 Purchased goods from Mr. Singh of the list price of 25,000 at a trade discount of 12 %.
- 4 Sold goods to Mohan of the list price of 30,000 at 10 % trade discount.
- 6 Payment made to Singh by cheque.
- 7 Loan taken from bank 35,000.
- 8 Paid stationery 1,500.
- 10 Sold goods worth 15,000 less 10 % trade discount and 5 % cash discount. The sale proceeds are deposited into bank.
- 16 Cheque given to Singh returned as being dishonoured.
- 20 Received commission 2,000.
- 25 Withdrew cash for personal use 2,000.
- Journal Entries in the books of Mr. Rao.

15. Explain the users of Accounting information.
16. Following are the balance sheets of X Co. Ltd. as on 31st March 2015 and 31<sup>st</sup> March 2016. Prepare Cash Flow Statement.

<i>Liabilities</i>	2016	2015	<i>Assets</i>	2016	2015
	Rs.	Rs.		Rs.	Rs.
Share Capital	.. 5,00,000	5,00,000	Goodwill	.. 12,500	—
General Reserve	.. 1,25,000	1,50,000	Buildings	.. 5,00,000	4,75,000
Profit and Loss Account	.. 76,250	76,500	Machinery	.. 3,75,000	4,22,500
Bank loan (long-term)	.. 1,75,000	1,55,000	Plant	.. 45,000	40,500
Creditors	.. 2,75,000	2,31,250	Stock	.. 1,00,000	74,000
Provision for tax	.. 84,250	76,250	Debtors	.. 2,00,000	1,60,000
			Bank	.. 3,000	7,000
			Cash	.. —	10,000
	<u>12,35,500</u>	<u>11,89,000</u>		<u>12,35,500</u>	<u>11,89,000</u>

*Additional Information :*

- (a) Interim dividend paid 25,000.
- (b) Depreciation on premises 5 %.
- (c) Machinery of 75,000 was acquired during the year.
- (d) Income tax provision for the year was 75,000.
17. From the details given below, calculate the following ratios :
- (a) Net Profit Ratio. (b) Operating Profit Ratio.
- (c) Current Ratio. (d) Debt-Equity Ratio.
- (e) Stock Turnover ratio.

Sales during the year—9,00,000.

Sales Returns—10,000

Gross Profit—3,50,000.

Operating Expenses—1,00,000.

Interest paid on loan—10,000.

Net Profit—2,40,000.

(3 × 4 = 12 weightage)

Turn over

## Part D

Answer the compulsory question. 6 weightage.

18. From the following Trial Balance and Adjustments, you are required to prepare Trading and Profit and Loss Account for the year ended 31-12-2018 and Balance Sheet as on that date.

<i>Particulars</i>		<i>Debit</i>	<i>Credit</i>
Purchases/Sales	...	1,30,295	1,80,500
Cash in hand	...	500	—
Cash at bank	...	9,500	—
Stock as on 1-1-2018	...	40,000	—
Wages	...	22,525	—
Returns	...	2,400	195
Repairs	...	1,675	—
Debtors/Creditors	...	30,000	50,305
Bad debts	...	2,310	—
Discounts	...	—	530
Capital	...	800	37,500
Interest on loan	...	600	—
Salaries	...	8,000	—
Rent	...	2,800	—
Insurance	...	1,500	—
Charity	...	125	—
Machinery	...	16,000	—
<i>Total</i>	..	<u>2,69,030</u>	<u>2,69,030</u>

## Adjustments :

- Provide for depreciation on Machinery @ 5 %.
- Stock as on 31-12-2018 40,925.
- Salaries unpaid 800.
- Further bad debts 400 Make a provisional of 5 % on debtors for doubtful debts.
- Rent is paid for one year up to 31<sup>st</sup> March 2019.

(6 weightage)