

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 31st 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 1st 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 31st 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 31st March 2019.

(6 weightage)