

[Total No. of Questions - 10]
(2063)

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MBA 1st Semester Examination
Accounting for Managers (O.S.)

106

Time : 3 Hours

Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : Attempt five questions in all, selecting one question from each unit.
All questions carry equal marks.

UNIT - I

1. Give journal entries for the following :
 - (i) Goods worth Rs. 500 given as charity.
 - (ii) Received Rs. 975 from Harikrishan in full settlement of his account for Rs. 1000.
 - (iii) Received a first and final dividend of 60 paise in a rupee from the official receiver of Mr. Rajan who owed us Rs. 1,000.
 - (iv) Sold to to Sohan goods worth Rs. 20,000 by 2% cash discount and received Rs. 19,600 net on account by cheque
 - (v) Bought from Ram & Co. goods worth Rs. 1,00,000 at 10% trade discount and 2% cash discount and Paid them half the amount in cash.
 - (vi) Paid Rs. 1,000 in cash as wages on installation of machinery.
 - (vii) Supplied goods costing Rs. 10,000 to Sohan invoiced at 30% above cost less 5% trade discount.
 - (viii) Goods worth Rs. 5,000 were used by the proprietor for his personal use.
 - (ix) Goods uninsured worth Rs. 10,000 were destroyed by fire.

OR

2. Enter the following transactions in the cash book with cash, discount and bank column :
 - April 1 Balance of cash in hand Rs. 1,400; overdraft at bank Rs. 5,000.
 - 4 Invested further capital Rs. 50,000 out of which Rs. 25,000 deposited in the bank.
 - 5 Sold goods for cash Rs. 7,000.

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[P.T.O.]

- 6 Collected from debtors of last year Rs. 8,000 ; discount allowed to them Rs. 200.
- 10 Purchased goods for cash Rs. 15,500.
- 11 Paid Ram Vilas, our creditor Rs. 2,500; discount allowed to him Rs. 65.
- 13 Commission paid to our agent Rs. 530.
- 14 Office furniture purchased from Keshav Rs. 200.
- 14 Rent paid Rs. 500.
- 14 Electricity charges paid Rs. 100
- 16 Drew cheque for personal use Rs. 700.
- 17 Cash sales Rs. 2,500.
- 18 collection from Atal Rs. 4,000 deposited in the bank on 19th April.
- 19 Drew from bank for office use Rs. 500.
- 22 Drew cheque for petty cash Rs. 150.
- 24 Dividend received by cheque Rs. 500 deposited in the bank on the same date.
- 25 Commission received by cheque Rs. 230, deposited the bank on 28th April.
- 29 Drew from bank for salary of office staff Rs. 15,000.
- 29 paid salary to the office manager Rs. 12,000.
- 30 Deposited cash in to the bank Rs.10,000.

UNIT - II

3. From the following ledger balances of a trader, prepare Trading, Profit & Loss Account and Balance Sheet as at 31 st December 2004.

| | Rs. |
|-----------------------|----------|
| Opening Stock | 48,000 |
| Drawings | 6,000 |
| Sales | 1,25,000 |
| Sundry Debtors | 18,000 |
| Capital | 25,000 |
| Wages | 14000 |
| Salaries | 2,800 |
| Carriage on Purchases | 2,500 |
| Rent | 3,500 |
| Purchases | 60,000 |
| Discount on purchases | 2,000 |
| Interest on Bank loan | 100 |
| Bills Receivable | 3,000 |

| | |
|-----------------------|--------|
| Plant and Machinery | 10,000 |
| Cash | 1,000 |
| Building | 2,500 |
| Bills Payable | 2,500 |
| Bank Loan | 2,000 |
| Reserve for Bad Debts | 2,500 |
| Returns Outwards | 750 |
| Sundry Creditors | 11,650 |
| Adjustments | |

Rent at Rs. 100 per month is not paid for 2 months. Wages and salaries are unpaid to the extent of Rs. 750 and Rs. 225 respectively. Depreciate Plant by 10%. Stock at close was Rs. 17,500. Write off Rs. 1,500 as bad debts and maintain a reserve of 5% on debtors.

OR

4. Why Adjustments are made in the Final Accounts? Explain the following adjustments and their treatment in the final accounts:
- (i) Loss of stock by fire (ii) Goods taken by proprietor for personal use
(iii) Provision for doubtful debts (iv) Accrued income.

UNIT - III

5. Bajaj & Co. close their accounts on 31st March every year. They purchased the machineries as follows :
- (i) Purchased machineries costing Rs. 1,20,000 on 1-7-90.
(ii) On 1-10-91, some machines were purchased costing Rs. 1,20,000.
(iii) On 1-10-91, again purchased some machinery costing Rs. 20,000.
(iv) On 1-1-93, purchased a new machine for Rs. 60,000.
(v) One machine costing Rs. 40,000 which was purchased on 1-7-90, was sold for Rs. 12,000 on 1-4-92.
(vi) They charge depreciation @ $33\frac{1}{3}$ on the written down value method.
(vii) They have the practice to charge depreciation for the full year even if the machinery is used for part of the year.

Prepare Machinery A/c in the books of Bajaj & Co. for the three years-1990, 1991, 1992.

OR

6. What is Depreciation? What are its causes? Explain different methods of providing Depreciation.

[P.T.O.]

UNIT - IV

7. From the following information, prepare a Balance Sheet and show the working notes.

| | Rs. |
|---------------------------------------|----------|
| (a) Working Capital | 75,000 |
| (b) Reserves and Surpluses | 1,00,000 |
| (c) Bank overdraft | 60,000 |
| (d) Current ratio | 1.75 |
| (e) Liquid ratio | 1.15 |
| (f) Fixed assets to proprietors funds | 0.75 |
| (g) Long term liabilities | Nil |
| (h) Capital | 2,00,000 |

OR

8. Describe with illustrations and discuss the significance of the following ratios:
- | | |
|-----------------------------|--------------------------------|
| (i) Current Ratio. | (ii) Inventory Turnover Ratio. |
| (iii) Debt to Equity Ratio. | (iv) Interest coverage Ratio. |

UNIT - V

9. What is a fund Flow Statement? What are the sources of Funds? What are the Applications of Funds? How do we Calculate the Fund from Operations?

OR

10. From the following balance sheets of A & Co. Ltd.; you are required to prepare statement of Sources and Applications.

| Liabilities | 31.12.2008 Rs. | 31.12.2009 Rs. | Assets | 31.12.2008 Rs. | 31.12.2009 Rs. |
|-------------------------|-------------------|-------------------|-----------------|-------------------|-------------------|
| Equity Share Capital | 2,40,000 | 3,60,000 | Land & Building | 1,66,200 | 3,39,600 |
| Share Premium | 24,000 | 36,000 | Machinery | 1,06,800 | 1,53,900 |
| General Reserve | 18,000 | 27,000 | Furniture | 7,200 | 4,500 |
| Profit and Loss Account | 58,500 | 62,400 | Stock | 66,300 | 78,000 |
| 8% Debentures | — | 78,000 | Debtors | 1,09,500 | 1,17,300 |
| Provision for Taxation | 29,400 | 32,700 | Bank | 14,400 | 12,000 |
| Creditors | 1,00,500 | 1,09,200 | | | |
| Total | 4,70,400 | 7,05,300 | Total | 4,70,400 | 7,05,300 |

Depreciation written off during the year :

| | Rs. |
|--------------|--------|
| On Machinery | 38,400 |
| On Furniture | 1,200 |