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MBA 1st Semester Examination
Accounting for Managerial Decisions (CBS)
MBA-101

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.

SECTION - A

1. Answer the following questions:

- (i) Define Current Liabilities.
- (ii) What do you mean by compound journal entry?
- (iii) Write any two objectives of preparing a Trial Balance .
- (iv) What is Management Accounting?
- (v) What are the components of financial statements?
- (vi) What is meant by 'Funds from Operations'?
- (vii) What is meant by cash equivalents?
- (viii) What is Social Responsibility?
- (ix) What are the objectives of Human Resource Accounting?
- (x) Write the uses of price level accounting? (2×10=20)

SECTION - B

2. Answer any FOUR questions:

- (i) What is contra entry in cash book? How is it recorded?
- (ii) Distinguish between Cash discount and Trade discount.
- (iii) What is capital gearing ratio? Explain its utility.

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- (iv) "Depreciation is an important source of working capital." Explain.
- (v) Describe main uses and limitations of Cash Flow Statement. (5×4=20)

SECTION - C

3. Answer any TWO questions:

- (i) From the following Trial Balance of XYZ Ltd. prepare Trading and Profit & Loss Account for the year ending 31st March. 2015 and Balance Sheet as on that date:

Trial Balance

Dr.	Rs.	Cr.	Rs.
Furniture and fittings	3,400	Capital Account	1,00,000
Land and Building	21,700	Discount Received	2,000
Drawings	4,200	Loan from Bank	10,000
Cash at bank	2,470	Purchases Returns	970
Wages	31,250	Sales	1,91,940
Discount allowed	2,640	Sundry creditors	12,450
Bank charges	90	Provision for Bad Debts	800
Office salaries	4,260		
Purchases	1,32,700		
Opening Stock	40,200		
Cash in hand	150		
Sales Returns	1,250		
Carriage Inwards	3,400		
Plant and Machinery	14,600		
Sundry Debtors	43,800		
Bad debts	1,000		
Insurance	1,250		
Rent and Taxes	2,450		
Bills Receivable	2,500		
General Expenses	1,350		
Advertisement	3,500		
	3,18,160		3,18,160

Adjustments:

- (a) Stock on 31st March, 2015 is Rs. 30,000;
 - (b) A new machine has been purchased for Rs. 3,000 on 1st October, 2014 but was not paid for nor any entry has been passed in the books;
 - (c) Wages include Rs. 500 paid for the erection of machinery;
 - (d) Provision for bad debts has to be raised to Rs. 1,400 and write off a further bad debt of Rs. 300;
 - (e) In the month of March, 2015 a fire broke out and destroyed stock of the value of Rs. 8,000. The insurance company admitted a claim for the loss of stock to the value of Rs. 5,000 only and the amount was paid in April, 2015;
 - (f) Outstanding Wages Rs. 700, Salaries Rs. 500;
 - (g) Prepaid insurance Rs 250 and advertisement Rs. 500;
 - (h) Depreciate machinery by 10% and furniture by 15%.
- (ii) The ratios relating to Mayur Ltd. are given below:
- | | |
|--------------------|------------|
| Gross Profit Ratio | 15 Percent |
| Stock Velocity | 6 Months |
| Debtors Velocity | 3 months |
| Creditors Velocity | 3 months |
- Gross Profit for the year ending March 31, 2014 amounts to Rs. 60,000. Closing stock is equal to Opening stock.
Find out (a) Sales; (b) Closing Stock; (c) Sundry Debtors
(d) Sundry creditors.
- (iii) What is Funds Flow Statement? How is it prepared? Explain by using an imaginary example.
- (iv) What is meant by "Social Responsibility"? What areas are included in it? Give your reply in the context of a business.
(10×2=20)