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## P.E.S. College of Engineering, Mandya - 571 401

(An Autonomous Institution affiliated to VTU, Belgaum)

**First Semester - Master of Business Administration (MBA)**

**Make – up Examination; Feb - 2016**

**Accounting for Managers**

Time: 3 hrs

Max. Marks: 100

**Note:** Answer any **FOUR** full questions from **PART - A** and **PART - B** (Case Study) is compulsory.

### PART - A

- 1 a. Define accounting. Explain briefly the uses of accounting information. 10
- b. Record the following transactions in the journals of the Double Trouble Company and also post them in ledger and prepare trial balance. 10

April 1 <sup>st</sup>	Dilip Started business with cash of ` 40,000 & furniture `10,000/-	
April 5 <sup>th</sup>	Brought goods from Pallavi ` 3,000/-	
10 <sup>th</sup>	Returned goods from Pallavi ` 1,000/-	
15 <sup>th</sup>	Brought Machinery from Arpithas's Co. ` 20,000/-	10
18 <sup>th</sup>	Paid wages on installation of machinery ` 2,000/-	
25 <sup>th</sup>	Brought goods for 10,000/- from Pallavi, paid cash ` 5,000/- and gave acceptance on a bill for the balance	
30	Paid salary to managers ` 3,000/-	

**OR**

- 2 a. Calculate BEP in units and BEP in sales value for the following : 10
- Total fixed cost = ` 12,000
- Selling price per unit = ` 12
- Variable cost per unit = ` 9
- b. Explain the concept of cost and its classification. 10
- 3 a. Explain Accounting Principles that should be kept in mind while preparing financial statement. Justify your answer with suitable examples. 10
- b. List out the differences between fund flow and cash flow statements. 10

**OR**

- 4 a. What do you mean by depreciation? Explain the methods followed in calculating depreciation. 10
- b. Nagarjun and Co. purchased a plant for sum of ` 100,000/-. On 1/01/2010 and paid ` 20,000 as Installation charges. 10
- Plant is estimated to have a scrap value of ` 10,000/- at the end of its useful life for 5 years.
- Prepare Plant A/C for 5 years charging depreciation according to straight line method.

- 5 a. Explain how Cost Volume Profits have relationship. 10
- b. From the following prepare a cost sheet for the year 2014 of Krishna Industries.

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Particulars	`
Opening stock of raw materials	50,000
Closing stock of raw materials	80,000
Purchase of raw materials	1,70,000
Carriage inwards	10,000
Direct wages	1,50,000
Indirect wages	20,000
Other direct charges	30,000
Rent and rates (factory)	10,000
Rent and rates (office)	1,000
Indirect materials	1,000
Depreciation of plant	3,000
Depreciation of Office furniture	200
Office salaries	5,000
Salesman salary	4000
Other office expenses	1,800
Other factory remuneration	11,400
Managing director Remuneration	24,000
Other selling expenses	2,000
Travelling expenses	2,200
Carriage outwards	2,000
Sales	500,000
Advance income tax paid	30,000
Advertisement	4,000

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Managing directors Remuneration is to be allocated as ` 8,000/-to the factory, ` 4,000/- to the office, ` 12,000 to the selling department. From the above information prepare a cost sheet.

**OR**

- 6 a. List out different Ratios used to Interpret the financial stability of a company. 10
- b. From the following balance sheet of Bhavani Ltd. on 31<sup>st</sup> December 2013 and 2014 You are required to prepare :
  - i) A schedule of changes in working capital
  - ii) A Fund flow statement.

Liabilities	2013 ( ` )	2014 ( ` )	Assets	2013 ( ` )	2014 ( ` )
Eq. Share capital	42,000	40,000	Goodwill	10,000	8,000
Preference share	25,000	19,000	Building	20,000	17,000
Capital Reserve	-	2,000	Machinery	30,000	20,000
Reserve fund	4,000	500	Investment	2,000	3,000
P& L A/c	3,000	4,800	Debtors	14,000	17,000
Proposed dividend	4,200	5,000	Stock	7,700	10,900

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Creditors	2,500	4,700	Bills receivable	2,000	3,000
Bills payable	2,000	1,600	Cash balance	1,500	1,000
Liability for expenses	3,000	3,600	Bank Balance	1,000	800
Provision for tax	4,000	500	Preliminary expenses	1,500	1,000
Totals	89,700	81,700		89,700	81,700

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Adjustments :

i) A piece of land has been sold in 2014 and profit on sale has been credited to capital Reserve.

ii) Machinery has been sold for ` 1000, W.D.V. of machine was ` 1,200, The depreciation of `1,000 was charged on machinery.

iii) Dividend Received on investment ` 200.

iv) An intrim dividend ` 2,000 was paid.

7 a. From the following data Calculate :

- i) Gross profit Ratio
- ii) Net profit Ratio
- iii) Return on total asset
- iv) Inventory turnover
- v) Working Capital turnover

Particulars	Amt ( ` )	Particulars	Amt ( ` )
Sales	25,20,000	Other current asset	7,60,000
Cost of sale	19,20,000	Fixed asset	14,40,000
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt	9,00,000
Current liability	6,00,000		

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b. Prepare Bank Reconciliation statement of M/s Ashwini and Co. as on 31.3.2014 from the following information:

Particulars	( ` )
i) Cash @ bank as per bank statement	24,030
ii) Cash @ bank as per Cash book	18,690
iii) Cheque drawn and entered in the Cash book but not yet presented to the bank	18,050
iv) Cheque received and paid into bank but not yet entered in the bank statement	12,940
iv) Interest credited by the bank but not entered in cash books	230

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OR

8. Write a short note on any four of the following carrying equal marks :

- i) Subsidiary Books
- ii) Auditor's Report
- iii) Window Dressing

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- iv) IFRS
- v) Difference between ledger and and Journal entries
- vi) Goodwill.

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**PART - B**9. **Case Study :**

Following is the trial balance of Siddamurthy and Co. for the year ending 31<sup>st</sup> Dec. 2014.  
You are required to prepare trading and profit and Loss account and Balance sheet.

Particulars	Debit ,	Credit ,
Opening stock	30,000	-
Purchases and Sales	70,000	1,20,000
Rents	4,000	6,000
Salary	6,000	-
Wages	8,000	-
Discount	3,000	-
P/L Account		4,000
Carriage inwards	5,000	-
Carriage outwards	6,000	-
Reserves	-	8,000
Dividend	3,000	-
Interim dividend	2,000	-
Power	3,000	-
Electricity charges	6,000	-
Bad debts	4,000	-
RBD	-	3,000
Machinery	40,000	
Furniture	10,000	-
Goodwill	3,000	-
Debtors and Creditors	4,000	6,000
BR & BP	3,000	2,000
Cash@ Bank	3,000	-
Printing and Stationery	4,000	-
Share Capital	-	38,000
Unsecured load	-	30,000
Total	2,17,000	2,17,000

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Adjustments :

- i) Closing Stock ` 40,000/-

ii) Transfer of Reserve ` 3,000/-

iii) Outstanding wages ` 1,000/-

iv) Prepaid salary ` 500/- Create NRBD 5% on debtors

v) Depreciation on machinery @ 10% & furniture @ 10%

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