

BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

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Course Code

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First Semester MBA Degree Examinations, June 2022

ACCOUNTING FOR MANAGERS

Duration: 3 hrs

Max. Marks: 100

- Note:** 1. Answer any FOUR full questions from Question No. 1 to 7.
2. Question No. 8 is compulsory
3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBTL:CO:PO)</u>
1.	a. Discuss the concept of journalizing with example.	03	(2 : 2 : 2)
	b. Distinguish between journal and ledger.	07	(2 : 2 : 2)
	c. Prepare a trial balance of Mr. Rajan as on 31/3/2020	10	(2 : 2 : 2)

Particulars	Amount	Particulars	Amount
Capital	920000	Cash at bank	145340
Creditors	188520	Bills receivable	58440
Bills payable	69300	Purchases	855220
Sales	1218500	Carriage inward	12910
Provision for doubtful debts	13200	Carriage outward	8000
Interest received	3400	General expenses	60850
Buildings	700000	Insurance	7830
Machinery	120000	Bad debts	6130
Furniture	16400	Audit fees	4000
Debtors	156000	Travelling expenses	3250
Opening stock	150400	Discount paid	6200
Cash in hand	9880	Sales return	2850
		Investment	89220

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|----|----|---|----|-------------|
| 2. | a. | Discuss the concept of accounting. | 03 | (2 : 1 : 1) |
| | b. | Describe the different users of financial reporting. | 07 | (2 : 1 : 1) |
| | c. | Discuss the various accounting concepts and conventions. | 10 | (3 : 1 : 1) |
| 3. | a. | Employ the rule of Personal, Real and Nominal account for the following items:
(i) Bad Debts account (ii) Bank Account (iii) Capital Account
(iv) Charity Account (v) Good will Account (vi) Postage Account | 03 | (3 : 2 : 2) |
| | b. | Show the Ledger Accounts:
From the following transactions, Enter the accounts of Mr John as it would appear in the Ledger of Mr Peter in the year 2020.
2020 Jan 1 Credit Balance of Rs 7000
4 Bought Goods from Mr John Rs 15000
11 Returned goods worth Rs 5000 to Mr John
14 Sold goods for Rs 20000 to Mr John
23 Received goods returned by Mr. John valued Rs 3000
30 Paid Mr John Rs 5000 and Discount allowed by him | 07 | (3 : 2 : 2) |

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PI - Programme Outcome)

- c. Show the journal entry for the following transactions: **10** (3 : 2 : 2)
 2020 July
 1st Commenced business with cash borrowed from Vijaya Bank Rs 6000
 8th Bought goods worth Rs 4000 from P. Shetty and Paid Cash Rs 2500
 13th Received an account payee cheque from Dwarknath Rs 1800
 16th Goods worth Rs 3200 sold to Rajani and received cash of Rs 2000
 20th Paid to Mahesh Rs 1400 and received discount of Rs 100
 25th Sent money order to Jayanth Rs 1000 and paid commission of Rs 50
 27th Bank charges charged by bank Rs 150
 30th Paid rent Rs 800 and Salary Rs 1500

4. a. What is activity ratio? Give the formula for activity Ratio. **03** (3 : 4 : 2)
 b. Explain the Indian accounting standards. **07** (3 : 4 : 2)
 c. The following is the balance sheet of ABC Ltd. The balance sheet values are given in lac. **10** (3 : 4 : 2)

Liabilities	2021	2020	Assets	2021	2020
Equity Capital	400	400	land	100	100
reserve	245	200	building	270	300
6% preference shares	300	300	plant	270	300
6% debenture	150	100	furniture	140	100
tax payable	150	100	stock	300	200
sundry creditors	200	150	debtors	300	200
bills payable	75	50	cash	140	100
	1520	1300		1520	1300

Being prospective investors, interpret the liquidity position of the firm.

5. a. Discuss the marshalling of Balance sheet. **03** (3 : 5 : 4)
 b. As a financial analyst mention the profitability ratios that you would consider to analyze the profitability of your organization. **07** (2 : 4 : 2)
 c. From the Following balance sheet of ABC Ltd. prepare cash flow statements. **10** (3 : 5 : 4)

Liabilities	2012	2013	Assets	2012	2013
Equity Share Capital	200000	250000	Goodwill	30000	20000
12% pref. Share Capital	50000	40000	Buildings	100000	80000
General reserve	35000	55000	Plant	40000	70000
P&L A/c	15000	17000	Debtors	120000	160000
CREDITORS	23000	5000	Stock	18000	20000
			Cash	15000	17000
Total	323000	367000	Total	323000	367000

Depreciation charged on plant was Rs 30000 and on Building 50000

6. a. Define management accounting. **03** (2 : 5 : 4)
 b. Illustrate the scope and objective of Standard costing. **07** (3 : 5 : 4)
 c. Analyze the concepts of absorption costing and marginal costing. **10** (4 : 5 : 4)
7. a. Define Standard costing. **03** (2 : 5 : 4)
 b. What is window dressing? Explain in brief the methods of window dressing. **07** (3 : 4 : 2)
 c. Prepare a Bank reconciliation statement from the following : **10** (4 : 2 : 2)
 (i) Balance as per Cash book Rs.15,000
 (ii) Cheques deposited but not credited Rs.6,000
 (iii) Cheques issued but not presented for payment Rs.3,000

Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PI - Programme Outcome)

- (iv) Insurance premium paid by Bank Rs.4,000
- (v) Bank Interest credited Rs.800
- (vi) Bank charged Rs.200
- (vii) Direct Deposit made by customer Rs.8,000

8. a. Determine cost of goods sold. **03** (3 :3 : 3)
- b. Compute Income statement. **07** (3 :3 : 3)
- c. Compute Balance sheet in vertical form. **10** (3 :3 : 3)

Using the following ledger balances of A trading Co Ltd., as on 31st March 2020:

Particulars	Debit	Credit
Share capital		40,00,000
12% Debentures		30,00,000
P&L account		2,62,500
Bills Payable		3,70,000
Creditors		4,00,000
Sales		41,50,000
General Reserve		2,50,000
Bad Debts Provisions		35,000
Premises	30,72,000	
Plant	33,00,000	
Stock	7,50,000	
Debtors	8,70,000	
Goodwill	2,50,000	
Cash and Bank	4,06,500	
Calls in arrears	75,000	
Interim Dividend Paid	3,92,500	
Purchases	18,50,000	
Preliminary expenses	50,000	
Wages	9,79,800	
General Expenses	68,300	
Salaries	2,02,300	
Bad debts	21,100	
Debenture interest paid	1,80,000	
	1,24,67,500	1,24,67,500

Adjustments:

- ❖ Depreciate plant by 15%
- ❖ Write off Rs.5,000 from Preliminary expenses
- ❖ Half years debenture interest due
- ❖ Create 5% provisions on debtors for bad and doubtful debts
- ❖ Provide for Income tax at 50%
- ❖ Stock valued on March 31st at Rs.9,50,000

Prepare final accounts.

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