

**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, October/November 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. Express the meaning of accounting.	03	(2 : 1 : 1)
	b. Discuss the objectives of window dressing.	07	(2 : 3 : 1)
	c. Discuss the principles and conventions of accounting.	10	(2 : 1 : 1)
2.	a. Rephrase the term ledger.	03	(2 : 2 : 2)
	b. Identify the rule Personal, Real and Nominal account for the following items:	07	(2 : 2 : 2)
	(i) Salary account		
	(ii) Bank Account		
	(iii) Infosys Account		
	(iv) Computers Account		
	(v) Good will Account		
	(vi) Postage Account		
	(vii) Building Account		
	c. Journalize the following:	10	(3 : 2 : 2)

June 2020	Vishwanath started his business with the following: Cash in hand- 1,500; Goods In hand- 3,000; Buildings- 10,000; Cash @
1	bank- 3,500 and Furniture- 2,000
5	Bought goods for cash Rs.500
9	Sold goods Rs.5,000
14	Purchased motor car Rs.3,50,000 on credit from Maruti Traders
22	Withdrew for personal use Rs.100
26	Bought goods from Lakshman on Credit Rs.2000
28	Paid to Maruti Traders Rs.50,000
30	Salary Paid Rs. 35,000 and Rent Rs. 10,000

3.	a. Show the following transactions in the journal book	03	(3 : 2 : 2)
	Loan taken from Mr Arun Rs.10,000; Goods sold to Karthik Rs.10,000 and received Rs. 6,000 and Rs.4,000 on credit		
	b. From the following information show Krishna ledger account:	07	(3 : 2 : 2)

Jan 2020- 01	Sold goods to Krishna worth Rs.10000
03	Purchased goods from Krishna Rs.10000
10	Received cash from Krishna Rs.8000
18	Returned goods to Krishna Rs.200
22	Paid cash to Krishna Rs.6000
28	Krishna returned goods to us Rs.500

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

- c. Prepare a Bank reconciliation statement from the following : 10 (3 : 2 : 2)  
 Balance as per cash book Rs.75,000  
 Cheques deposited but not credited Rs.30,000  
 Cheques issued but not presented for payment Rs.15,000  
 Insurance premium paid by Bank Rs.20,000  
 Bank interest credited Rs.4000  
 Bank charged Rs.1000  
 Direct deposit made by customer Rs.40,000
4. a. Demonstrate the meaning of suspense account 03 (2 : 2 : 2)  
 b. Discuss the Indian accounting standards 07 (3 : 1 : 1)  
 c. From the following trail balance containing errors prepare a correct trail balance as on 31<sup>st</sup> March 2020: 10 (3 : 2 : 2)

SN	Name	Debit	Credit
1	Purchases	60000	-
2	Bank overdraft	20000	-
3	Sales	-	100000
4	Purchase returns	3000	-
5	Sales returns	-	2000
6	Opening stock	30000	-
7	Machinery	-	40000
8	Cash	5000	-
9	Land & building	50000	-
10	Debtors	-	80000
11	Creditors	-	50000
12	Capital	94000	-
13	Suspense a/c	10000	-
	Total	272000	272000

5. a. Interpret the term cash flow from operating activities 03 (3 : 4 : 2)  
 b. Analyze the cash flow from financing activities with suitable examples 07 (4 : 4 : 2)  
 c. Determine the cash flow from operating activities: 10 (3 : 4 : 5)

Particulars	2019	2020
Debtors	5,00,000	4,70,000
B/R	1,00,000	1,25,000
Prepaid Expenses	8,000	7,000
Accrued Income	6,000	7,500
Creditors	2,00,000	2,50,000
B/P	80,000	60,000
Outstanding Expenses	10,000	12,000
Income received in advance	3,000	2,500
Profit for the year		13,00,000

6. a. Calculate the current ratio and comment 03 (3 : 4 : 2)  
 If current assets are Rs.3,00,000 and current liabilities are Rs.150,000  
 b. Calculate the gross profit ratio, net profit ratio and operating ratio from the following: 07 (3 : 4 : 2)  
 Net sales Rs.1,25,000; Net profit Rs.25,000; Gross profit Rs.50,000 and  
 Operating expenses Rs.5,000

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

Liabilities	2019	2020	Assets	2019	2020
Share capital	5,00,000	5,00,000	Premises	4,75,000	5,00,000
General reserve	1,50,000	1,25,000	Machinery	4,22,500	3,75,000
Profit & Loss account	76,500	76,250	Equipments	40,500	45,000
Term loan	1,55,000	1,75,000	Stock	74,000	1,00,000
Sundry creditors	2,31,250	2,75,000	Sundry debtors	1,60,000	2,00,000
Provision for taxation	76,250	84,250	Cash	7,000	3,000
			Bank	10,000	---
			Goodwill	--	12,500
	<b>11,89,000</b>	<b>12,35,500</b>		<b>11,89,000</b>	<b>12,35,500</b>

10 (4 : 4 : 2)

**Adjustments:**

1. Depreciation on premises is Rs. 25,000
2. Machinery of Rs.75,000 were purchased
3. Interim dividend paid Rs.25,000
4. Income tax paid Rs.75,000

Analyze the cash flow from various activities as per AS3

7. a. Paraphrase the term BEP 03 (2 : 5 : 4)
- b. Interpret the assumptions of marginal costing 07 (3 : 5 : 4)
- c. **Analyze the material variances from the following:** 10 (4 : 5 : 4)

For making 100 kg of a product the standard material required is :

Material X 100 kgs at Rs.4 per Kg

Material Y 120 kgs at Rs.5 Per Kg

During the month 500 kgs were produced.

The following were the actual Consumed material

Material X 150 kgs at Rs.3 per Kg

Material Y 160 kgs at Rs.8 Per Kg

8. The Venkateshwara Ltd., provides you the following trial balance and adjustments as on 31<sup>st</sup> March 2020. Prepare Final accounts.

Particulars	Debit	Credit
Opening stock	7,50,000	
Sales		35,00,000
Purchases	24,50,000	
Wages	5,00,000	
Discount	70,000	50,000
Salaries	75,000	
Rent	49,500	
General expenses & Insurance	1,75,000	
P&L account		1,50,000
Dividend paid	90,000	
Bad debts	48,300	
General reserves		1,55,000

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

Cash in hand	1,62,000	
Capital (Authorized, issued and fully subscribed) 1,00,000 shares of Rs. 10 each)		10,00,000
Sundry debtors and creditors	3,75,000	1,79,500
Plant & Machinery	2,90,000	
	<b>50,34,800</b>	<b>50,34,800</b>

Adjustments:

- ❖ Closing stock Rs.8,20,000
- ❖ Depreciate machinery at 15% PA
- ❖ One month rent due on 31<sup>st</sup> march Rs.54,000 and Insurance prepaid Rs.3,750
- ❖ Directors proposed a dividend of 8%

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|----|--|-----------|-------------|
| a. | Compute the cost of goods sold         | <b>03</b> | (3 : 3 : 3) |
| b. | Prepare Income sstatement              | <b>07</b> | (3 : 3 : 3) |
| c. | Prepare Balance sheet in vertical form | <b>10</b> | (3 : 3 : 3) |

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