# MBA I Semester Regular/Suppl. Examinations, December 2015 ACCOUNTING FOR MANAGERS (Master of Business Administration) 

## Time: 3 Hours

Max. Marks: 60
Note: Answer All Sections of Questions
All Questions from Section-A are to be answered at one place.

## SECTION-A

$$
6 \times 2=12 M
$$

1. Users of Accounting Information
2. Money Measurement Concept
3. Human Resource Accounting
4. Inflation Accounting
5. Return on Investment (ROI)
6. Cash Flow Statement

## SECTION-B

$$
3 \times 12=36 M
$$

1. a) "Accounting Equation is true under all circumstances". Justify this statement with the help of six illustrations.

## OR

b) Discuss the various users of the accounting information.
2. a) From the following Trail Balance extracted from the books of a sole trader, prepare Trading A/c, Profit \& Loss A/C and Balance Sheet for the year ending $31^{\text {st }}$ December 2014.

| S.No | Particulars | Dr | Cr |
| :---: | :--- | ---: | ---: |
| 1 | Capital |  | 160000 |
| 2 | Drawings | 12000 |  |
| 3 | Plant \& Machinery | 50000 |  |
| 4 | Stock (1-1-2014) | 30000 |  |
| 5 | Purchases \& Sales | 164000 | 240000 |
| 6 | Returns | 4000 | 2000 |
| 7 | Debtors \& Creditors | 41200 | 20000 |
| 8 | Furniture | 10000 |  |
| 9 | Freight \& Duty | 4000 |  |
| 10 | Carriage on Sales | 1000 |  |
| 11 | Rents \& Taxes | 9200 |  |


| 12 | Printing \& Stationery | 1600 |  |
| ---: | :--- | ---: | ---: |
| 13 | Trade Expenses | 800 |  |
| 14 | Postage \& Telegram | 1600 |  |
| 15 | Provision for Bad Debts |  | 800 |
| 16 | Discount |  | 1600 |
| 17 | Office Rent | 1400 | 2400 |
| 18 | Insurance Premium | 42600 |  |
| 19 | Salaries | 12400 |  |
| 20 | Cash in Hand | 41000 |  |
| 21 | Cash at Bank | 426800 | 426800 |
|  |  |  |  |

Adjustments:
i) Closing Stock : Rs. 29200
ii) Bad Debts : Rs. 1200
iii) Depreciate machinery \& Furniture by 10\%
iv) Prepaid insurance Rs. 200
b) Briefly discuss with examples the FIFO and Weighted Average methods of inventory valuation.
3. a) "Ratio analysis is a tool to examine the health of business with a view to make financial results more intelligible". Explain.

OR
b) Explain briefly the steps to be followed in preparing a funds flow statement.

## SECTION-C

Balance Sheet of New India Ltd., for the year ending 31-12-1995.

| Liabilities | Rs. | Assets | Rs. |
| :--- | :--- | :--- | :--- |
| 9\%Pref.Sh.Capital | $5,00,000$ | Good will | $1,00,000$ |
| Eq. Capital | $10,00,000$ | L\& B | $6,50,000$ |
| 8\% Debentures | $2,00,000$ | Plant | $8,00,000$ |
| L.T. Loan | $1,00,000$ | Furniture \& Fixtures | $1,50,000$ |
| B/P | 60,000 | B/R | 70,000 |
| Creditors. | 70,000 | Debtors | 90,000 |
| Bank OD | 30,000 | Bank | 45,000 |
| Outstanding Exp. | 5,000 | ST. Investments | 25,000 |
|  |  | Prepaid exp. | 5,000 |
|  | Stock | 30,000 |  |
|  | $\mathbf{1 9 , 6 5 , 0 0 0}$ |  | $\mathbf{1 9 , 6 5 , 0 0 0}$ |

Analyse and comment on the short term solvency of the firm.

