

**MBA**  
**(SEM I) THEORY EXAMINATION 2018-19**  
**FINANCIAL ACCOUNTING FOR MANAGERS**

*Time: 3 Hours**Total Marks: 70*

- Note:** 1. Attempt all Sections. If require any missing data; then choose suitably.  
2. Any special paper specific instruction.

**SECTION A**

1. Attempt *all* questions in brief. 2 x 7 = 14
- What are the golden rules of journalizing?
  - Define compound entry with an example.
  - “The rule of conservatism is essentially a rule of caution”. Do you agree?
  - Define the term Depreciation and Amortization.
  - What is the use of Cash Book?
  - Classify the following accounts into personal, real or nominal:
    - Machinery
    - Patent
    - Bad debts written off
    - Rent outstanding
  - State four advantages of accounting standards.

**SECTION B**

2. Attempt any *three* of the following: 7 x 3 = 21
- Explain the utility of accounting principles in financial accounting. Discuss any five principles with example.
  - What is the need for providing depreciation? Explain the factors which determine the amount of depreciation.
  - What are the ratios in which shareholders and potential investors of a company are interested? Explain them.
  - The following are the summaries of the balance sheets of the Bharat Vijay Ltd. as on 31-12-02 and 31-12-03.

Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 Rs
Share capital	3,00,000	4,00,000	Building	1,20,000	2,50,000
Debentures	2,00,000	2,50,000	Machinery	3,00,000	2,60,000
Profit & Loss A/c	40,000	60,000	Stock	90,000	80,000
Creditors	70,000	80,000	Debtors	1,40,000	2,40,000
Bank overdraft	25,000	25,000	Prepaid Expenses	15,000	25,000
Provision for taxation	30,000	40,000			
	<b>6,65,000</b>	<b>8,55,000</b>		<b>6,65,000</b>	<b>8,55,000</b>

The following additional information is obtained:

- The net profit for the year was Rs. 40,000 after charging depreciation.
- During the year depreciation charged was Rs. 30,000 on building and Rs.

40,000 on machinery.

3. The company purchased during the year buildings worth Rs. 1, 60,000.

4. Dividend paid during the year amounted to Rs. 20,000.

From the above information, prepare a statement of sources and application of funds for the year 2003.

- e. Final Accounts with From the following Trial Balance of Gopinath prepare Trading and Profit and Loss Account for the year ended December 31, 1986 and Balance Sheet as on that date.

Name of the Account	Dr. Balance	Cr. Balance
Capital		27,000
Drawing	4,260	
Furniture	5,700	
Opening stock	8,760	
Purchase & sales	62,172	71,436
Return	1,260	
Salaries	2,640	
Rent	720	
Carriage	1,500	
Rates & Taxes	1,200	
Apprentice premium		750
Bank overdraft		1,200
Bad debts	1,032	
Sundry debtors	19,200	
Cash in hand	288	
Sundry creditors		6,000
Provision for bad debts		600
Bills receivable	1,440	
Bills payable		1,080
Discount		360
	<b>1,10,172</b>	<b>1,10,172</b>

You are required to consider the following adjustments:

1. Stock on December 31, 1986 was valued at Rs. 10,200.

2. Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%.

3. Rent due was Rs. 160.

4. Taxes of Rs. 320 were paid in advance.

5. Depreciate Furniture at 10% per annum.

6. Apprentice Premium of Rs. 120 was to be carried forward.

7. Calculate interest on capital at 5% per annum.

### SECTION C

3. Attempt any *one* part of the following:

7 x 1 = 7

(a) What is schedule of working capital changes? How is it different from fund flow statement?

(b) **March 2017**, Farhan Rahim, starts wholesaling business. Following transactions as follows:

**March 1<sup>st</sup>**. He started business with capital of Rs. 15,000 and Land worth Rs. 10,000.

**March 8<sup>th</sup>**. Bought goods from Bilal and Friends Rs. 1,000 and by cash from XYZ Co. Rs 2,000.

**March 13<sup>th</sup>**. Sold goods to Rehman & sons Rs. 1,500 and sale by cash Rs. 5,000.

**March 17<sup>th</sup>.** Gave away charity of cash Rs. 50 and merchandising worth Rs. 30.

**March 21<sup>st</sup>.** Paid Bilal and Friends cash Rs. 975; discount received Rs. 25.

**March 28<sup>th</sup>.** Received cash from Rehman & Sons Rs. 1,450; allowed him discount of Rs. 50.

**4. Attempt any *one* part of the following:**

**7 x 1 = 7**

- (a) Write the proforma for preparing cash flow statement as suggested by Indian accounting standard.
- (b) Define the following Accounting terms with suitable example:
  - 1. Debtors
  - 2. Fixed Assets
  - 3. Current liabilities
  - 4. Inventory

**5. Attempt any *one* part of the following:**

**7 x 1 = 7**

- (a) What is Profit and loss appropriation A/c? Give the proforma of Profit And Loss appropriation A/C.
- (b) Explain the significance of the following ratios in financial analysis:
  - i. Inventory turnover ratio
  - ii. Acid test ratio

**6. Attempt any *one* part of the following:**

**7 x 1 = 7**

- (a) X Ltd., has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventories is Rs. 24,000, calculate current assets and current liabilities.
- (b) Write short notes on the following:
  - i. Revenue and capital expenditure
  - ii. Accounting process

**7. Attempt any *one* part of the following:**

**7 x 1 = 7**

- (a) What do you mean by Human Resource Accounting? State the objectives and importance of human resource accounting.
- (b) Explain International accounting standard.