

MBA I Semester Regular Examinations February/March 2015

FINANCIAL ACCOUNTING FOR MANAGERS

(For students admitted in 2014 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

SECTION – A

Answer the following: (05 X 10 = 50 Marks)

- 1 Discuss in detail about concepts and conventions of financial accounting.
(OR)
- 2 Classify the types of accounts and write accounting rules with example transaction for each type of account.
- 3 What do you understand by trial balance? Explain its uses in preparation of final accounts and rectification of errors.

(OR)

- 4 From the following data of ABC company, prepare cash book with cash and bank columns:

June 1 cash balance	50,000
Bank balance	1,75,000
June 5 cash received from sale of shares	5,50,000
June 6 paid into bank	5,00,000
June 7 paid S.Bose by cheque	1,25,000

June 20 received from Mukerjee by cheque for Rs 60,000 and deposited the same in the bank.

- 5 Discuss in detail the concept of depreciation and write a brief note on methods of depreciation.
(OR)
- 6 Show the store's ledger entries as they would appear when using:
(i) Weighted average method.
(ii) LIFO method of pricing the issues in connection with the following transactions.

April	Unit	Value
1 balance in hand	300	600
2 purchased	200	450
4 issued	150	-
6 purchased	200	460
11 issued	150	-
19 issued	200	-
20 purchased	200	480
27 issued	250	-

Contd. in page 2

- 7 "A cash flow statement is required to explain the changes in cash account balances between balance sheet dates". Explain the statement.

(OR)

- 8 From the following sheets for the year 2010 and 2011 find out funds from operations.

Particulars	2010 (Rs)	2011 (Rs)
General reserve	10000	12500
Good will	5000	2500
Provision for depreciation on plant	5000	6000
Preliminary expenses	3000	2000
Profit and loss appropriation account	15000	20000

- 9 Explain the significance of ratio analysis in interpretation of final accounts. Discuss in brief the various categories of ratios.

(OR)

- 10 The total sales (all credit) of a firm is Rs 64, 0000. It has gross profit margin of 15% and a current ratio of 2.5. The firms current liabilities are Rs 96,000; inventories Rs 48,000 and cash Rs 16,000. (i) Determine the average inventory to be carried by the firm, if an inventory turnover of 5 times is expected. (ii) Determine the average collection period, if the opening balance of debtors is intended to be of Rs 80,000.

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

- 11 Case study:

The book value of plant and machinery on 1.1.2010 was Rs 200000. New machinery for Rs 10000 was purchased on 1.10.2010 and for Rs 20000 on 1.7.2011. On 1.4.2012 a machinery whose book value had been Rs 30000 on 1.1.2010 was sold for Rs 16000 and the entire amount was credited to plant and machinery account. Depreciation has charged at 10 percent per annum on book value 1.1.2010 on straight line method. It was decided on 31.12.2012 that depreciation at the rate of 20 percent per annum on diminishing balance method should be charged with a retrospective effect since 1.1.2011. Show the plant and machinery account from 1.1.2010 to 31.12.2012.
