

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 Define financial accounting and explain in detail the principles of accounting.
(OR)
- 2 What is dual concept of accounting and explain the accounting equation with suitable example transaction.
- 3 What are subsidiary books of accounts? Discuss in detail the three column cash book.
(OR)
- 4 From the given balances extracted at the close of the year ended 31.03.2013, prepare profit and loss account of Satyam company limited.

Particulars	Amount in Rs.
Gross profit	1,01,000
Carriage outward	2,500
Salaries	5,500
Rent	4,100
Fire insurance premium	900
Bad debts	2,100
Income tax paid	3,500
Life insurance premium	3,000
Discount (dr.)	500
Apprentice premium (cr.)	1,500
Printing and stationery	250
Rates and taxes	350
Travelling expenses	200
Sundry trade expenses	300
Rent received on sub letting	1,000

- 5 Discuss the various methods of inventory issue and write merits and demerits of each method.
(OR)
- 6 On 1.7.2010 XYZ Ltd. purchased a machine for Rs.40,000 and spent Rs.6,000 for installation. On 1.1.2011 a new machine was purchased for Rs.24,000. On 30.6.2012 the machine purchased on 1.1.2011 was sold for Rs.16,000 and another machine was installed for Rs.30,000. The company writes off 10 percent on straight line method of depreciation on every year of 31st March. Show the machinery account.
- 7 Explain the steps in the preparation of funds flow statement. Discuss in brief about uses of funds flow statement.
(OR)
- 8 Distinguish among cash flow from operating, investing and financing activities. Provide examples of each type of activity as per AS 3 and show a proforma statement of cash flows.

Contd. in Page 2

Code: 14E00104

- 9 What is meant by horizontal and vertical analysis of financial statement and explain by giving suitable examples.

(OR)

- 10 From the following information of ABC Ltd. You are required to calculate the following ratios.

- (i) Gross profit percent. (ii) Net profit percent. (iii) Return on total assets.
(iv) Quick assets ratio. (v) Debtors collection period. (vi) Stock turnover ratio.

Particulars	Amount in Rs.
Sales for the year	3,100
Gross profit	1,725
Expenses	805
Depreciation	250
Share capital	450
Retained earnings	240
12% debentures	700
Creditors	620
Proposed dividends	45
Fixed assets net after depreciation	875
Stocks	310
Debtors	770
Bank balance	100

SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

- 11 **Case study:**

From following details relating to the accounts of Grow More Ltd. Prepare cash flow statement:

Particulars	31.03.2007 Rs.	31.03.2006 Rs.
Liabilities		
Share capital	1,000	800
Reserves	200	150
Profit and loss a/c	100	60
Debentures	200	-
Provision for taxation	100	70
Proposed dividends	200	100
Sundry creditors	700	820
Total	2,500	2,000
Assets		
