

**FINANCIAL ACCOUNTING FOR MANAGERS**

(For students admitted in 2017 & 2018 only)

Time: 3 hours

Max. Marks: 60

**SECTION – A**

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

\*\*\*\*\*

- 1 Define accounting. Explain its objectives and merits.

**OR**

- 2 Explain the classification of accounts in detail.

- 3 Journalize the following transaction in the books of Shankar & Co. 1998 Rs.

June 1 started business with a capital of 60,000  
June 2 paid into bank 30,000  
June 4 purchased goods from Kamal on credit 10,000  
June 6 paid to Shiram 4,920  
June 6 discount allowed by him 80  
June 8 cash sales 20,000  
June 12 sold to Hameed 5,000  
June 15 purchased goods from Bharat on credit 7,500  
June 18 paid salaries 4,000  
June 20 received from Prem 2,480  
June 20 allowed him discount 20  
June 25 withdraw from bank for office use 5,000  
June 28 withdraw for personal use 1,000  
June 30 paid Hanif by cheque 3,000.

**OR**

- 4 Discuss the accounting principles in detail.

- 5 On April 1, 2011, company A purchased an equipment at the cost of Rs. 140,000. This equipment is estimated to have 5 year useful life. At the end of the 5<sup>th</sup> year, the salvage value (residual value) will be Rs. 20,000. Company A recognizes depreciation to the nearest whole month. Calculate the depreciation expenses for 2011, 2012 and 2013 using straight line depreciation method.

**OR**

- 6 Discuss any four methods of valuing the inventory.

- 7 The following is the Balance sheet of a company as on 31<sup>st</sup> March:

Liabilities	Rs	Assets	Rs
Share capital	2,00,000	Land and building	1,40,000
Profit and loss account	30,000	Plant and machinery	3,50,000
General reserve	40,000	stock	2,00,000
12% debentures	4,20,000	Sundry debtors	1,00,000
Sundry creditors	1,00,000	Bills receivable	10,000
Bills payable	50,000	Cash at bank	40,000
	8,40,000		8,40,000

Calculate: (i) Current ratio and quick ratio. (ii) Debt to equity ratio. (iii) Proprietary ratio. (iv) Capital gearing ratio. (v) Current assets to fixed assets ratio.

**OR**

- 8 How ratios are classified? Explain.

Contd. in page 2

- 9 What are the objectives of fund flow statement? Explain the merits and demerits of fund flow statement.

OR

- 10 Differentiate between fund flow and cash flow statement.

**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

- 11 **Case Study:**

From the following Trial balance of Raj Kumar prepare Trading, profit and loss account for the year ended 31<sup>st</sup> Mar 2002 and balance sheet as on that date:

Trial Balance of Raj Kumar for the year ending 31<sup>st</sup> March 2002.

Particulars	Dr(Rs)	Cr(Rs)
Capital		60,000
Drawings	10,000	
furniture	5,200	
Bank overdraft		8,400
Taxes and insurance	4,000	
Creditors		27,600
Buildings	40,000	
Opening stock	44,000	
Debtors	36,000	
Rents		2000
Purchases	2,20,000	
Sales		3,00,000
Sales returns	4,000	
General expenses	8,000	
Salaries	18,000	
Commission	4,400	
Carriage on purchases	3,600	
Bad debts	1,600	
Discount	3,200	
Total	4,02,000	4,02,000

The following adjustments are to be made:

- (i) The closing stock was valued at Rs. 40,120, but there has been a loss of stock by fire during the period to the extent of Rs. 10,000 not covered by insurance.
- (ii) Depreciation on buildings Rs. 2,000 and on furniture Rs. 500 is to be provided for.
- (iii) A provision for doubtful debts at 5% on debtors is required.
- (iv) Unexpired insurance amounted to Rs. 400.
- (v) Interest on capital at 5% per annum is to be provided.

\*\*\*\*\*