

Paper Id: **270128**

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**MBA**  
**(SEM I) THEORY EXAMINATION 2019-20**  
**FINANCIAL ACCOUNTING FOR MANAGERS**

**Time: 3 Hours****Total Marks: 70****Note:** Attempt all Sections. If require any missing data; then choose suitably.**SECTION A****1. Attempt all questions in brief. 2 x 7 = 14**

- a. State four advantages of accounting standards.
- b. Give two basic purposes of accounting equation.
- c. Classify the following accounts into personal, real or nominal:
  - i. Machinery
  - ii. Drawing
  - iii. Bad debts written off
  - iv. Rent outstanding
- d. Define compound entry with an example.
- e. Write short notes on Accounting convention.
- f. Does all transaction create flow of funds? Give two examples.
- g. While launching a new product, massive advertisement campaign was undertaken. It is revenue expenditure?

**SECTION B****2. Attempt any three of the following: 7 x 3 = 21**

- a. "Without accounting concept and conventions objective, reliable, consistent and comparable accounts cannot be maintained."
- b. Why is depreciation charged while preparing the profit and loss account? Distinguish between any two methods of charging depreciation and show their effect on the net profit. Which method is more logical and why?
- c. What are the ratios in which shareholders and potential investors of a company are interested? Explain them.
- d. 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.

Particulars	Dr. Balance	Cr. Balance
Capital		2700
Drawings	4260	
Furniture	5700	
Stock on January 1, 1986	8,760	
Purchases and Sales	62,172	7 1,436
Returns	1,260	1,746
Salaries		
Rent		
Carriage	1,500	
Rates and Taxes	1,200	
Apprentice Premium		750
Bank Overdraft.		1,200
Bad Debts	1,032	
Sundry Debtors	19,200	

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Cash in hand	288	
Sundry Creditors		6,000
Provision for Bad Debts	1,440	600
Bills Receivable		
Bills Payable		1,080
Discount		360
	<b>1,10,172</b>	<b>1,10,172</b>

You are required to consider the following adjustments:

- i. Stock on December 31, 1986 was valued at 10,200.
  - ii. Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%.
  - iii. Rent due was 160.
  - iv. Taxes of 320 were paid in advance.
  - v. Depreciate Furniture at 10% per annum.
  - vi. Apprentice Premium of 120 was to be carried forward.
  - vii. Calculate interest on capital at 5% per annum.
- e. **From the following Balance Sheets of X Ltd. make out:**
- (i) Statement of Changes in Working Capital
  - (ii) Fund Flow Statement:

#### BALANCES SHEET

Liabilities	2003	2004	Assets	2003	2004
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Preference			Land & Buildings	2,00,000	1,70,000
Share Capital	1,50,000	1,00,000	Plant	80,000	2,00,000
General	40,000	70,000	Debtors	1,60,000	2,00,000
Reserve	30,000	48,000	Stock	77,000	1,09,000
Profit & Loss			Bills Payable	20,000	30,000
Proposed	42,000	50,000	Cash in hand	15,000	10,000
Dividend	55,000	83,000	Cash at bank	10,000	8,000
Creditors	20,000	16,000			
Bills Payable					
Provision for Taxation	40,000	50,000			

#### Additional Information:

- i. Depreciation of 10,000 and 20,000 has been charged on Plant and Land & Building respectively in 2004.
- ii. A dividend of 20,000 has been paid in 2004.
- iii. Income Tax of 35,000 has been paid during the 2004

### SECTION C

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

7 x 1 = 7

- (a) What do you mean by trend analysis? Explain its utility or objects.
- (b) Explain the qualitative characteristics of accounting information.

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4. **Attempt any *one* part of the following:** **7 x 1 = 7**
- (a) Discuss Trail Balance with its types? Explain the objects and methods of Trail Balance.
- (b) What do you mean by comparative Balance sheet? Also prepare the specimen of comparative Balance sheet.
5. **Attempt any *one* part of the following:** **7 x 1 = 7**
- (a) Explain International accounting standard.
- (b) What do you mean by cash flow statement? Highlight its objectives and importance of cash flow statement? Explain the limitation of cash flow statement?
6. **Attempt any *one* part of the following:** **7 x 1 = 7**
- (a) What do you mean by book keeping? Differentiate between book keeping, accounting & accountancy.
- (b) Describe the different techniques of financial analysis and explain the limitations of financial analysis.
7. **Attempt any *one* part of the following:** **7 x 1 = 7**
- (a) Discuss the internal and external sources of working capital requirements of a firm.
- (b) Define petty cash book with its types. How the recording is made in Petty Cash Book.