

Code: 14E00104

MBA I Semester Supplementary Examinations December/January 2018/19

FINANCIAL ACCOUNTING FOR MANAGERS

(For students admitted in 2014 (LC), 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

SECTION – A

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

- 1 What are the primary objectives of financial accounting? Explain.

OR

- 2 Discuss the main systems of recording business transactions.

- 3 Journalize the following transactions of Mr. Ramesh: 2013.

April 1 Ramesh started business with cash Rs.10,000

April 2 paid into bank Rs.7,000

April 3 bought goods for cash Rs.500

April 4 drew cash from bank for office use Rs.100

April 13 sold goods to Krishna on credit Rs.150

April 20 bought goods from Shyam on credit Rs.225

April 24 received from Krishna Rs.145, allowed him discount Rs.5

April 28 paid Shyam cash Rs.215, discount allowed Rs.10

April 30 cash sales for the month Rs.800, rent paid Rs.50 and paid salary Rs.100

OR

- 4 The following balances were extracted from the books of Rajaram on 31-12-2012.

	Rs		Rs
Capital account	9,000	Purchases	15,000
Furniture	800	Carriage outwards	200
Creditors	1,600	Salaries	2,000
Premises	13,000	Sales	18,000
Bad debts	80	Rent received	800
Cash	40	Discount allowed	180
Drawings	900	Loan	4,000
Overdraft at bank	905	Reserve for bad debts	100
Debtors	1,500	Expenses	705

Adjustments:

(i) Make provision for bad debts @3%. (ii) Salary due Rs.200. (iii) Stock on 31-12-2012 Rs.3,500. (iv) Write off 10% from furniture for depreciation. (v) Due from tenants rent Rs.100.

- 5 On 1st January 2011, X Ltd purchased a machine for Rs. 1,50,000 and on 1st July 2011 it acquired additional machinery at a cost of Rs. 40,000. On 1st April 2012, it sold the machinery purchased on 1st July 2011 for Rs. 32,500 and bought new machinery for Rs. 50,000. Depreciation is provided at a rate of 15% per annum using written down value method. Show the machinery account.

OR

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6 The following transactions occur in the purchase and issue of a material:

- Jan 2 purchased 4,000 units @ Rs.4 per unit
- Jan 20 purchased 500 units @ Rs.5 per unit
- Feb 5 issued 2,000 units
- Feb 10 purchased 6,000 units @ 6 per unit
- Feb 12 issued 4,000 units
- March 2 issued 1,000 units
- March 5 issued 2,000 units
- March 15 purchased 4,500 units @ 5.50 per unit
- March 20 issued 3,000 units

From the above, prepare the Stores Ledger Account using FIFO method.

7 Distinguish between funds flow statement and cash flow statement.

OR

8 From the following balances you are required to calculate cash from operations:

	31-12-2016	31-12-2017
Debtors	50,000	47,000
Bills receivables	10,000	12,500
Creditors	20,000	25,000
Bills payables	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year		1,30,000

9 What are the uses and limitations of ratio analysis? Explain.

OR

10 Using the following information calculate: (i) Sales.(ii) Closing stock. (iii) Sundry debtors. (iv) Sundry creditors.

Gross profit ratio: 25%

Debtors turnover ratio 4 months

Stock turnover ratio 4 months

Creditors turnover ratio 6 months

Closing stock is Rs.10,000 more than the opening stock. Bills receivable amount Rs.65,000 and Bills payable to Rs.80,000, cost of goods sold for the year is Rs.9,00,000.

SECTION – B

(Compulsory question, 01 X 10 = 10 Marks)

11 **Case Study:**

From the following information prepare a summarized balance sheet as on 31st March 2013.

Working capital Rs. 1,20,000

Reserves& Surplus Rs. 80,000

Bank overdraft Rs. 20,000

Assets(fixed) to proprietary ratio = 0.75

Current ratio = 2.5

Liquidity ratio = 1.5.
