

Code: 9E00103

MBA & MBA (Finance) I Semester Supplementary Examinations June/July 2018

FINANCIAL ACCOUNTING FOR MANAGERS

(For students admitted in 2013 (LC), 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Explain the accounting concepts and conventions.
- 2 The following balances were extracted from the books of Nagarjuna traders, Hyderabad as on 31.03.2018.

Particulars	Debit (Rs)	Credit (Rs)
capital	-	19,400
Purchases and sales	41,400	55,140
Trade debtors and creditors	7,250	3,860
Stock as on 1-4-2017	4,120	-
Balance at bank	3,920	-
Drawings	4,600	-
Motor van expenses	510	-
Motor van	6,250	-
Rent and rates	750	-
Salaries	8,120	-
Reserve for doubtful debts	-	250
Bad debts	230	-
General expenses	1,120	-
Discount allowed and received	1,050	910
Insurance	240	-
Total	79,560	79,560

The following are the adjustments to be made:

- (i) Salaries and rent accrued but not paid Rs. 820 and Rs. 150 respectively.
(ii) Insurance paid in advance Rs. 40.
(iii) Maintain the reserve for doubtful debts at Rs. 300.
(iv) Depreciation on motor van to be made at 10%.
(v) The stock in trade as on 31st March 2018 was valued at Rs. 5040.

You are required to prepare a trading, profit and loss account for the year ending 31st March 2018 and the balance sheet as on that date.

- 3 A firm purchased a plant and machinery on 1st July 2005 for Rs. 90,000 and incurred Rs. 10,000 on its erection. On 30th June 2008, part of plant and machinery purchased on 1st July 2005 for Rs. 50,000 sold for Rs. 30,000. Depreciation is written at 10%. The firm closes its books on 31st December each year. Prepare plant and machinery account and depreciation account under straight line method.

Contd. in page 2

Code: 9E00103

- 4 From the particulars given below, prepare the stores ledger card
 2018 January 1, Opening stock 1,000 units at Rs. 26 each.
 5 purchased 500 units at Rs. 24.50 each.
 7 issued 750 units.
 10 purchased 1,500 units at Rs. 25 each.
 12 issued 1,100 units.
 15 purchased 1,000 units at Rs. 25 each.
 17 issued 500 units.
 18 issued 300 units.
 25 purchased 1,500 units at Rs. 26 each.
 29 issued 1,500 units.
 Adopt the FIFO method of issue and ascertain the value of the closing stock.
- 5 (a) What is meant by issue of shares at discount? State the conditions to be fulfilled for the issue of shares at discount under the companies act.
 (b) Explain in brief the terms: (i) Calls-in Arrears. (ii) Calls-in Advance.
- 6 The balance sheets of National Co. As on 31st December, 2016 and 31st December, 2017 are as follows:

Liabilities & capital	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Share capital	5,00,000	7,00,000	Land & buildings	80,000	1,20,000
Profit & loss A/c	1,00,000	1,60,000	Plant & machinery	5,00,000	8,00,000
General reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry creditors	1,53,000	1,90,000	Debtors	1,50,000	1,60,000
Bills payable	40,000	50,000	Cash	20,000	20,000
Expenses outstanding	7,000	5,000			
Total	8,50,000	11,75,000		8,50,000	11,75,000

Additional information:

- (i) Rs. 50,000 depreciation has been charged on plant and machinery during 20.17.
 (ii) A piece of machinery was sold for Rs. 8,000 during the year 2017. It had cost Rs. 12,000, depreciation of Rs. 7,000 has been provided on it.
 Prepare a schedule of changes in working capital and a statement showing the sources and application of funds for 2017.

- 7 The ratios relating to the activities of National traders Ltd. are as follows:
 Debtor's velocity 3 months
 Stock velocity 8 months
 Creditors velocity 2 months
 Gross profit ratio 25%
 Gross profit for current year ended 31st March amounts to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and bills payable amount to Rs. 10,000. Find out: (i) Sales. (ii) Sundry debtors. (iii) Closing stock. (iv) Sundry creditors.
- 8 What is window dressing? Explain different ways in which a firm can do window dressing of accounts.
