

Code: 9E00103

MBA & MBA (Finance) I Semester Regular & Supplementary Examinations December/January 2015/2016

FINANCIAL ACCOUNTING FOR MANAGERS

(For students admitted in 2011, 2012, 2013, 2014 & 2015)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions

All questions carry equal marks

- 1 Write short notes on:
 - (a) Importance of accounting.
 - (b) Dual aspect concept.
 - (c) Convention of full disclosure.
- 2 (a) What do you understand by marshalling of assets and liabilities?
(b) Miss. Sapta operates two bank accounts. You are required to record the following transactions in a suitable cash book.
 - 1/4/14: Opening balances:
Cash-Rs.150/-
State Bank of India (SBI) – Rs.11,240/-
State Bank of Hyderabad (SBH) – Rs.35,460/-
 - 3/4/14: Deposited cheque of Rs.1,250/- in SBI. The SBI charged Rs.50/- towards realization expenses and credited the balance.
 - 10/4/14: Out of cash sales of Rs.13,265/-, a sum of Rs.10,000/- was deposited in SBH.
 - 17/4/14: Withdrew cash from SBH for office use – Rs.2,000/-
 - 20/4/14: An amount of Rs.6,000/- was transferred from SBH to SBI.
 - 30/4/14: Cash withdrawn from SBH for her personal use – Rs.10,000/-.
- 3 (a) How is the written down value method superior over straight line method of depreciation?
(b) A plant costs Rs.56,000/- and has a useful life of 4 years. The residual value of the plant, after the useful life, is estimated at Rs.6,000/-. Ascertain the depreciation for each year under sum-of-years-digits method of depreciation.
- 4 (a) What are the methods of goodwill valuation? Discuss.
(b) The following details are given of a certain material for the month of January, 14.
Opening stock – 500 units@Rs.5/- per unit
Purchases.
 - 1/1/14: Purchases – 350 units@Rs.6.50/- per unit
 - 10/1/14: Purchases – 450 units@Rs.6.30/- per unit
 - 15/1/14: Purchases – 350 units@Rs.6.50/- per unit
 - 20/1/14: Purchases – 225 units@Rs.6.25/- per unit
 - 30/1/14: Purchases – 525 units@Rs.6.50/- per unitIssues:
 - 5/1/14: Issued for consumption – 150 units.
 - 16/1/14: Issued for consumption – 250 units.
 - 25/1/14: Issued for consumption – 250 units.
 - 30/1/14: Issued for consumption – 80 units.Calculate the values of stock of the material on 31st January, 14, when issues are priced on average cost basis.

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- 5 Ms.Sapta Limited has an issued capital of 1,00,000, 10% preference shares of Rs.10/- each and 20,000 equity shares of Rs.100/- each. The shares are issued at par, the amount payable are as follows:

Amount payable on	Preference shares	Equity shares
Application	Rs.2	Rs.20
Allotment	Rs.4	Rs.30
First Call	Rs.2	Rs.20
Final Call	Rs.2	Rs.30

Applications were received for the whole of preference shares and equity shares. All the calls were duly made and the entire amount was received.

You are required to pass necessary journal entries in the books of Ms.Sapta Limited.

- 6 (a) Prepare a schedule of changes in working capital with imaginary figures.
(b) List the cash flows from investing activities.
- 7 What are the solvency and leverage ratios? Discuss their significance.
- 8 What are the accounting standards? State the accounting standards issued by accounting standard board so far in India.

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