

**Code: 14E00104**

MBA I Semester Regular &amp; Supplementary Examinations December/January 2015/2016

**FINANCIAL ACCOUNTING FOR MANAGERS**

(For students admitted in 2014 &amp; 2015 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION – A**

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

1 What is accounting? Explain its objectives and principles.

**OR**

2 Explain the importance of accounting in managerial decisions.

3 What is trial balance? State the errors which cannot be disclosed by it.

**OR**

4 From the following trial balance of Warangal granite, prepare the final accounts for the year ended 31<sup>st</sup> Dec, 2014.

Particulars	Rs.	Particulars	Rs.
Purchases	60,000	Capital	60,000
Sales returns	3,000	Creditors	10,000
Buildings	46,000	Reserve for bad debts	2,000
Furniture	7,000		
Debtors	30,000	Sales	80,000
Cash	4,200	Commission	3,000
Carriage on purchases	800	Purchase returns	500
Trade expenses	6,000	Bank overdraft	24,000
Bank charges	1,000	Outstanding expenses	500
Salaries	11,000		
Telephone expenses	500	Outstanding salaries	500
Drawings	1,000		
Opening stock	9,000		
Insurance premium	500		
Bad debts	500		
Total	1,80,500	Total	1,80,500

Adjustments:

- Closing stock balance as on 31-12- 2014 was Rs.20,000/-.
- Depreciate furniture @10%, buildings @20% per annum.
- Provide an amount of Rs.2,000/- for bad debts on the remaining balance of debtors provide 5% for bad and doubtful reserves.
- Commission received in advance Rs.500/-.
- A provision of discount 10% has to be made on creditors.

5 What is depreciation? Explain any two methods of depreciation.

**OR**

6 What are the advantages and disadvantages of FIFO and LIFO methods of pricing the material issues?

7 Mention some of the differences between cash flow statements and funds flow statements.

**OR**

8 What do you understand by the working capital concept of the term 'funds'? How is 'funds flow' statement drawn under this concept?

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- 9 How do you analyse and interpret financial statements of a company for reporting on the soundness of its capital structure and solvency?

OR

- 10 On 31<sup>st</sup> March, 2015 your bank pass book showed a balance of Rs.12,000/- to your credit. Before that data you issued a cheque of Rs.1,600/- to your customers but they have not presented them for payment. You had also received a cheque for Rs.320 which although entered by you in the bank column of the cash book was omitted to be paid into bank. On 31<sup>st</sup> March, a cheque for Rs.500/- received by you was paid into the bank but the same was omitted to be entered into the cash book. There was a credit of Rs.170/- for interest on current account and a debit of Rs.20/- for bank reconciliation. Draw up a reconciliation statement showing adjustment between your cash book and passbook.

### SECTION – B

(Compulsory Question)

01 X 10 = 10 Marks

- 11 **Case study:**

The particulars of incomes and expenses of a company are given here under, for the year ended 31/03/2015.

Particulars	Rs.	Particulars	Rs.
Opening stock	76,250	Sales	5,00,000
Purchases	3,15,250	Closing stock	98,50,
Manufacturing expenses	7,000	Income from investment	6,000
Administration expenses	1,00,000		
Selling & distribution expenses	12,000		
Loss by fire	13,000		

From the following information you are required to calculate:

- Operating profit.
- Operating profit ratio.
- Stock turnover ratio.
- Gross profit ratio.
- Net profit ratio.

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