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MBA 1st Semester Examination

Accounting for Managers (O.S.)

106

Time : 3 Hours

Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : Attempt Five questions in all, selecting at least one question from each unit.

UNIT - I

1. What do you mean by accounting concepts and conventions? Explain the nature and purpose of accounting concepts and conventions. (12)

2. Jackson carries on business as tobacco merchant.

Make Journal Entries for His transactions during the month of October 2001 were as follows:

- Oct. 1 Sold to Edward wade:- tobacco Rs. 2000. cigars, Rs. 5000, cigarettes. Rs. 1,500
- 1 Received from him cheque Rs. 20,200. discount Rs. 1000
- 2 Paid cash for stationery Rs. 500
- 4 Bought from Hingnett & Co. tobacco Rs. 42000, cigars Rs. 9600. Cigarettes, Rs. 1900
- 4 Paid them cheque, Rs. 48000. discount Rs. 2500.
- 5 Paid Wills & Co, cheque on account Rs. 40000.
- 5 Sold to Jone Parson; Tobacco, Rs 3000, Cigars, Rs. 8000; Cigarettes, Rs. 2000.
- 6 Received from him, Cheque 12100, Discount Rs. 900.

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- 7 Invoiced to Albert Keshaw, Cigars. Rs. 8,800.
- 8 Received cheque from him. Rs. 5,000.
- 9 Bought cigars from Martin Bros. Rs. 15,000.
- 11 Paid them by cheque, Rs. 28500, Discount Rs. 1500.
- 11 Received cheque from Joe Parson on account.
Rs. 4,300.
- 12 Paid Ogden & Co. Cheque Rs. 18,000 discount Rs. 900.
- 13 Sold cigarettes to Thomas Elliot Rs. 1,800.
- 14 Paid into bank. Rs. 9,300.
- 15 Sold to Henry Hirst, Tobacco Rs. 6,300, Cigars Rs. 3,600.
Cigarettes Rs. 2,100. **(12)**

UNIT - II

- 3. What do you mean by a cash book? Enter any ten imaginary transactions in a cash book. **(12)**
- 4. From the following Trial Balance prepared from the books of ABC Limited on 30th June 2010, prepare Trading and Profit and Loss Account and a Balance Sheet.

	Dr. Rs.	Cr. Rs.
Share capital		1,19,400
Bills Receivable	20,050	
Purchases and Sales	2,56,590	3,56,430
Returns Inwards	2,780	
Stock on 1st July 2009	89,680	
Commission		5,640
Plant and Machinery	28,800	
Salaries	11,000	
Traveling Expenses	1,880	
Debtors (including Mohan for dishonored cheque Rs. 1,000)	62,000	
Stationery	2,000	

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Telephone Charges	1,370	
Interest and Discount	5,870	
Bad debts	3,620	
Fixtures and Fittings	8,970	
Creditors		59,630
6% Loan		20,000
Wages	40,970	
Cash in Hand	530	
Cash at Bank	18,970	
Insurance (including premium of Rs. 300 per annum paid up to 31st Dec, 2010)	400	
Rent and Taxes	5,620	
	<u>5,61,100</u>	<u>5,61,100</u>

Stock in trade on 30th June, 2010 was Rs. 1,28,960. Write off half of Mohan's cheque. Create Provision of 5 per cent, on Debtors. Manufacturing wages include Rs. 1,200 for erection of new machinery purchased last year. Depreciate Plant and Machinery by 5 per cent and fixtures and Fittings by 10 per cent per annum. Commission accrued Rs. 600. Interest on loan for the last two months is not paid. (12)

UNIT - III

5. What do you mean by a joint stock company? Explain the special features of the final accounts of joint stock companies. (12)
6. Distinguish between a trading account and a manufacturing account. Prepare a manufacturing account with imaginary figures. (12)

UNIT - IV

7. What are the different methods of charging depreciation? Explain any one such method. (12)

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8. Depreciation has been charged for the years from 2001 to 2004 @ 10% on reducing, balance method on opening balance of each item of Plant and Machinery in use. The balance of Plant and Machinery Account at the end of, 31st December, 2004 was Rs. 54,000. There were no sales during these years; purchases were Rs. 16,800 in Sep. 2001 and Rs. 11,400 in December, 2003. The Management decided that depreciation should be charged on the same method but calculated on the closing balance of each with respective effect from 2001. You are required to pass Journal Entry for giving effect to the revised basis at the end of 2004. (12)

UNIT - V

9. What do you mean by a fund flow statement? Explain the procedure of preparing a fund flow statement. (12)
10. From the following balance sheet and the additional information, you are required to prepare funds flow statement for the year ended 31st December 2003.

<i>Liabilities</i>	<i>31st Dec. 2003 Rs.</i>	<i>31st Dec. 2004 Rs.</i>	<i>Assets</i>	<i>31st Dec. 2003 Rs.</i>	<i>31st Dec. 2004 Rs.</i>
Share capital	5,00,000	7,50,000	Buildings	6,00,000	5,25,000
General reserve	1,50,000	1,65,000	Machinery	4,25,000	4,75,000
P/L A/c	1,00,000	85,000	Stocks	4,00,000	6,50,000
10% Debentures	8,00,000	5,00,000	Debtors	50,000	75,000
Sundry creditors	25,000	2,70,000	Investments		50,000
Provision for tax	50,000		Cash	25,000	25,000
Outstanding	25,000	1,05,000	Goodwill	1,25,000	75,000
Expenses	5,000	30,000	Prepaid expenses	25,000	30,000
Pre-received		7,500	Outstanding	5,000	7,500
incomes			incomes		
	16,55,000	19,12,500		16,55,000	19,12,500

Additional information:

- (i) During 2003 dividends of Rs. 50,000 were paid.
(ii) Depreciation on plant and machinery amounted to Rs. 30,000.
(iii) Provision for tax made during the year Rs. 4,000.
(iv) Loss on sale of machinery amounted to Rs. 15,000. (12)