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(2064)

[Total No. of Printed Pages - 4]

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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 cycle? Explain the nature and process of accounting cycle. (12)
2. Sundram was carrying on business in readymade clothes. During January 2001, his transactions were: -

Jan. 2	Paid wages and salaries by cheque	Rs. 6000
3	Purchased on credit from Adam: 10 shirts @ Rs. 150 20 neckties @ Rs. 50	
4	Sold goods for cash to Mehta Drawn cash for private use	Rs. 5000 Rs. 3000
6	Paid telephone rent cash Issued cheque in favour of Adam Discount allowed by him	Rs. 1800 Rs. 25000 Rs. 1000
8	Received cheque from Gupta in full settlement	Rs. 15500
10	Sold to Andley on credit: 20 pairs of trousers @ Rs. 200 10 neckties @ Rs. 60.	

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11	Gupta's Check returned dishonoured by the bank.	
12	Sold to Apte on credit: 10 shirts @ Rs. 200 20 pairs of trousers @ Rs. 200	
15	Cash sales to Anand	Rs. 6000
	Cash sent to bank	Rs. 5000
20	Purchased one scooter rickshaw on credit from Delhi Motor Company.	Rs. 35000
	Issued cheque in part payment	Rs. 10000
22	Gupta declared insolvent, a dividend of 60% is received from his estate	
23	Old newspapers sold for cash	Rs. 250
		(12)

3. What are subsidiary books? Examine their uses and significance.  
(12)

## UNIT - II

4. The following balances were extracted from the books of Shri V. Balkrishna as on 31st December, 2003:

Debit Balances:	Rs.		Rs.
Plant and Machinery	20,000	Motor Car	12,000
Manufacturing Wages	34,500	Purchases	1,02,000
Salaries	15,850	Sales Returns	3,100
Furniture	10,000	Bad Debts	1,400
Freight on Purchases	1,860	Interest and Bank Charges	400
Freight on Sales	2,140	Cash at Bank	4,200
Buildings	25,000	Cash in Hand	1,120
Manufacturing Expenses	9,500		
Insurance and Tax	4,250	Credit Balances:	
Goodwill	25,000	Capital Account	80,000

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General Expenses	8,200	Sundry Creditors	44,560
Factory Fuel and Power	1,280	Bank Loan	15,000
Sundry Debtors	78,200	Purchases Returns	1,740
Factory Lighting	950	Sales	2,50,850
Opening Stock	34,200	Provision for Bad Debts	2,000

Prepare Trading and Profit and Loss Account for the year ended 31st December, 2003 and the Balance Sheet as on that date taking after into consideration the following information:

(1) Stock on hand on 31st December 2003 was valued at Rs. 30,500.  
(2) Depreciate Plant and Machinery by 10%, Furniture by 5% and Motor Car by Rs. 1,000. (3) Bring Provision for Bad Debts to 5% on Sundry Debtors. (12)

5. What do you mean by a trial balance? Explain the procedure followed in the preparation of a trial balance. (12)
6. Distinguish between a trading account and a balance sheet. Prepare a balance sheet of a company with imaginary figures. (12)

### UNIT - III

7. What do you mean by depreciation accounting? Explain any two methods of depreciation accounting. (12)
8. A firm purchased on 1st January, 2001 certain machinery for Rs, 58,200 and spent Rs. 1,800 on its election. On 1st July, 2001 additional machinery costing Rs, 20000 was purchased. On 1st July, 2003 the machinery purchased on 1st January, 2001 having, become obsolete was auctioned for Rs. 28,600 and on the same date fresh machinery was purchased at a cost of Rs. 40,000.

Depreciation was provided for annually on 31st December at the rate of 10% p.a. on written down value In 2004, however, the firm changed this method of providing depreciation and adopted the method of providing 5% per annum depreciation on the original cost of the machinery with retrospective effect i.e. 1st January, 2001.

Give the Machinery Account as it would stand at the end of each year from 2001 to 2004. (12)

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**UNIT - IV**

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 2010.

Liabilities	31st Dec. 2009 Rs.	31st Dec. 2010 Rs.	Assets	31st Dec. 2009 Rs.	31st Dec. 2010 Rs.
Equity Share capital	500,000	7,50,000	Buildings	6,00,000	6,25,000
Preference Share	150,000	1,75,000	Machinery	825,000	8,25,000
capital	4,00,000	4,50,000	Stocks	400,000	6,50,000
Reserves	1,00,000	85,000	Debtors	50,000	75,000
P/L A/c	5,00,000	5,00,000	Investments	—	50,000
12%Debentures	325,000	290,000	Cash	25,000	25,000
Sundry creditors	50,000	75,000	Goodwill	125,000	75,000
Provision for tax	25,000	30,000	Prepaid expenses	25,000	30,000
Outstanding expenses	5,000	7,500	Outstanding incomes	5,000	7500
Pre-received incomes					
	20,55,000	23,62,500		20,55,000	23,62,500

**Additional information:**

- (i) During 2004 dividends of Rs. 80,000 were paid
- (ii) Depreciation on plant and machinery amounted to Rs. 45,000
- (iii) Provision for tax made during the year Rs. 50,000
- (iv) loss on sale of machinery with book value of Rs. 25,000 amounted to Rs. 10,000. (12)