

FACULTY OF MANAGEMENT**M.B.A. I – Semester (CBCS) Examination, July / August 2018****Subject: Accounting for Management****Paper – MB – 102****Time: 3 Hours****Max.Marks: 80****Note: Answer all the questions from Part-A and Part-B.****Each question carries 4 marks in Part-A and 12 marks in Part-B.****PART – A (5x4 = 20 Marks)****[Short Answer Type]**

- 1 Accounting Equation
- 2 Capital Vs Revenue Expenditure
- 3 Stock Turnover Ratio
- 4 Tax Planning
- 5 Break Even Point

PART – B (5x12 = 60 Marks)**[Essay Answer Type]**

- 6 a) Explain Accounting Concepts and Conventions.

OR

- b) Journalise the following:

- a) Commenced business with cash Rs. 30,000
- b) Paid rent Rs. 500
- c) Purchased goods for cash Rs. 15,000 and for credit Rs. 10,000 from Somesh
- d) Bought Motor Cycle for Rs. 6,000
- e) Cash worth Rs. 500 were taken away by the proprietor for his personal use.

- 7 a) What is the process for preparation and presentation of Financial Statements?

OR

- b) Following balances are extracted from the books of Kautilya & Co. on 31st March, 2016. You are required to prepare the Trading, Profit and Loss Account and a Balance Sheet as on the date:

Particulars	Rs.	Particulars	Rs.
Opening Stock	500	Commission (Cr)	200
Bills Receivable	2,250	Returns Outward	250
Purchases	19,500	Trade Expenses	100
Wages	1,400	Office Fixtures	500
Insurance	550	Cash in Hand	250
Sundry Debtors	15,000	Cash at Bank	2,375
Carriage Inward	400	Rent & Taxes	550
Commission (Dr)	400	Carriage Outward	725
Interest on Capital	350	Sales	25,000
Stationary	225	Bills Payable	1,500
Returns Inward	650	Creditors	9,825
		Capital	8,950

Closing stock is valued at Rs. 12,500.

- 8 a) Define Ratio Analysis. What is the importance of Ratio Analysis in analyzing the financial performance?

OR

- b) Following are assets and liabilities of Krishna Co. Ltd. as on 31st March, 2016.

Liabilities	Rs.	Assets	Rs.
Equity Capital	5,00,000	Land & Buildings	3,50,000
5% Debentures	2,00,000	Machinery	2,50,000
Bank Loan	1,50,000	Cash in Hand	25,000
Creditors	75,000	Cash at Bank	55,000
Bills Payable	50,000	Debtors	85,000
Outstanding expenses	5,000	Bills Receivable	1,05,000
		Stock	1,00,000
		Prepaid Expenses	10,000
	9,80,000		9,80,000

- Calculate: i) Current Ratio ii) Quick Ratio
 iii) Debt to Equity Ratio iv) Proprietary Ratio
 v) Assets Turnover Ratio if sales are Rs. 19,60,000.

- 9 a) What are the advantages and utilities of Cash Flow Statement? Explain.

OR

- b) From the following information prepare Cash Flow Statement by Indirect method of Ram Business Corporation.

Liabilities & Capital	Jan. 1, 2015	31-12-2015	Assets	Jan. 1, 2015	31-12-2015
Share Capital	35,000	43,500	Cash and Bank	490,000	44,400
Surplus	15,000	19,500	Accounts Receivable	10,000	20,700
Bonds payable	22,000	22,000	Inventories	15,000	15,000
Bonds payable Discount	(2,000)	(1,800)	Land & Building	4,000	4,000
Current Liabilities	30,000	20,000	Business Premises	20,000	16,000
Bank Loan	--	12,000	Plant & Equipment	15,000	17,000
			Accumulated Depreciation	(5,000)	(2,800)
			Patents & Trademarks	1,000	900
	1,00,000	1,15,200		1,00,000	1,15,200

Additional Information:

- 1) A building that costs Rs. 4,000 and which had a book value at Rs. 1000 was sold for Rs. 1,400.
- 2) The depreciation charge for the period was Rs. 800
- 3) There was a Rs. 5,000 issue of capital stock
- 4) Cash dividend of Rs. 2,000 and stock dividend of Rs. 3,500 were declared.

10 a) Define CVP analysis. Explain the managerial uses of Break Even Point.

OR

b) From the following particulars, calculate BEP

Sales Rs. 4,00,000

Variable Cost Rs. 2,40,000

Fixed Costs Rs. 60,000

You are also required to calculate the following:

- a) New BEP, if sales is reduced by 5%
- b) New BEP, if Variable cost is increased by 5%
- c) New BEP, if Fixed cost is increased by 5%.
