

M.B.A Examination December-2014

Semester-I

Paper No.102

Paper Name: Accounting for managers

Paper Code: 3120

Times; 2 ½ Hours

Marks:70

Instructions: All questions carry equal mark

All Questions are compulsory

Q.1 Sachin left his job as carpenter and started Woodcraft Company. The transactions of the business for September are as follow (14)

1 st september,2013	Began business by depositing Rs 10,000 in a bank account in the name of the company in exchange for 1000 shares of Rs 10 each in the company
4 th Sept,2014	Paid two months' rent in advance for a shop Rs 2,000
5 th Sep,2014	Purchased equipment for cash Rs 1,200
7 th Sept,2014	Purchased supplies on credit Rs 700
10 th Sept,2014	Received Rs 8,600 for remodeling a kitchen
14 th Sept,2014	Paid cash for an advertisement that appeared in the local newspaper Rs1,400
17 th sept,2014	Received Rs 11,200 for furnishing as office room
23 rd Sept,2014	Billed customers for work done other than on cash terms Rs 13,100
25 th Sept,2014	Paid wages to assistant Rs 1,500
28 th Sept,2014	Paid electricity charges Rs 240
29 th Sept,2014	Received partial payment from customer billed on September23, Rs4,800
30 th Sept,2014	Declared and paid a dividend Rs 2,500

Required

1. Prepare journal entries for the above transactions.
2. Post the entries from journal to the following ledger accounts: (1)Equipment account (2)Supplies (3) Debtors(3) Cash (4) Prepaid Rent (5) Creditors (6) Share capital (7) Dividends (8) Professional charges earned (9) Salaries expenses (10) Electricity expense (11) and Advertisement expenses
3. Prepare a Trial Balance.

OR

Q.1. What is Accounting? Describe the characteristics of an accounting system. Also describe about the users of financial accounting information in detail.

Q.2. What are the causes of Depreciation? Explain the difference between Straight Line Method and Written Down Value method in detail (14)

OR

Q.2. On April 1, 2006 X Ltd purchased a second hand machine for Rs. 1, 60,000 and spent Rs.40,000 on its cartage and installation. The residual value at the end of its expected useful life of 4 years is estimated at Rs.80,000. on September 30, 2008. This machine is sold for Rs.100,000. Depreciation is to be provided according to straight line method.

You are required to pass journal entries in the books of X Ltd. and prepare machinery account and Depreciation account for the first three years assuming that the accounts are closed on March 31, each year.

Q.3. What do you mean by Company? Explain its characteristics and also explain different types of companies with suitable examples. (14)

OR

Q-3. On 1st April 2012, KRISHANA company Limited was incorporated with an authorized capital of Rs 5,00,000 divided into shares of Rs 100 each

It offered to the public for subscription 4,000 shares payable thus,

On application Rs. 30 per share

On allotment Rs20 per share

On First call Rs 28 per share

On second Call Rs 22 per share

The shares were fully subscribed for by the public and application money duly received on 15th April, 2012

The directors made the allotment on 1st May, 2012

Record journal entries in the books of the company to record above share capital transactions, assuming that amount due have been received within 15 days of making allotment and calls.

Q.4. Balance sheet of DATT Ltd at end the year of 2013 and 2014 are as follows: (14)

Liabilities	2013	2014
Share capital	2,00,000	2,50,000
General reserve	50,000	60,000
Profit and Loss	30,500	30,600
Bank Loan (long term)	70,000	-----
Sundry creditors	1,50,000	1,35,200
Provision for taxation	30,000	35,000
Total	5,30,500	5,10,800
Assets		
Land and building	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry debtors	80,000	64,200
Cash	500	600
Bank	---	8,000
Goodwill	-----	5,000
Total	5,30,500	5,10,800

Additional Information

1. Dividend of Rs. 23,000 was paid during the year
2. Assets of another company were purchased for a consideration of Rs.50, 000 payable in shares. The assets include stock Rs.20,000 and machinery Rs.25,000
3. Machinery was further purchased for Rs.8000
4. Depreciation written off on machinery Rs.12,000
5. Income tax provided during the year Rs.33,000
6. Machinery worth Rs.2,000 was sold for Rs. 1800 loss on sales of machinery Rs.200 was transferred to general reserve

You are required to prepare a cash flow statement as per accounting standard -3 for DATT Ltd.

OR

Q.4. What are Accounting Ratios? Explain advantages of Ratio Analysis. Also explain the Profitability Ratios, Capital Structure ratios and Activity Ratios in detail with examples (14)

Q.5. What generally accepted accounting principles? Descriptive note on concepts and conventions of accounting with examples (14)

OR

Q.5 What is Inflation Accounting? Explain the benefits of Inflation Accounting and also explain Inflation Accounting Models. (14)