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Total number of printed pages : 04

MGT 105

FIRST SEMESTER BACK EXAMINATION, 2015-16

FINANCIAL ACCOUNTING FOR MANAGERS

BRANCH : MBA

QUESTION CODE : T839

Max marks: 70

Time: 3 Hours

Answer Question No.1 which is compulsory and any five from the rest.

[The figures in the right hand margin indicate marks]

Q.1 Answer the following : 2x10

- (a) Name the stakeholders who use accounting information for planning a company's profitability ?
- (b) If an asset is purchased on credit it will impact the assets and liabilities. Mention the impacts.
- (c) What are the 3 principal financial statements that are included in the Financial reports of the Board of Directors.
- (d) A sole proprietor decided to use the same bank account for his personal affairs as for the business. Does it violate any fundamental concept of accounting ? Mention the same, if you agree.
- (e) Explain the meaning of the terms debit and credit.
- (f) Make journal entry :
"Amit is declared insolvent. Received from his official receiver 60 paisa dividend in the rupee on a debt of Rs.4000."
- (g) What are the different types of cash book ?
- (h) Name the subsidiary books maintained by an organization.
- (i) Name the proper sequence of accounting cycle.
- (j) Why do you need adjustment entries ?

Q.2 Record the following transactions through journal entries:

1. Gee commences business with a capital of Rs.25,00,000 trading under the name of Jain General Store. 10
2. Paid into state Bank of India Rs.5,00,000.
3. Bought goods from Chandara for Rs.10,00,000
4. Bought furniture from Sharda and Co. for Rs.3,00,000.
5. Sold goods to Paras for Rs.50,000.
6. Received a sum of Rs.1,00,000 being rent for the portion of a building let out.
7. Gee contracted with Deep Construction Co. for the renovation of the building at an estimated cost of Rs.5,00,000.
8. Bought Shares in Siyaram Ltd. For Rs.5,00,000.
9. Paid Gee's life insurance premium Rs.15,000
10. Bank collected dividends on investments Rs.50,000.

Q.3 Gopi commenced business on 1st April, 2002 with Rs.4,00,000 as capital. He had the following cash transactions :
 Prepare double-column cash book : **10**

2008

April	1	Purchased furniture and paid cash	50,000
	1	Purchased goods	60,000
	4	Sold goods for cash	30,000
	5	Purchased goods	40,000
	5	Paid cash to Ram Mohan	1,12,000
	5	He allowed discount	2,000
	6.	Received cash from Krishna and Co.	1,20,000
		Allowed discount	4,000
	7	Paid for petty expenses	3,000
	8	Cash purchase	30,000
	9	Cash Sales	40,000
	11	Received from Mohan Bros	1,20,000
	13	Paid for type writer	1,60,000
	15	Paid for telephone	40,000
	15	Paid Ali and Sons	80,000
		They allowed discount	1,600

Q.4

A book keeper has submitted to you the following trial balance wherein the totals of debit and credit balance are not equal : **10**

	<i>Dr. (Rs.)</i>	<i>Cr. (Rs.)</i>
Capital	-	15,340
Cash in hand	-	60
Purchases	17,980	-
Sales	-	22,120
Cash at Bank	1,770	-
Fixture & Fitting	450	-
Freehold Premises	3,000	-
Lighting and Heating	130	-
Bills Receivable	-	1,650
Return Inwards	-	60
Salaries	2,150	-
Creditors	-	3,780
Debtors	11,400	-
Stocks (1.1.2001)	6,000	-
Printing	450	-
Bills payable	3,750	-
Rates, Taxes and Insurance	380	-
Discount Received / Allowed	890	400
	48,350	43,410

You are required to :

1. Draft the Trial Balance correctly.
2. Prepare a Trading and Profit and Loss Account and a Balance Sheet after taking into account the following adjustments :

- (a) Stock in hand 31.12.2007 was valued at Rs.3,600.
- (b) Depreciate fixtures and fittings by Rs.50
- (c) Rs.700 was due and unpaid in respect of salaries.

Q.5

X Ltd. Makes an issue of 10,000 Rs.100 equity shares, payable as follows : **10**

On application and Allotment	Rs.50
On First Call	Rs.25
On Second Call	Rs.25

Members holding 400 shares do not pay the second call and the shares are duly forfeited, 200 of which are re-issued as fully paid up at Rs.50 per share.

Pass journal entries in the books of the company. Show the Balance sheet.

Q.6 Following is the balance sheet of C Ltd. As on 31st December, 2007.

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Liabilities	Rs.	Assets	Rs.
Equity Share Capital	20,000	Goodwill	12,000
Capital Reserve	4,000	Fixed Assets	28,000
8% Loan on Mortgage	16,000	Stocks	6,000
Trade Creditors	8,000	Debtors	6,000
Bank Overdraft	2,000	Investments	2,000
Taxation : Current	2,000	Bank	6,000
Future	2,000		
Profit and Loss A/c			
Profit for 2007 after taxation and interest on Fixed Deposits:12,000			
Less : Transfer to			
Reserve : 4,000			
Dividend : 2,000	6,000		
	60,000		60,000

Sales amounted to Rs.1,20,000

Calculate ratio for :

- (i) Testing liquidity
- (ii) Testing solvency
- (iii) Testing profitability

Q.7 a) What are common sized percentages and how are they used ?

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b) Distinguish between horizontal and vertical analysis of financial statements.

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Q.8 Short notes on any two :

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(a) Internal users of accounting information.

(b) Significance of Ratio analysis.

(c) SLM Vs WDV methods of depreciation accounting.