



MBA
(SEM I) THEORY EXAMINATION 2021-22
FINANCIAL ACCOUNTING FOR MANAGERS

Time: 3 Hours**Total Marks: 100****Note: 1.** Attempt all Sections. If require any missing data; then choose suitably.**SECTION A****1. Attempt all questions in brief.****2 x 10 = 20**

Q no.	Question	Marks	CO
a.	To make accounts comparable we need one convention to be followed name the convention and also explain the same.	2	1
b.	“Closing stock is always valued at Cost price or Market price whichever is less” as per which convention, explain the same.	2	1
c.	Define Accounting Standards.	2	2
d.	Describe Human Recourse Accounting.	2	2
e.	Illustrate the treatment of Goods sold on Approval Basis in Final Accounts?	2	3
f.	Illustrate the treatment of Loss by fire in Final Accounts?	2	3
g.	List any four tools available for the analysis of financial statement.	2	4
h.	What is the significance of Liquidity ratios?	2	4
i.	Define the term negative working capital.	2	5
j.	“Gross Working Capital and Net Working Capital means one and the same”. Comment.	2	5

SECTION B**2. Attempt any three of the following:**

Q no.	Question	Marks	CO
a.	Define accounting its objectives and Limitation.	10	1
b.	Describe the objectives and limitations of human resource accounting.	10	2
c.	What do you mean by Double Entry System? Explain the merits and demerits also.	10	3
d.	Prepare the format of Common size Balance Sheet with imaginary figures.	10	4
e.	Define Working Capital and factors determining the need for working capital.	10	5

SECTION C**3. Attempt any one part of the following:**

Q no.	Question	Marks	CO
a.	Discuss various accounting concepts in detail with examples.	10	1
b.	On 1st January, 2018, machinery was purchased by X for Rs.80,000. On 1st July, 2019, additions were made to the extent of Rs.20,000. On 30th June, 2021 machinery purchased on 1st January, 2018, was sold for Rs.26,000. Depreciation is charged at 10% per annum on original cost. Show the Machinery Account for the years from 2018 to 2021 in the books of X. X closes the books on 31st December.	10	1

4. Attempt any one part of the following:

Q no.	Question	Marks	CO
a.	Describe the various methods of valuation of human assets.	10	2
b.	Explain the objectives and need of forensic accounting.	10	2

5. Attempt any one part of the following:

Q no.	Question	Marks	CO
a.	From the following transactions prepare Journal Entries, Ledger & Trial Balance: i) Mr. Ram commenced business with cash Rs.1,80,000. ii) Good Purchased from Mohan for Rs. 25,000 on credit.	10	3



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	iii) Goods sold to Sunder for Rs.10,000 on credit. iv) Paid to Mohan Rs. 10,000. v) Machinery Purchased for Rs. 10,000.																																																																													
b.	The following is the Trial Balance of Mr. A on 31st December, 2018: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Debit Balance</th> <th style="text-align: center;">Credit Balance</th> </tr> <tr> <th></th> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr><td>Cash in Hand</td><td style="text-align: right;">1,080</td><td></td></tr> <tr><td>Cash at Bank</td><td style="text-align: right;">5,260</td><td></td></tr> <tr><td>Purchases</td><td style="text-align: right;">81,350</td><td></td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">1,97,560</td></tr> <tr><td>Returns Inward</td><td style="text-align: right;">1,360</td><td></td></tr> <tr><td>Returns Outward</td><td></td><td style="text-align: right;">1,000</td></tr> <tr><td>Wages</td><td style="text-align: right;">20,960</td><td></td></tr> <tr><td>Fuel and Power</td><td style="text-align: right;">9,460</td><td></td></tr> <tr><td>Carriage on Sales</td><td style="text-align: right;">6,400</td><td></td></tr> <tr><td>Carriage on Purchases</td><td style="text-align: right;">4,080</td><td></td></tr> <tr><td>Stock (1st January, 2018)</td><td style="text-align: right;">11,520</td><td></td></tr> <tr><td>Building</td><td style="text-align: right;">60,000</td><td></td></tr> <tr><td>Freehold Land</td><td style="text-align: right;">20,000</td><td></td></tr> <tr><td>Machinery</td><td style="text-align: right;">40,000</td><td></td></tr> <tr><td>Salaries</td><td style="text-align: right;">30,000</td><td></td></tr> <tr><td>Patents</td><td style="text-align: right;">15,000</td><td></td></tr> <tr><td>General Expenses</td><td style="text-align: right;">6,000</td><td></td></tr> <tr><td>Insurance</td><td style="text-align: right;">1,200</td><td></td></tr> <tr><td>Capital</td><td></td><td style="text-align: right;">1,42,000</td></tr> <tr><td>Drawings</td><td style="text-align: right;">10,490</td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">29,000</td><td></td></tr> <tr><td>Sundry Creditors</td><td></td><td style="text-align: right;">12,600</td></tr> <tr><td></td><td style="text-align: right;">3,53,160</td><td style="text-align: right;">3,53,160</td></tr> </tbody> </table> <p style="margin-top: 10px;">Taking into account the following adjustments prepare Trading and Profit and Loss Account and the Balance Sheet:</p> <ul style="list-style-type: none"> i. Stock on hand on 31st December, 2018 is Rs.13,600. ii. Machinery is to be depreciated at the rate of 10% and patents at the rate of 10%. iii. Salaries for the month of December, 2004 amount Rs.2,000 were unpaid. iv. Insurance include a premium of Rs.170 for 2019. v. Wages include a sum of Rs.3,000 spent on the erection of a scooter shed for employees. vi. A provision for Bad and Doubtful Debts is to be created to the extent of 5% on Sundry Debtors. 	Particulars	Debit Balance	Credit Balance		Rs.	Rs.	Cash in Hand	1,080		Cash at Bank	5,260		Purchases	81,350		Sales		1,97,560	Returns Inward	1,360		Returns Outward		1,000	Wages	20,960		Fuel and Power	9,460		Carriage on Sales	6,400		Carriage on Purchases	4,080		Stock (1st January, 2018)	11,520		Building	60,000		Freehold Land	20,000		Machinery	40,000		Salaries	30,000		Patents	15,000		General Expenses	6,000		Insurance	1,200		Capital		1,42,000	Drawings	10,490		Sundry Debtors	29,000		Sundry Creditors		12,600		3,53,160	3,53,160	10	3
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6. Attempt any one part of the following:

Q no.	Question	Marks	CO										
a.	Suppose you are an investor and you want to invest the money into a company; which ratios you will calculate and why?	10	4										
b.	From the information given below: <table style="margin-left: 20px; margin-top: 5px;"> <tr><td>Net Sales</td><td style="text-align: right;">10,00,000</td></tr> <tr><td>Cost of Goods Sold</td><td style="text-align: right;">6,00,000</td></tr> <tr><td>Current Assets</td><td style="text-align: right;">4,00,000</td></tr> <tr><td>Current Liabilities</td><td style="text-align: right;">2,80,000</td></tr> <tr><td>Paid-up Share Capital</td><td style="text-align: right;">5,00,000</td></tr> </table>	Net Sales	10,00,000	Cost of Goods Sold	6,00,000	Current Assets	4,00,000	Current Liabilities	2,80,000	Paid-up Share Capital	5,00,000	10	4
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	<p style="text-align: center;">13% Debentures 2,00,000</p> <p>Calculate the following ratios:</p> <p>i) Current ratio ii) Working Capital Turnover Ratio</p> <p>iii) Debt-Equity Ratio iv) Proprietary Ratio & v) Gross Profit Ratio</p>		
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7. Attempt any one part of the following:

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a.	Explain the various working capital financing policies in detail.	10	5																																																												
b.	<p>From the following Balance Sheets, prepare the Cash Flow Statement for the year ended March 31, 2015:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 15%;">Liabilities</th> <th style="width: 10%;">31-3-19</th> <th style="width: 10%;">31-3-20</th> <th style="width: 15%;">Assets</th> <th style="width: 10%;">31-3-19</th> <th style="width: 10%;">31-3-20</th> </tr> <tr> <td></td> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> <td></td> <th style="text-align: center;">Rs.</th> <th style="text-align: center;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Share Capital</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">2,50,000</td> <td>Land and Buildings</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">1,90,000</td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">60,000</td> <td>Plant and Machinery</td> <td style="text-align: right;">1,50,000</td> <td style="text-align: right;">1,69,000</td> </tr> <tr> <td>Profit and Loss A/c</td> <td style="text-align: right;">30,500</td> <td style="text-align: right;">30,600</td> <td>Stock</td> <td style="text-align: right;">1,00,000</td> <td style="text-align: right;">74,000</td> </tr> <tr> <td>Bank Loan</td> <td style="text-align: right;">70,000</td> <td style="text-align: center;">.....</td> <td>Sundry Debtors</td> <td style="text-align: right;">80,000</td> <td style="text-align: right;">64,200</td> </tr> <tr> <td>Sundry Creditors</td> <td style="text-align: right;">1,50,000</td> <td style="text-align: right;">1,35,200</td> <td>Cash</td> <td style="text-align: right;">500</td> <td style="text-align: right;">600</td> </tr> <tr> <td>Provision for Tax</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">35,000</td> <td>Bank</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Goodwill</td> <td style="text-align: center;">.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td></td> <td style="text-align: right;">5,30,500</td> <td style="text-align: right;">5,10,800</td> <td></td> <td style="text-align: right;">5,30,500</td> <td style="text-align: right;">5,10,800</td> </tr> </tbody> </table> <p>Additional Information:</p> <p>i. Depreciation charged on machine was Rs.4,000.</p> <p>ii. Tax provision made during the year Rs. 19,000.</p> <p>iii. Interim dividend of Rs.8,000 was paid during the year</p>	Liabilities	31-3-19	31-3-20	Assets	31-3-19	31-3-20		Rs.	Rs.		Rs.	Rs.	Share Capital	2,00,000	2,50,000	Land and Buildings	2,00,000	1,90,000	General Reserve	50,000	60,000	Plant and Machinery	1,50,000	1,69,000	Profit and Loss A/c	30,500	30,600	Stock	1,00,000	74,000	Bank Loan	70,000	Sundry Debtors	80,000	64,200	Sundry Creditors	1,50,000	1,35,200	Cash	500	600	Provision for Tax	30,000	35,000	Bank	8,000				Goodwill	5,000		5,30,500	5,10,800		5,30,500	5,10,800	10	5
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