

Code: 9E00103

MBA I Semester Supplementary Examinations, October/November 2013  
**FINANCIAL ACCOUNTING FOR MANAGERS**

Time: 3 hours

Max Marks: 60

Answer any FIVE questions  
All questions carry equal marks  
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- 1 Explain the importance of accounting in management decisions.
- 2 From the following data of Mr. Kumar for the year ending 31-12-2012 prepare trading, and profit and loss account and balance sheet:

Particulars	Debit Balances in Rs	Credit Balances In Rs
Capital		1,28,500
Stock	25,000	
Purchases and Sales	1,30,500	2,45,000
Returns	3,000	2,000
Provision for doubtful debts		1,000
Carriage inwards	7,500	
Bills receivables and payables	50,000	5,000
Plant and Machinery	60,000	
Furniture	3,500	
Sundry debtors and Creditor	70,000	46,000
Fuel	1,500	
Wages	12,500	
Duty and Clearing Charges	1,500	
Rent	2,800	
Insurance	400	
Carriage outwards	6,200	
Salaries	28,290	
Factory Rent	2,400	
Drawings	12,000	
Cash in Hand	1,610	
Cash at Bank	5,800	
Total	4,27,500	4,27,500

Adjustments:

- (i) Closing Stock Rs 50,000.
- (ii) Outstanding salaries Rs 4,800, Outstanding factory rent Rs 2,400.
- (iii) Write off Rs 4,000 as bad debts.
- (iv) Maintain provision for doubtful debts at two and half percentage on debtors.
- (v) Depreciation on plant and machinery at 10%, on furniture at 10%.
- (vi) Interest on capital at 5% p.a.

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- 3 Define and differentiate depreciation and amortization and also brief various methods of depreciation.
- 4 Explain briefly the different methods of valuation of goodwill.
- 5 What are the various methods of redemption of debentures?
- 6 The following are the balance sheets of V Limited for the year 2010 and 2011. Prepare funds flow statement:

Liabilities	2010 Rs	2011 Rs	Assets	2010 Rs	2011 Rs
Share capital	2,00,000	2,60,000	Goodwill	-	20,000
P&L A/C	39,690	41,220	Machinery	1,12,950	1,16,200
Reserves	50,000	50,000	Buildings	1,48,500	1,44,250
Tax Provision	40,000	50,000	Stock	1,11,040	97,370
Bank Overdraft	59,510	-	Sundry Debtors	87,490	73,360
Bills Payable	33,780	11,525	Cash	2,500	2,700
Sundry Creditors	39,500	41,135			
Total	4,62,480	4,53,880		4,62,480	4,53,880

**Additional information**

The following additional information is obtained from the general ledger:

- (i) During year 2011, an interim dividend of Rs 26,000 was paid.
  - (ii) The assets of another company were purchased for 60,000 payable in fully paid shares of V.Ltd. These assets include stock, Rs 22,000, and machinery, Rs 18,000. In addition sundry purchases of machinery amounted to Rs 5,600.
  - (iii) Income tax paid during the year amounted to Rs 25,000.
  - (iv) The net profit for the year before tax was Rs 62,530.
- 7 How do you analyze and interpret financial statements of a company for reporting on the soundness of its capital structure and solvency?
  - 8 Describe various accounting standards.

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