

MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
MAKE-UP EXAMINATIONS: 2018
MASTER OF BUSINESS STUDIES (MBS)
SEMESTER - I

Subject: Accounting for Managers

Course Code: MGMT 512

Full Marks: 60

Time: 3:00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: CRITICAL THINKING QUESTIONS (10 X 1 = 10 MARKS)

Answer all questions.

- Q1. Compute the value of net debtors if provision for discount on debtors and provision for doubtful debt is maintained at 5% and 10% respectively. The values of debtors before adjustment are Rs. 500,000 and make a further bad debt of Rs. 10,000.
- Q2. List out any six different types of adjusting entries involved while preparing final statements.
- Q3. What is contra entry? List the types of transactions that have contra effect in a cash book.
- Q4. Point out any four causes of disagreement of balance between cash book and pass book.
- Q5. Sort out any three differences between trade discount and cash discount.
- Q6. Prepare a journal entry for the transaction:
Goods costing Rs. 100,000 sold to Mr. X at a profit of 10% on sales less 10% trade discount and 5% cash discount.
- Q7. What is accounting equation? Show the effect in accounting equation if Rs. 20,000 is paid as salary.
- Q8. List out any two differences between trade discount and cash discount.
- Q9. The current ratio of a company for the last year was 2:1 and acid test ratio was 0.75. There were no any prepaid expenses. The current liabilities are Rs. 75,000. Ascertain the value of closing stock.
- Q10. Write any two differences between provision and reserve.

SECTION B: SHORT ANSWER QUESTIONS (3 X 8 = 24 MARKS)

Answer any THREE questions:

- Q11. What is double entry system? What are its characteristics? Give two examples. (3+3+2)
- Q12. The following particulars are provided to you:
- Balance as per pass book on 31st July, 2012 Rs. 48,200.
 - Cheque issued of Rs. 16,320 before 31st July 2012 but not cleared till 4th August 2012.
 - Outstation cheque of Rs. 28,000 deposited in the bank on 15th July 2012 but collected and credited in August 2012.
 - Debit side of cash book was overcast by Rs. 2,030.
 - A bills receivable for Rs. 6,000 received and sent to the bank for collection before 31st July but the amount were credited after that date in the passbook.
 - Rs. 680 as electricity charge paid by the bank as per standing instruction had not been entered in the cash book.
 - Issued a cheque of Rs. 500 to settle the payable of a creditor.
 - Dividend from Merchant Company Ltd. of Rs. 3000 collected by bank.

Required: Bank reconciliation statement

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- Q13. Following Balance sheet was extracted from the books of a company at the end of the year.

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Liabilities	Rs.	Assets	Rs.
Equity Share	50,000	Fixed Assets	1,80,000
Reserve and surplus	40,000	Less: Provision for depreciation	<u>50,000</u>
7% Preference share	10,000	Stock	30,000
6% Debenture	70,000	Sundry Debtors	20,000
Sundry creditors	6,000	Marketable securities	15,000
Bills payable	10,000	Cash at bank	5,000
Outstanding expenses	1,000		
Provision for taxation	13,000		
	2,00,000		2,00,000

Additional Information:

- Sales for the year Rs. 300,000
- Net profit after tax for the year Rs. 10,000.
- Operating expenses Rs. 30,000
- Tax rate is 50%

Required:

- a) Inventory turnover b) Current ratio c) Quick ratio
 d) Net profit ratio e) Return on shareholder's equity f) Debt collection period
 g) Gross profit margin h) Debt to equity ratio

Q14. From the following information, prepare three column cash book.

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2012 April

- 01 Cash in hand and cash at bank Rs. 2,200 and Rs. 8,700 respectively.
 02 Bought goods from Rabindra Rs. 7,300.
 03 Cash sales deposited with the bank Rs. 5,500.
 04 Sold goods to Deepak Rs. 8,200.
 05 Received cheque in full settlement of Deepak's account 8,000.
 06 Paid to settle Rabindra account by cheque 7,000.
 07 Purchased office furniture by cheque Rs. 3,500.
 08 Bank collected dividend Rs. 500.
 09 Withdraw from bank Rs. 2,000.
 10 Wage paid Rs. 150 on cash.

SECTION C: LONG ANSWER QUESTIONS (2 X 13 = 26 MARKS)

Answer any TWO questions:

Q15. What is meant by "Final accounts"? Why is it prepared? Give the specimen of Balance sheet with marshalling of various items of it.

4+4+5

Q16. The following is the trial balance of Mr. Chiranjibi as at 31st Asadh 2070.

Debit balances	Dr. (Rs.)	Credit balances	Cr. (Rs.)
Fixed assets	300,000	Creditors	100,000
Opening stock	75,000	Bills payable	5,600
Debtors	205,000	Bank loan	4,000
Marketable securities	10,000	Capital	500,000
12% investment (purchased on 1.7.2069)	50,000	Sales	630,000
Cash in hand	5,000	Purchase returns	5,000
Cash at bank	10,000	Discount earned	1,000
Drawings	10,000	Bad debts recovered	3,500
Purchases	525,000	Interest	3,000
Sales returns	10,000		
Carriage inwards	5,000		
Carriage outwards	2,000		
Rent	3,000		
Insurance	3,600		
Office and administrative expenses	13,200		
Discount allowed	2,000		
Bad debts	5,000		
Interest	2,500		
Selling and distribution expenses	15,800		
	12,52,100		12,52,100

Additional information:

- a. Closing stock as on 31st Asadh 2070 was Rs. 42,000.
 b. Rent is payable @ Rs. 300 per month.
 c. Insurance premium was paid for the year ending on 30th Asoj 2070.
 d. Write off further bad debt Rs. 5,000.
 e. Create provision for discount on debtors @ 2%.
 f. Create provision for doubtful debt @ 10%.
 g. Create reserve for discount on creditors @ 2%.
 h. Provide for depreciation on fixed assets @ 10% p.a.

Required: Prepare Trading and Profit and Loss Account for the year ending on 31st Asadh 2070 and a Balance Sheet as at 31st Asadh 2070.

3+5+5

Q17. The Income statement and comparative balance sheet of last year and this year of a Furniture Enterprises have been given below:

Income Statement for the year Chaitra 31, 2070

Particulars		Rs.
Sales Revenue		5,50,000
Less: Cost of goods sold:		
Purchase	300,000	
Add: Beginning stock	50,000	
Less: Ending stock	70,000	
	280,000	
Less: Direct Wages	20,000	
Total cost of goods sold	300,000	300,000
Gross Profit		2,50,000
Less: Operating expenses:		
Office & selling expenses	60,000	
Debenture premium	3,000	
Interest on debenture	12,000	
Depreciation including goodwill written off	40,000	1,15,000
Net Income before other gain		1,35,000
Profit on sale of plant(Cost Rs. 50,000 with accumulated depreciation Rs. 25,000)		5,000
Net income before tax		1,40,000
Less: Tax provision		70,000
Net income after tax		70,000
Less: Dividend		50,000
Retained earning		20,000

Balance Sheet

Liabilities	2069	2070	Assets	2069	2070
	Rs.	Rs.		Rs.	Rs.
Share capital	100,000	200,000	Goodwill	15,000	10,000
Preference Share	50,000	40,000	Building	75,000	100,000
12% Debenture	50,000	30,000	Plant and equipment	100,000	150,000
Accumulated Depreciation	20,000	30,000	Inventory	50,000	70,000
Bank overdraft	20,000	30,000	Bills receivable	25,000	30,000
Bills payable	30,000	40,000	Marketable securities	25,000	20,000
Outstanding interest	10,000	15,000	Cash at bank	50,000	80,000
Provision for taxation	10,000	5,000			
Retained earnings	50,000	70,000			
	3,40,000	4,60,000		3,40,000	4,60,000

Required: Statement of Cash Flow



5+4+4