

MADANAPALLE INSTITUTE OF TECHNOLOGY & SCIENCE, MADANAPALLE

(UGC-AUTONOMOUS)

MCA(2Y) I Year I Semester (R16) Regular & Supplementary End Semester Examinations – Dec 2017

(Regulations: R16)

FINANCIAL ACCOUNTING FOR MANAGERS

Time: 3Hrs

Max Marks: 50

Attempt all the questions. All parts of the question must be answered in one place only.

In Q.no 1 to 5 answer either Part-A or B only

- Q.1(A) Explain the different categories in which the accounting transactions can be classified. 10M
Also state the rules of 'debit and credit' in this connection.

OR

- Q.1(B) Define accounting. How does it differ from book-keeping? State the importance of accounting. 10M

- Q.2(A) Explain the different types of subsidiary books. 10M

OR

- Q.2(B) Ashok's Trial Balance as on 31st March, 2017 is given below. You are required to 10M
prepare Trading and Profit and Loss Account for the year ended 31st March, 2017 and
Balance Sheet as on that date after taking into account the given adjustments.

Trial Balance as on 31st March, 2017

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Purchases	98,000	Capital	70,000
Machinery	4,000		
Building	1,00,000		
Stock (1.04.2016)	15,000	Reserves	7,000
Printing and Stationery	1,750	Creditors	45,000
Sundry Debtors	35,000	Bank overdraft	12,000
Salaries	11,000		
Audit Fees	700	Sales	1,58,000
Sundry Expenses	3,500	Bills payable	250
Furniture	8,000	Purchase Returns	3,500
Investment	10,000		
Cash	4,000		
Advertisement	800		
Carriage Inwards	1,300		
Travelling Expenses	2,700		
	2,95,750		2,95,750

Adjustments:

- (1) Closing stock is valued at the cost of Rs. 25,000.
- (2) Depreciate machinery by 10%.
- (3) Charge 5% for bad debts on Debtors.

Q.3(A) What are the types of depreciation methods? Explain the causes and objectives of depreciation methods. 10M

OR

Q.3(B) Define inventory. Discuss the different methods of inventory valuation with suitable examples. 10M

Q.4(A) Distinguish between funds flow statement and cash flow statement 10M

OR

Q.4(B) From the following balance sheets of a company, analyze the flow of funds by preparing a funds flow statement. 10M

Balance Sheet of X Ltd

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Share capital	60,000	65,000	Goodwill	30,000	25,000
Profit and Loss A/c	34,000	26,000	Plant and Machinery	60,000	50,000
Creditors	10,000	2,000	Debtors	10,000	15,000
Bills payable	2,000	1,000	Cash	6,000	4,000
	1,06,000	94,000		1,06,000	94,000

Additional information:

- i. Depreciation of Rs.20, 000 on plant and machinery was charged to Profit and Loss account.
- ii. Dividends of Rs. 12,000 were paid during the year.

Q.5(A) What are turnover ratios? Discuss their significance. 10M

OR

Q.5(B) From the following Balance Sheet calculate: 10M

- (a) Current Ratio.
- (b) Liquid Ratio.
- (c) Cash ratio
- (d) Debt-equity Ratio.

Liabilities	Rs.	Assets	Rs.
Equity share capital	1,00,000	Cash in hand	2,000
6% preference share capital	1,00,000	Cash at Bank	10,000
7% Debentures	40,000	Bills receivable	30,000
8% Public debt	20,000	Investments	20,000
Bank over draft	40,000	Sundry debtors	70,000
Sundry Creditors	60,000	Closing stock	40,000
Outstanding expenses	7,000	Plant and Machinery	1,00,000
Proposed dividend	10,000	Furniture	30,000
Reserves	1,50,000	Land and Buildings	2,20,000
Provision for taxation	20,000	Goodwill	35,000
Profit & loss account	20,000	Preliminary expenses	10,000
	5,67,000		5,67,000

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