

Hall Ticket No

Question Paper Code: CMBB02



INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

MODEL QUESTION PAPER

MBA I Semester End Examinations, January - 2020

Regulation: IARE-R18

ACCOUNTING FOR MANAGEMENT (MASTER OF BUSINESS ADMINISTRATION)

Time: 3 Hours

Max Marks: 70

Answer any ONE question from each Unit

All questions carry equal marks

All parts of the question must be answered in one place only

UNIT – I

- 1 a) Examine the meaning of double entry system. Demonstrate the advantages and disadvantages of double entry system. [7M]
- b) Define account. Explain the classification of accounts and the rules of personal accounts and impersonal accounts. [7M]
- 2 a) Define financial accounting. Illustrate the importance and limitations of financial accounting. Describe different types of transactions with suitable examples. [7M]
- b) Examine the class of account from the following aspects: [7M]
 - i) Capital (ii) Depreciation (iii) Salaries (iv) Commission received (v) Bad debts (vi) Drawings (vii) Buildings (viii) Goodwill (ix) Andhra Bank (x) Rent paid.

UNIT – II

- 3 a) Write journal entries in the books of Mr. Kishore Kumar from the following: [7M]

2010

March 1st Business started with cash Rs.90,000
March 5th Cash deposited into bank Rs.20,000
March 7th Cash paid to mohan Rs.15,000
March 8th Cash received from srinivas Rs.10,000
March 10th Machinery purchased on cash Rs.25,000
March 12th Furniture sold for cash Rs.30,000
March 25th Salaries paid for Rs.30,000
March 26th Rent received for Rs.40,000
March 27th Advertisement charges paid Rs.20,000
March 28th Cash withdrawn from bank Rs.10,000
March 30th Goods sold to srinivas on credit for Rs.50,000
March 31st Goods purchased from venu on credit for Rs.15,000
- b) Show trial balance as on 31-12-2009 under balances method from the following: [7M]

Capital Rs.6,000; Cash in hand Rs. 500; Bills receivable Rs.4,550; Debtors Rs.3,300
Land & Building Rs.6,000; Purchases Rs. 7,000; Sales Rs.8,000; Creditors Rs.600;
Bills payable Rs. 2,750; Bank overdraft Rs.4,000.

- 4 a) A machine was purchased for Rs.50,000 on 1-1-2010. It was sold for 40,000 on 31-12-2012. Depreciation was charged @10% p.a. under fixed installment method. Prepare machinery A/c upto the date of sale. Calculate profit or loss on the sale of the machine. [7M]
- b) Prepare sales book and sales returns book in the books of Mr. Charan from the following: [7M]
2008
July 1st Goods sold to Varma Rs.30,000 less trade discount @10%
July 2nd Goods returned from Varma Rs.3,000
July 3rd Goods sold to Krishna Rs 28,000
July 4th Goods bought from Narayana Rs.25,000
July 5th Goods returned by Krishna Rs.8,000
July 10th Goods sold to Ravi for cash Rs.20,000
July 19th Goods purchased from Srikanth Rs.65,000
July 30th Goods sold to Vijay for Rs.10,000
July 31st Goods returned from Vijay for Rs. 2,500

UNIT – III

- 5 a) The following transactions occur in the purchase and issue of a material: [7M]
2010
January 1st Purchased 4,000 units @ Rs.4.40 per unit.
January 20th Purchased 500 units @ Rs.5.00 per unit.
February 5th Issued 2,000 units.
February 10th Purchased 6,000 units @ Rs.6.00 per unit.
February 12th Issued 4,000 units.
March 2nd Issued 1,000 units.
March 5th Issued 2,000 units.
March 15th Purchased 4,500 units @ Rs.5.50 per unit.
March 20th Issued 3,000 units.
Prepare stores ledger under FIFO method from the above information.
- b) Write the meaning of equity shares and preference shares. Examine the features and different types of preference shares. [7M]
- 6 a) The following transactions occur in the purchase and issue of a material: [7M]
2010
Jan 1st Purchased 5,000 units @ Rs.4.40 per unit.
Jan 20th Purchased 2,500 units @ Rs.5.00 per unit.
Feb 5th Issued 3,000 units.
Feb 10th Purchased 8,000 units @ Rs.6.00 per unit.
Feb 12th Issued 5,000 units.
March 2nd Issued 2,000 units.
March 5th Issued 1,000 units.
March 15th Purchased 6,500 units @ Rs.5.50 per unit.
March 20th Issued 2,000 units.
Prepare stores ledger under LIFO method from the above information.
- b) Fairdealers Ltd issued 10,000 equity shares of Rs.10 each. The payment of share was given as follows: [7M]
On application Rs.2, allotment Rs.2, first call Rs.3 and final call Rs.3 each. All the shares taken by the public and the money duly received on all shares. Show journal entries in the books of Fairdealers Ltd.

UNIT – IV

- 7 a) Prepare funds flow statement for the year ended 31st March 2005 from the following balance Sheets given in Table 1. [7M]

Liabilities	2004 (Rs.)	2005 (Rs.)	Assets	2004 (Rs.)	2005 (Rs.)
Share Capital	2,00,000	2,50,000	Land & Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Plant & Machinery	1,50,000	1,74,000
P&L A/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan (Short-Term)	70,000	—	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for Taxation	30,000	35,000	Bank	—	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Table 1

Additional Information:

- (1) Depreciation was charged on plant & machinery Rs.14,000 in 2008.
- (2) Dividend of Rs.20,000 was paid during the year 2008.
- (3) Income tax provision made during the year was Rs.25,000
- (4) A piece of land has been sold during the year at cost.

- b) Illustrate the meanings of funds flow statement and cash flow statement. Distinguish between funds flow statement and cash flow statement. [7M]

- 8 a) Prepare cash flow statement of A & Co Ltd., for the year ended 31st March 2012 from the following balance sheets given Table 2.: [7M]

Liabilities	2011 (Rs.)	2012 (Rs.)	Assets	2011 (Rs.)	2012 (Rs.)
Share Capital	2,40,000	1,60,000	Land & Building	1,66,200	3,39,600
Share Premium	24,000	36,000	Machinery	1,06,800	1,53,900
General Reserve	18,000	27,000	Furniture	7,200	4,500
P & L Account	58,500	62,400	Stock	66,300	78,000
8% Debentures	—	78,000	Sundry Debtors	1,09,500	1,17,300
Provision for Tax	29,400	32,700	Bank	14,400	12,000
Creditors	1,00,500	1,09,200			
	4,70,400	7,05,300		4,70,400	7,05,300

Table 2

Additional Information:

- (1) Depreciation written off on machinery during the year 2012 Rs.38,400
- (2) Depreciation written off on furniture during the year 2012 Rs.1,200.

- b) Define funds flow statement. Explain the significance and limitations of funds flow statement. List out the components of current assets and current liabilities. [7M]

UNIT – V

- 9 a) You are required to compute (i) Gross profit ratio (ii) Net profit ratio (iii) Operating ratio (iv) Operating profit Ratio from the following Trading and Profit & Loss A/c of Mr. Rajesh for the year ending 31-12-2013 given in Table 3. [7M]

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	30,000	By Sales	1,10,000
To Purchases	60,000	By Closing stock	20,000
To Wages	10,000		
To Gross Profit (B.F)	30,000		1,30,000
	1,30,000		
To Admn. Expenses	10,000	By Gross Profit	30,000
To Selling & Distribution Expenses	5,000	By Sundry Receipts	5,000
To Net Profit (B.F)	20,000		
	35,000		35,000

Table 3

- b) Define ratio analysis. Demonstrate the significance and limitations of ratio analysis. Examine the formulae of current ratio, quick ratio and absolute quick ratio. [7M]
- 10 a) You are required to calculate (1) Current ratio (2) Quick ratio (3) Absolute liquidity ratio from the following balance sheet which was given on 31-3-2011 [7M]

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital	10,00,000	Goodwill	5,00,000
6% Preference Share Capital	5,00,000	Plant & Machinery	6,00,000
General Reserve	1,00,000	Land & Building	7,00,000
P & L Account	4,00,000	Furniture	1,00,000
12% Debentures	5,00,000	Bills Receivables	30,000
Creditors	80,000	Closing stock	6,00,000
Bank O.D	20,000	Debtors	1,50,000
Bills Payable	1,24,000	Bank Balance	2,00,000
Provision for Taxation	1,76,000	Marketable Securities	20,000
	29,00,000		29,00,000

Table 4

- b) Critically examine the meaning of financial statements. State the significance and limitations of financial statement analysis. [7M]



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COURSE OBJECTIVES :

The course should enable the students to:

I	Develop an insight of principles of accounting and utilization of financial information for decision making and forward planning for future.
II	Understand financial statements for knowing earning capacity and financial position of the business concern with confidence.
III	Demonstrate the financial growth of different companies and make analysis of financial accounts.
IV	Describe the significance of financial statements as means of business communication.
V	Design and Use the analytical techniques and arriving at conclusions from financial information for the purpose of decision making.
VI	Analyze different types of financial ratios which are very useful for knowing liquidity, Profitability and solvency positions of business concern.

COURSE OUTCOMES (COs):

Students who complete the course will have demonstrated the ability to do the following.

CMBB02.01	Understand and elucidate the objectives, importance of financial accounting and different types of accounting concepts and conventions.
CMBB02.02	Discuss different types and principles of personal, impersonal accounts, importance and preparation of journal and ledger.
CMBB02.03	Describe the significance and preparation of trial balance and final accounts.
CMBB02.04	Recognize the causes of depreciation and methods of charging depreciation on fixed assets.
CMBB02.05	Explain the objectives, significance and different methods of inventory valuation and goodwill valuation.
CMBB02.06	Illustrate the features, merits, demerits and classification of shares and debentures.
CMBB02.07	Analyze and explain the issue of shares at par, discount, premium, forfeiture of shares and issue of debentures.
CMBB02.08	Evaluate the factors which are influencing on working capital management.
CMBB02.09	Identify the significance, limitations and preparation of statement of sources and application of funds and cash flow statement (AS3).
CMBB02.10	Demonstrate the importance, limitations and types of financial statements as means of business communication to find the financial soundness of the firm.
CMBB02.11	Enumerate and elucidate the importance and role of different types of financial statements for the purpose of strategic decisions.
CMBB02.12	Examine and interpret the importance, limitations and various types' of financial ratios in view of decision making.

MAPPING OF SEMESTER END EXAMINATION TO COURSE LEARNING OUTCOMES:

SEE Question No.		Course Outcomes (COs)		CO Code	Blooms Taxonomy Level
1	a	CMBB02.01	Understand and elucidate the objectives, importance of financial accounting and different types of accounting concepts and conventions.	CO 1	Understand
	b	CMBB02.02	Discuss different types and principles of personal, impersonal accounts, importance and preparation of journal and ledger.	CO 2	Understand
2	a	CMBB02.01	Understand and elucidate the objectives, importance of financial accounting and different types of accounting concepts and conventions.	CO 1	Remember
	b	CMBB02.02	Discuss different types and principles of personal, impersonal accounts, importance and preparation of journal and ledger.	CO 2	Remember
3	a	CMBB02.03	Describe the significance and preparation of trial balance and final accounts.	CO 3	Remember
	b	CMBB02.04	Recognize the causes of depreciation and methods of charging depreciation on fixed assets.	CO 4	Remember
4	a	CMBB02.03	Describe the significance and preparation of trial balance and final accounts.	CO 3	Remember
	b	CMBB02.04	Recognize the causes of depreciation and methods of charging depreciation on fixed assets.	CO 4	Remember
5	a	CMBB02.05	Explain the objectives, significance and different methods of inventory valuation and goodwill valuation.	CO 5	Understand
	b	CMBB02.06	Illustrate the features, merits, demerits and classification of shares and debentures.	CO 6	Understand
6	a	CMBB02.05	Explain the objectives, significance and different methods of inventory valuation and goodwill valuation.	CO 5	Understand
	b	CMBB02.06	Illustrate the features, merits, demerits and classification of shares and debentures.	CO 6	Understand
7	a	CMBB02.07	Analyze and explain the issue of shares at par, discount, premium, forfeiture of shares and issue of debentures.	CO 7	Understand
	b	CMBB02.08	Evaluate the factors which are influencing on working capital management.	CO 8	Remember
8	a	CMBB02.08	Evaluate the factors which are influencing on working capital management.	CO 8	Remember
	b	CMBB02.09	Identify the significance, limitations and preparation of statement of sources and application of funds and cash flow statement (AS3).	CO 9	Understand
9	a	CMBB02.10	Demonstrate the importance, limitations and types of financial statements as means of business communication to find the financial soundness of the firm.	CO 10	Remember
	b	CMBB02.11	Enumerate and elucidate the importance and role of different types of financial statements for the purpose of strategic decisions.	CO 11	Understand
10	a	CMBB02.11	Enumerate and elucidate the importance and role of different types of financial statements for the purpose of strategic decisions.	CO 11	Understand
	b	CMBB02.12	Examine and interpret the importance, limitations and various types' of financial ratios in view of decision making.	CO 12	Understand

Signature of Course Coordinator

HOD, MBA