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MBAH 402

First Semester M.B.A. Examination, January 2018  
BUSINESS ADMINISTRATION  
Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

(2×10=20)

**Note :** Answer any two questions. Each question carries 10 marks. Answer to the question should not exceed five pages each.

1. What do you mean by Accounting Concepts and Conventions ? Explain the following Accounting Concepts :
  - a) Business Entity Concept
  - b) Money Measurement Concept.
2. Critically examine the implications of IFRS in the present scenario.
3. Explain the how flotation costs and management desire to retain control affects the firm's capital structure decision.

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SECTION – B

(3×12=36)

**Note :** Answer any three questions. Each question carries 12 marks. Answer to the question should not exceed six pages.

4. Prepare Journal entries in the books of Arjun and Karan and also prepare Arjun's Account in the ledger of Karan and Karan's Account in the ledger of Arjun from the following transactions between them.

2010,  
October

- |    |  |
|----|--|
| 1  | Opening debt of Kiran to Arjun Rs. 1,500                                   |
| 8  | Arjun sold goods to Karan on account Rs. 2,000                             |
| 15 | Karan returned goods to Arjun Rs. 1,000                                    |
| 18 | Arjun received cash from Karan Rs. 1,000 and allowed Karan discount Rs. 50 |
| 21 | Karan sold goods to Arjun on credit Rs. 1,500                              |
| 23 | Arjun received cash from Karan Rs. 800 in full settlement                  |

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5. The book value of plant and machinery on 1-1-2013 was Rs. 2,00,000. New Machinery for Rs. 10,000 was purchased on 1-10-2013 and for Rs. 20,000 on 1-7-2014. On 1-4-2015 a machinery of which book value had been Rs. 30,000 on 1-1-2013 was sold for Rs. 16,000 and the entire amount was credited to Plant and Machinery account. Depreciation had been charged at 10% p.a. on the book value on 1-1-2013 as per SLM. It was decided on 31-12-2015 that depreciation at the rate of 20% p.a. on DBM should be charged with retrospective effect since 1-1-2013. Show the plant and machinery account with detailed working notes.
6. The following is the details of Badami Limited on 31<sup>st</sup> March, 2015 :

Particulars	Amount (Rupees)
Cash in hand	640
Cash at bank	12,730
Purchase A/c	1,40,775
Sales A/c	2,58,880
Returns Inwards A/c	2,780
Returns Outwards A/c	1,600
Wages A/c	20,580
Fuel and Power A/c	4,830
Carriage on Sales	3,300
Carriage on Purchases	2,140
Stock A/c (1 <sup>st</sup> April, 2014)	25,860
Building A/c	30,100
Freehold Land A/c	20,100
Machinery A/c	20,100
Patents A/c	7,600
Salaries A/c	15,100
General Expenses A/c	13,100
Insurance A/c	700
Drawings A/c	15,345
Capital A/c	82,100
Sundry Debtors A/c	14,600
Sundry Creditors A/c	6,400



Taking into account the following adjustments, prepare Trading and Profit and Loss Account and the Balance Sheet.

- a) Stock on hand on 31<sup>st</sup> March 2015 is Rs. 26,800.
- b) Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%.
- c) Salaries for the month of March 2015 amounting to Rs. 1,500 were unpaid.
- d) Insurance includes a premium of Rs. 170 on a policy expiring on 31<sup>st</sup> September 2015.
- e) Wages include a sum of Rs. 2,000 sent on the erection of a cycle shed for employees and customers.
- f) A provision for bad and doubtful debts is to be created to the extent of 5% on Sundry Debtors.

7. Enter the following transactions in the cash book with cash, bank and discount columns :

2010  
October

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- 1 Muthu commenced business with Rs. 10,000
- 2 Remitted into current account Rs. 9,000
- 6 Paid to Kannan by cheque Rs. 4,000 and discount allowed by him Rs. 100
- 10 Cash sales Rs. 4,000
- 11 Paid into bank Rs. 3,000
- 15 Monsi paid into bank Rs. 2,000
- 19 Issued a cheque to Lilly for furniture Rs. 2,000
- 20 Received from Gopal Rs. 500 and discount allowed Rs. 50
- 22 Withdrew from bank Rs. 200
- 25 Cash purchase paid by cheque Rs. 800
- 31 Paid salaries by cheque Rs. 1,200

8. Discuss the adjustment entries required for preparing Final Accounts of a sole trader with appropriate examples.



SECTION – C  
(Compulsory)

(1×14=14)

**Note :** Answer to the question should **not** exceed **six** pages.

9. Following is the trail balance of Lakshmi Co.Ltd. as at 31<sup>st</sup> March, 2015 :

Particulars	Debit	Credit
Stock, 31 <sup>st</sup> March, 2014	75,000	
Sales		3,50,000
Purchases	2,45,000	
Wages	50,000	
Discount		5,000
Furniture and Fittings	17,000	
Salaries	7,500	
Rent	4,950	
Sundry expenses	7,050	
Surplus account 31 <sup>st</sup> March 2014		15,030
Dividend paid	9,000	
Share capital		1,00,000
Debtors/Creditors	37,500	17,500
Plant and Machinery	29,000	
Cash at Bank	16,200	
Reserve		15,500
Patent and trade mark	4,830	
<b>Total</b>	<b>5,03,030</b>	<b>5,03,030</b>

Prepare statement of profit and loss for the year ended 31<sup>st</sup> March, 2015 and Balance Sheet (Vertical format) as at that date. Take into consideration the following adjustments :

- Stock on 31<sup>st</sup> March 2015 was valued at Rs. 82,000.
- Depreciation on fixed assets @ 10%.
- Make a provision for income tax at 50%.
- Ignore corporate dividend tax.