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MBAH 402

I Semester M.B.A. Degree Examination, January 2020

BUSINESS ADMINISTRATION

Accounting for Managers

Time : 3 Hours]

[Max. Marks : 70

SECTION-A

Answer **any two** questions. Each question carries **10** marks. Answer to the question should not exceed five pages each : **(2 × 10 = 20)**

1. Why are accounting concepts and conventions required? How do you distinguish between accounting concepts and conventions?
2. "Depreciation accounting is a process of allocation and not of valuation". Comment
3. What is cost of capital? Discuss the importance of cost of capital in detail

SECTION - B

Answer **any three** questions. Each question carries **12** marks. Answer to the question should not exceed six pages each. **(3 × 12 = 36)**

4. On 31st December, 2018, the pass book of a merchant shows a credit balance of Rs. 3,357. The cheques and drafts sent to the bank but not collected and credited amounted to Rs. 790, and three cheques drawn for Rs. 300, Rs. 150 and Rs. 200 respectively were not presented for payment till 31st January next year. The bank has settled a bill payable amounting to Rs. 1,000 but it has not been entered in the cash book and a bill receivable of Rs. 500 which was discounted with the bank was dishonoured by the drawee on due date.

The bank has charged Rs. 13 as its commission for collecting outstation cheques and has allowed interest Rs. 10 on the trader's balance.

Prepare a Bank Reconciliation Statement and show the balance as per cash book.

5. Elaborate the factors affecting the dividend division of a company.



6. Surendra commenced business on 1st January, 2019: His transactions for the month are given below. Journalise them.

2019		Rs.
Jan. 1	Commenced business with a cash capital	20,000
Jan. 2	Paid into bank	10,000
Jan. 3	Bought goods from Rames & Co.	5,000
Jan. 3	Sold goods to Rajesh	4,000
Jan. 7	Bought goods of Ram Chand	6,000
Jan. 8	Paid wages in cash	200
	Sold goods to Mahesh Chand	5,000
Jan. 10	Received cheque from Rajesh (discount allowed Rs. 200)	3,800
Jan. 10	Paid into bank	4,000
Jan. 11	Paid to Ramesh & Co. (discount received Rs. 200)	4,000
Jan. 12	Paid rent for three months of March	400
Jan. 13	Bought goods from C. Khare	7,400
Jan. 15	Wages Paid in cash	80
Jan. 15	Paid office expenses in cash	70
Jan. 16	Sold goods to Jagadish	3,200
Jan. 17	Sold goods to Rajesh	1,600
Jan. 21	Sold goods to Mahesh Chand	2,500
Jan. 21	Payment received by cheque from Jagdish	3,200
Jan. 22	Paid wages in cash	80
Jan. 22	Paid office expenses in cash	50
Jan. 25	Paid Ram Chand by cheque (discount Rs. 200)	5,800
Jan. 26	Received cheque from Mahesh Chand (Discount Rs. 200)	4,800
Jan. 27	Mahesh Chand returned goods not up to the sample	200
Jan. 29	Paid wages in cash	80
Jan. 31	Paid office expenses in cash	40
Jan. 31	Paid salaries for the month	300
Jan. 31	Cash used at home	400



7. What are the techniques of Financial Statement Analysis? Explain them briefly.
8. What are the rules regarding 'expense recognition'? Discuss these with reference to accrual method of accounting.

SECTION - C
(Compulsory)

Answer to the question should not exceed six pages each : **(1 × 14 = 14)**

9. From the following trail balance of Karnataka Company Ltd. Prepare trading and profit and loss account for the year ended 31st March 2019 and the Balance Sheet as on that date after taking into account the adjustments given.

Debit Balance	Dr (Rs.)	Credit Balance	Cr(Rs.)
Karnataka Company's drawings	4,500	Karnataka Company's capital	24,000
Purchases	20,000	Sales	30,500
Return inwards	1,500	Discount	1,900
Stock (1- 4 - 2018)	8,000	Sundry Creditors	10,000
Salary	4,200	Bills Payable	2,500
Wages	1,200		
Rent	350		
Bad debts	400		
Discounts	700		
Sundry debtors	14,000		
Cash in hand	260		
Cash at bank	5,940		
Insurance	400		
Trade expenses	300		
Printing	150		
Furniture	2,000		
Machinery	5,000		
	68,900		68,900



Adjustments:

- (a) Closing stock was valued at Rs.7,000.
 - (b) Insurance was prepaid to the extent of Rs. 60.
 - (c) Outstanding liabilities were, salary Rs. 200 and wages Rs. 200.
 - (d) Make provision for doubtful debts at 5% on sundry debtors.
 - (e) Calculate interest on capital 5% P.A.
 - (f) Depreciation is provided at 5% on machinery and 10% on furniture.
 - (g) Provide for discounts on creditors at 1%.
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