

Code: 9E00103

MBA I Semester Supplementary Examinations August 2014

FINANCIAL ACCOUNTING FOR MANAGERS

(For students admitted in 2010, 2011, 2012 & 2013)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Explain GAAP.
- 2 From the following data of Mr. Ganesh for the year ending 30-06-2012 prepare trading and profit and loss account and balance sheet:

Particulars	Debit balance in Rs.	Credit balances in Rs.
Capital		75,000
Sales		4,20,750
Creditors		15,000
Provision for bad debts		200
Bills payable		2,000
Cash at bank	12,500	
Cash in hand	2,000	
Coal and gas	1,000	
Opening stock	45,000	
Purchases	2,25,000	
Plant	75,000	
Trade expenses	10,000	
Carriage inwards	2,500	
Carriage outwards	1,500	
Factory rent	1,500	
Discounts	350	
Insurance	700	
Debtors	60,000	
Office rent	3,000	
Printing	600	
General expenses	2,800	
Advertising	15,000	
Bills receivable	6,000	
Drawings	6,000	
Salaries	15,000	
Wages	20,000	
Furniture	7,500	
Total	5,12,950	5,12,950

Adjustments:

- (a) Prepaid insurance Rs.100.
- (b) Closing stock Rs.35,000.
- (c) Write of 10 % on plant and furniture.
- (d) Increase provision for bad debts to 5 %.
- (e) Outstanding office rent Rs.600.

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- 3 Brief the following:
 - (a) Depreciation fund method.
 - (b) Revaluation method.
 - (c) Machine hour rate method.

- 4 What do you understand by goodwill? Under what circumstances does it arise? Explain and illustrate the different methods of calculating goodwill.

- 5 What entries are passed before and after the reissue of forfeited shares?

- 6 How can a statement of changes in cash flows be prepared? How does it differ from the statement prepared on working capital basis?

- 7 Calculate the current assets from the following information:
Stock turnover ratio = 5 times.
Stock at the end is Rs.5000 more than the stock in the beginning.
Sales (all credit) = Rs.2,00,000.
Gross profit ratio = 20 %.
Current liabilities = Rs.60,000.
Quick ratio = 0.75.

- 8 Describe the importance of accounting standards.
