



MANGALORE INSTITUTE OF TECHNOLOGY & ENGINEERING

(A Unit of Rajalaxmi Education Trust®, Mangalore)

Autonomous Institute affiliated to VTU, Belagavi, Approved by AICTE, New Delhi

Accredited by NAAC with A+ Grade & ISO 9001:2015 Certified Institution

Model Question Paper

First Semester MBA Degree Examination, 2023-24

Accounting for Managers

Time: 3 Hours

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q1 to Q7.

2. Question No. 8 is compulsory.

3. M: Marks, L: RBT (Revised Bloom's Taxonomy) level, C: Course outcomes.

		M	L	C
Q1	a. Explain the steps in Accounting cycle.	03	L2	CO1
	b. Illustrate the objectives of Accounting.	07	L2	CO1
	c. Apply the accounting concepts to the following statements and justify the reason	10	L3	CO2
	a) A company has provided services but has not yet received payment from the customer, the company would still recognize the revenue on its books.			
	b) If a company pays for advertising in March, but sees its sales increase in April, the advertising expense would be included in the April financial statements.			
Q2	c) Firms exclude a transaction in their annual financial statement if they can't assign it a monetary value.			
	d) Firm is autonomous from its owner and doesn't keep track of the proprietor's personal costs, earnings, obligations or assets.			
	e) Accountants compile financial statements under the assumption that a company may continue to operate for a reasonable amount of time.			
	a. Distinguish between Trail Balance and Balance Sheet	03	L2	CO1
	b. Journalise the following transactions in the books of Ramesh 2024 March 1 Commenced business with cash Rs. 10,000, furniture 10,000 and Creditors 5,000, Bills payable 5000 3 Bought goods worth Rs. 4,000 from Mr. X and paid 2,500 8 Goods worth Rs. 3,200 sold to Ram and received Rs. 2,000 10 Paid to Mahesh Rs. 1,400 and received discount Rs. 100 15 Paid rent Rs. 800 and salary Rs. 1,000 by cheque 20 Bank charges charged by bank Rs. 150 25 Paid Life insurance premium Rs. 1000	07	L3	CO2
	c. Formulate the accounting equation from the following transactions 2024 March 1 Rakesh started business with cash Rs. 1,00,000 5 Took loan of Rs. 20,000 from Krishna 7 Purchased stationery for Rs. 6,000 on credit	10	L3	CO2

		12 Purchased goods costing Rs. 59,000 on cash 15 Paid towards salary Rs. 4,000 and Rs. 1,200 for rent 20 Withdrew cash for personal use Rs. 3,500 25 Sold goods for Rs. 20,000 on cash and Rs.10,000 on credit 27 Further capital invested Rs 10,000 29 Received interest Rs 100 30 Paid to creditors R.2,000																																									
Q3	a.	Describe the term Window dressing with examples.	03	L2	CO1																																						
	b.	From the following particulars, prepare statement of Profit & Loss for the year ending 31st March 2024 as per Companies Act 2013. <table><tr><td>Sales</td><td>20,00,000</td></tr><tr><td>Salaries</td><td>80,000</td></tr><tr><td>Bad debts</td><td>6,500</td></tr><tr><td>Travelling expenses</td><td>4,000</td></tr><tr><td>Purchases</td><td>4,00,000</td></tr><tr><td>Depreciation on Plant</td><td>16,000</td></tr><tr><td>Opening stock</td><td>1,50,000</td></tr><tr><td>Wages</td><td>1,20,000</td></tr><tr><td>Insurance</td><td>3,000</td></tr><tr><td>Equity share capital</td><td>2,00,000</td></tr><tr><td>Preference share capital</td><td>1,00,000</td></tr><tr><td>Materials consumed</td><td>8,00,000</td></tr><tr><td>Bonus to employees</td><td>20,000</td></tr><tr><td>Provision for tax</td><td>60,000</td></tr><tr><td>P.F contribution</td><td>6,000</td></tr><tr><td>Sales returns</td><td>40,000</td></tr><tr><td>Interest on loan</td><td>16,000</td></tr><tr><td>Outstanding wages</td><td>6,000</td></tr><tr><td>Additional information: Closing Stock valued at Rs. 2,30,000.</td><td></td></tr></table>	Sales	20,00,000	Salaries	80,000	Bad debts	6,500	Travelling expenses	4,000	Purchases	4,00,000	Depreciation on Plant	16,000	Opening stock	1,50,000	Wages	1,20,000	Insurance	3,000	Equity share capital	2,00,000	Preference share capital	1,00,000	Materials consumed	8,00,000	Bonus to employees	20,000	Provision for tax	60,000	P.F contribution	6,000	Sales returns	40,000	Interest on loan	16,000	Outstanding wages	6,000	Additional information: Closing Stock valued at Rs. 2,30,000.		07	L3	CO2
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	c.	Prepare Balance Sheet of ABC Limited from the following ledger balances as on 31.03.2024. <table><tr><td>Particulars</td><td>Amount</td></tr><tr><td>Equity share capital</td><td>5,00,000</td></tr><tr><td>Plant and Machinery</td><td>6,00,000</td></tr><tr><td>Preference share capital</td><td>4,00,000</td></tr><tr><td>Freehold property</td><td>3,00,000</td></tr><tr><td>Goodwill</td><td>1,00,000</td></tr><tr><td>Debentures</td><td>4,00,000</td></tr><tr><td>Sundry Debtors</td><td>1,40,000</td></tr><tr><td>Closing stock</td><td>2,00,000</td></tr><tr><td>Bank overdraft</td><td>60,000</td></tr><tr><td>Sundry creditors</td><td>60,000</td></tr></table>	Particulars	Amount	Equity share capital	5,00,000	Plant and Machinery	6,00,000	Preference share capital	4,00,000	Freehold property	3,00,000	Goodwill	1,00,000	Debentures	4,00,000	Sundry Debtors	1,40,000	Closing stock	2,00,000	Bank overdraft	60,000	Sundry creditors	60,000	10	L3	CO2																
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		Cost of issue of shares	40,000							
		Unclaimed dividend	50,000							
		Advertisement expenses	90,000							
Q4	a.	Explain the limitations of Financial Statements				03	L2	CO1		
	b.	Analyse the following data using financial ratios and prepare a Balance Sheet				07	L4	CO3		
	Gross profit (20% of Sales)		60,000							
	Share capital		50,000							
	Credit Sales to total sales		80%							
	Total Assets turnover		3 times							
	Closing stock turnover (to cost of sales)		8 times							
	Average collection period (for 360 days)		18 days							
	Current ratio		1.6							
	Long term debt to equity		40%							
c.	Evaluate the information in the Balance Sheet to know the current liquidity position and create a cash flow statement under indirect method.				10	L5	CO4			
Liability		31.03.22	31.03.23	Assets				31.03.22	31.03.23	
Share capital		5,00,000	4,00,000	Fixed assets				3,10,000	3,00,000	
Reserve fund		1,50,000	50,000	Investments				15,000	-	
Secured loan		3,50,000	4,00,000	Stock				7,50,000	7,87,500	
Current liabilities		5,00,000	6,00,000	Debtors				4,00,000	3,50,000	
				Cash				25,000	12,500	
		15,00,000	14,50,000					15,00,000	14,50,000	
Adjustments:										
1. The net profit for the year after adjustment in respect of provision for dividend and taxation was Rs. 1,00,000										
2. There was addition to fixed assets during the year amounting to Rs 40,000 and depreciation for the year was Rs.30,000.										
Q5	a.	What are the reasons for difference in Cash book and Pass book				03	L2	CO1		
	b.	Explain in detail the objectives of Auditing.				07	L2	CO1		
	c.	Analyse the following transactions and prepare a Bank Reconciliation Statement				10	L4	CO3		
	(i) Overdraft as per pass book Rs 10,200									
(ii) Interest on overdraft charged by the bank Rs 340										
(iii) Bank charges charged by the bank Rs 150										
		(iv) Cheques issued but not presented for payment by customers Rs 2,750								
		(v) Cheques paid into bank but not collected Rs 2,200								

		(vi) Interest on investment directly collected by banker Rs 150 (vii) There was a wrong debit of Rs 200 given in the Pass book																																																	
Q6	a.	Explain the role of an Auditor	03	L2	CO1																																														
	b.	Prepare a Trail Balance from the following data <table><tr><th>Particulars</th><th>Rs'000</th></tr><tr><td>Gopal's Capital</td><td>7,000</td></tr><tr><td>Purchases</td><td>8,000</td></tr><tr><td>Rent Paid</td><td>240</td></tr><tr><td>Gopal's Drawings</td><td>400</td></tr><tr><td>Bills Receivables</td><td>1,200</td></tr><tr><td>Opening stock</td><td>1,000</td></tr><tr><td>Purchase Returns</td><td>280</td></tr><tr><td>Sales Returns</td><td>160</td></tr><tr><td>Plant and Machinery</td><td>4,000</td></tr><tr><td>Sales</td><td>9,600</td></tr><tr><td>Furniture</td><td>500</td></tr><tr><td>Salaries</td><td>720</td></tr><tr><td>Sundry creditors</td><td>5,600</td></tr><tr><td>Carriage</td><td>100</td></tr><tr><td>Insurance</td><td>40</td></tr><tr><td>Cash in hand</td><td>100</td></tr><tr><td>Cash at Bank</td><td>1,950</td></tr><tr><td>Commission paid</td><td>40</td></tr><tr><td>Bills Payable</td><td>1,580</td></tr><tr><td>Discount received</td><td>30</td></tr><tr><td>Discount allowed</td><td>40</td></tr><tr><td>Sundry debtors</td><td>5,600</td></tr></table>	Particulars	Rs'000	Gopal's Capital	7,000	Purchases	8,000	Rent Paid	240	Gopal's Drawings	400	Bills Receivables	1,200	Opening stock	1,000	Purchase Returns	280	Sales Returns	160	Plant and Machinery	4,000	Sales	9,600	Furniture	500	Salaries	720	Sundry creditors	5,600	Carriage	100	Insurance	40	Cash in hand	100	Cash at Bank	1,950	Commission paid	40	Bills Payable	1,580	Discount received	30	Discount allowed	40	Sundry debtors	5,600	07	L3	CO2
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c.	On 01.04.2019 Mr X purchased Machinery for Rs 82,000 and spent 10,000 for installation and 5,000 for repairs. On 31.08.2021 he sold a part of the machinery costing Rs 18,000 for Rs 12,000. New machinery was purchased on the same day for Rs 30,000 and spent Rs 5,000 for transportation. The depreciation was charged at 10% per annum on the written down value method. Prepare Machinery account for 5 years.	10	L3	CO2																																															
Q7	a.	Illustrate any three Accounting Standards in India with description.	03	L2	CO1																																														
	b.	Explain different types of Accounting and summarise the uses of each type of Accounting.	07	L2	CO1																																														
	c.	Interpret the following transactions in the three column Cash book 2024 April 2 Balance of each Rs. 7,500 and in Bank Rs. 13,000 April 3 Bought goods for cash Rs 1,500 April 9 Received from Rajan a cheque of Rs 1,350 and allowed him discount of Rs. 50. April 11 Above cheque is sent to bank for collection April 15 Paid to Arjun and company Rs 2,250 by cheque and he allowed a discount of Rs 70. April 20 Paid into bank Rs. 1000 April 28 Bought office furniture and paid by cheque Rs. 2,200	10	L3	CO2																																														

		April 29 Withdraw cash for payment of LIC premium Rs. 700 April 30 Received from cash sales Rs. 1,750																																																																		
		Case Study (COMPULSORY)																																																																		
		From the following Trial Balance of ABC Limited Prepare Final Statements (Vertical Format only) for the year ending 31/03/2024 and analyse the earning per equity share.																																																																		
		<table><tr><td>Particulars</td><td>Debit</td><td>Credit</td></tr><tr><td>Sale of goods</td><td>-</td><td>5,50,000</td></tr><tr><td>Office rent</td><td>50,000</td><td>-</td></tr><tr><td>Opening inventory</td><td>35,000</td><td>-</td></tr><tr><td>Purchase of goods</td><td>1,70,000</td><td>-</td></tr><tr><td>Furniture</td><td>1,85,000</td><td>-</td></tr><tr><td>Trade payables</td><td>-</td><td>85,000</td></tr><tr><td>Plant & Machinery</td><td>1,00,000</td><td>-</td></tr><tr><td>Trade receivables</td><td>1,60,000</td><td>-</td></tr><tr><td>Equity share capital (40,000 shares of Rs. 10 each)</td><td>-</td><td>4,00,000</td></tr><tr><td>Debentures</td><td>-</td><td>1,00,000</td></tr><tr><td>Interest on debentures</td><td>10,000</td><td>-</td></tr><tr><td>Fixed deposits</td><td>70,000</td><td>-</td></tr><tr><td>Staff welfare expenses</td><td>12,000</td><td>-</td></tr><tr><td>Surplus</td><td>-</td><td>10,000</td></tr><tr><td>Cash in hand & at bank</td><td>63,000</td><td>-</td></tr><tr><td>Building</td><td>90,000</td><td>-</td></tr><tr><td>Rates & taxes</td><td>25,000</td><td>-</td></tr><tr><td>Salaries</td><td>55,000</td><td>-</td></tr><tr><td>Goodwill</td><td>1,25,000</td><td>-</td></tr><tr><td>General reserve</td><td>-</td><td>5,000</td></tr></table>	Particulars	Debit	Credit	Sale of goods	-	5,50,000	Office rent	50,000	-	Opening inventory	35,000	-	Purchase of goods	1,70,000	-	Furniture	1,85,000	-	Trade payables	-	85,000	Plant & Machinery	1,00,000	-	Trade receivables	1,60,000	-	Equity share capital (40,000 shares of Rs. 10 each)	-	4,00,000	Debentures	-	1,00,000	Interest on debentures	10,000	-	Fixed deposits	70,000	-	Staff welfare expenses	12,000	-	Surplus	-	10,000	Cash in hand & at bank	63,000	-	Building	90,000	-	Rates & taxes	25,000	-	Salaries	55,000	-	Goodwill	1,25,000	-	General reserve	-	5,000			
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		Adjustments: <ul style="list-style-type: none">• Closing Inventories Rs. 45,000• Create provision for taxation @ 30%• Transfer to general reserve Rs. 5,000• Director proposed a dividend @ 10%• Provide depreciation on Plant & Machinery @ 10% and on Building @ 5%.																																																																		
Q8			20	L4	CO3																																																															
