



## Model Question Paper

### First Semester MBA Degree Examination, 2025-26

### 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.	Accounting cycle is an important process in accounting. Explain the steps involved in Accounting cycle.	03	L2	CO1
	b.	Radha Enterprises is a medium-sized manufacturing concern. The management maintains proper books of accounts to record daily transactions and prepares financial statements. Describe the objectives of maintaining books of accounts and preparation of financial statements.	07	L2	CO1
	c.	Apply the accounting concepts to the following statements and justify the reason. 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. 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.	10	L3	CO1
Q2	a.	Distinguish between Trail Balance and Balance Sheet	03	L2	CO3
	b.	Ramesh started business on 1st April 2025. He invested cash and furniture into the business and also took over certain liabilities. Apply your knowledge of accounting and journalise the following transactions in the books of Ramesh. 2025 April 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.	Apply the knowledge of accounting and formulate the accounting equation for the following business transactions 2024 March 1 Rakesh started business with cash Rs. 1,00,000	10	L3	CO2

		5 Took loan of Rs. 20,000 from Krishna 7 Purchased stationery for Rs. 6,000 on credit 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.	A company shows unusually high cash balance and low expenses just before the year-end to attract investors. Identify the accounting practice involved and state why it is considered misleading.	03	L3	CO3																																						
	b.	ABC Ltd., a manufacturing company registered under the Companies Act, 2013, wants to evaluate its financial performance for the year ended 31st March 2025. From the following particulars, prepare statement of Profit & Loss for the year ending 31st March 2025 to help the shareholders to analyse the company's profitability. <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 colspan="2">Additional information: Closing Stock valued at Rs. 2,30,000.</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	L4	CO3
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Additional information: Closing Stock valued at Rs. 2,30,000.																																											
c.	Apply your knowledge of accounting and prepare Balance Sheet of ABC Limited from the following data and assist the shareholders to understand the financial position of the company.	10	L3	CO3																																							

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Q4	a.	A firm appears profitable in its financial statements but is losing market reputation and skilled employees. State the limitation of financial statements highlighted in this case.	03	L2	CO3																																									
	b.	Analyse the following data using financial ratios and prepare a Balance Sheet <table><tr><td>Gross profit (20% of Sales)</td><td>60,000</td></tr><tr><td>Share capital</td><td>50,000</td></tr><tr><td>Credit Sales to total sales</td><td>80%</td></tr><tr><td>Total Assets turnover</td><td>3 times</td></tr><tr><td>Closing stock turnover (to cost of sales)</td><td>8 times</td></tr><tr><td>Average collection period (for 360 days)</td><td>18 days</td></tr><tr><td>Current ratio</td><td>1.6</td></tr><tr><td>Long term debt to equity</td><td>40%</td></tr></table>	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%	07	L4	CO4																									
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c.	Analyse the information in the Balance Sheet and create a cash flow statement under indirect method to know the current liquidity position of the company. <table><tr><td>Liability</td><td>31.03.22</td><td>31.03.23</td><td>Assets</td><td>31.03.22</td><td>31.03.23</td></tr><tr><td>Share capital</td><td>5,00,000</td><td>4,00,000</td><td>Fixed assets</td><td>3,10,000</td><td>3,00,000</td></tr><tr><td>Reserve fund</td><td>1,50,000</td><td>50,000</td><td>Investments</td><td>15,000</td><td>-</td></tr><tr><td>Secured loan</td><td>3,50,000</td><td>4,00,000</td><td>Stock</td><td>7,50,000</td><td>7,87,500</td></tr><tr><td>Current liabilities</td><td>5,00,000</td><td>6,00,000</td><td>Debtors</td><td>4,00,000</td><td>3,50,000</td></tr><tr><td></td><td></td><td></td><td>Cash</td><td>25,000</td><td>12,500</td></tr><tr><td></td><td>15,00,000</td><td>14,50,000</td><td></td><td>15,00,000</td><td>14,50,000</td></tr></table> Adjustments:	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	10	L4	CO4
Liability	31.03.22	31.03.23	Assets	31.03.22	31.03.23																																									
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		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.																											
	a.	Explain the reasons for difference in Cash book and Pass book balances.	03	L2	CO5																								
	b.	An auditor verifies books of accounts to ensure that the entries actually exist and are correctly valued. Describe various objectives of auditing that enhances the reliability of financial statements.	07	L2	CO1																								
Q5	c.	Analyse the following transactions and prepare a Bank Reconciliation Statement  (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	10	L4	CO5																								
	a.	An auditor reports that a company’s financial statements present a true and fair view after examining its records. Summarize the role of an auditor highlighted in this situation.	03	L2	CO1																								
Q6	b.	A Ltd wants to know the arithmetical accuracy of books of accounts. Prepare a Trail Balance from the following data and confirm the arithmetical accuracy of books of accounts. <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>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	Sundry debtors	5,600	07	L3	CO2
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Sundry debtors	5,600																												

		<table><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></table>	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			
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Discount allowed	40																										
	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.	Explain any three Accounting Standards in India with description.	03	L2	CO1																						
	b.	Explain different types of Accounting and summarize the uses of each type of Accounting.	07	L2	CO1																						
	c.	Apply your knowledge of accounting and record the following transactions in the three column Cash book 2025 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 April 29 Withdraw cash for payment of LIC premium Rs. 700 April 30 Received from cash sales Rs. 1,750	10	L3	CO2																						
Q8		<p style="text-align: center;"><b>Case Study (COMPULSORY)</b></p> <p><b>From the following Trial Balance of ABC Limited Prepare Final Statements (Vertical Format only) for the year ending 31/03/2025 and analyse the earning per equity share.</b></p> <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></table>	Particulars	Debit	Credit	Sale of goods	-	5,50,000	Office rent	50,000	-	Opening inventory	35,000	-	Purchase of goods	1,70,000	-	20	L4	CO3							
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

**Adjustments:**

- 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%.

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