



K.R. MANGALAM UNIVERSITY

THE COMPLETE WORLD OF EDUCATION

Rollno.....

End Semester Examination, December 2024
MBA (DM)/ MBA (IBM) – 1st Semester
FINANCIAL ACCOUNTING FOR MANAGEMENT (MCMA707)

Time: 2.5 hrs.

Max Marks: **50**

Note: **All Questions are compulsory.** Marks are indicated against each question.

PART-A

Q.1

- (a) What is the primary purpose of financial accounting? [CO-1] [L-1] **2**
- (b) Describe the term "Generally Accepted Accounting Principles (GAAP)". How do they guide accountants? [CO-1] [L-1] **2**
- (c) What is a Trial Balance? Why is it prepared? [CO-1] [L-1] **2**
- (d) Define error of commission. [CO-1] [L-1] **2**
- (e) Differentiate between capital expenditures and revenue expenditures. Give examples of each. [CO-1] [L-1] **2**
- (f) What is depreciation? Why is it important to account for it? [CO-1] [L-1] **2**
- (g) Define Cash Flow Statement. [CO-1] [L-1] **2**
- 2x5**

PART-B

Q.2 Journalise the following transactions, post them into Ledger, balance the accounts and prepare a Trial Balance: –

2023		(₹)
Mar-01	Shyam Sunder & Sons commenced business with cash	80,000
2	Purchased goods for cash	36,000
3	Machinery purchased for cash	4,000
4	Purchased goods from:	
	Raghu	22,000
	Dilip	30,000
6	Returned goods to Raghu	4,000
8	Paid to Raghu, in full settlement of his account	17,500
15	Paid cash to Dilip	14,850
	Discount received	150
20	Sold goods for cash	25,000
25	Paid for Rent	1,500
26	Received for Commission	2,000
28	Withdrew by Proprietor for his personal use	5,000
28	Purchased a fan for Proprietor's house	1,200

[CO-2][L-3] **10**

OR

2. Pass journal entries, post them to ledger and extract a trial balance.

May 1. Commenced business with cash 10,000, cheque 5,000 and due from Rajan 10,000.

May 3. Sold goods to Rajan 20,000 @ 10% trade discount, 2% cash discount.
 May 5. Rajan returned goods of list price 5,000.
 May 7 Received cheque from Rajan 23,000 in full settlement.
 May 10 Rajan's cheque is dishonored.
 May 15 Drew cheque for office use 3,000.
 May 20 Salary due is 2,000.
 May 25 Placed an order for buying goods of 10,000 from Raj @ 10% trade discount, 2% cash discount.
 [CO-2] [L-3] 10

Q.3 Prepare the Common Size Positional Statement of Maruti Suzuki India Ltd for the year 2020,2021 and 2023 on the basis of following information and interpret the same.

MARUTI SUZUKI INDIA LTD					
Narration	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
Equity Share Capital	151.00	151.00	151.00	151.00	151.00
Reserves	46,941.10	49,262.00	52,349.60	55,182.50	61,640.30
Borrowings	159.60	184.10	540.90	425.50	1,247.30
Other Liabilities	16,717.00	14,030.60	18,334.60	18,896.50	21,558.30
Total	63,968.70	63,627.70	71,376.10	74,655.50	84,596.90
Net Block	15,437.30	15,744.40	14,988.70	13,747.20	17,830.40
Capital Work in Progress	1,606.90	1,415.20	1,496.80	2,936.50	2,904.10
Investments	37,503.60	37,488.00	42,944.80	42,034.70	49,184.30
Other Assets	9,420.90	8,980.10	11,945.80	15,937.10	14,678.10
Total	63,968.70	63,627.70	71,376.10	74,655.50	84,596.90
Working Capital	-7,296.10	-5,050.50	-6,388.80	-2,959.40	-6,880.20
Debtors	2,312.80	1,977.70	1,279.90	2,034.50	3,301.40
Inventory	3,322.60	3,213.90	3,049.00	3,532.30	4,283.50

[CO-3] [L-3] 10

OR

X Co. Ltd. purchased a machine on 1st April, 2008 for Rs 1,60,000. On October 1, 2009 another machine was purchased for Rs 1,40,000. On October 1, 2010 the first machine was sold for Rs 1,20,000. On the same date, another machine was purchased for Rs 1,00,000. On October 1, 2011 the second machine was sold for Rs 92,000. Rate of depreciation was 15% on original cost annually on 31st March. Prepare Machine Account for the years ending 31st March, 2009, 2010, 2011, and 2012.
 [CO-3] [L-3] 10

Q.4 Following is the Trial Balance as on 31st March 2022. Prepare Trading and Profit and Loss Account and Balance Sheet:-

Particulars	Debit (₹)	Credit (₹)
Stock (1st April 2021)	8,000	
Sales		2,20,000
Purchases	1,26,000	
Productive Wages	56,500	
Salaries	16,000	
Stores Consumed	6,050	
Carriage	3,050	
Rent and Rates	5,200	
Insurance	1,320	
Machinery	52,000	
Building	67,000	
Capital less Drawings		1,45,600
Sundry Debtors	44,000	
Sundry Creditors		20,000

Secured Loan		15,000
Furniture	3,350	
General Expenses	2,600	
Cash in hand	1,930	
Bad Debts	1,020	
Bank	6,580	
Total	<u>4,00,600</u>	<u>4,00,600</u>

Additional Information:

- Stock on 31st March 2022 is ₹ 20,600.
- Depreciate machinery @ 20% p.a.
- Make a Provision @ 10% for Doubtful Debts.
- Provide 10% for discount on sundry creditors.
- Rent and Rates include security deposit of ₹ 400.
- Insurance prepaid ₹ 100.

[CO-4] [L-4] **10**

OR

From the following particulars extracted from the books of Ashok & Co. Ltd., compute the following ratios and comment: (a) Current ratio, (b) Acid Test Ratio, (c) Stock-Turnover Ratio, (d) Debtors Turnover Ratio, (e) Creditors' Turnover Ratio, and Average Debt Collection period.

	1-1-2002	31-12-2002
Bills Receivable	30000	60000
Bills Payable	60000	30000
Sundry Creditors	75000	105000
Sundry Debtors	120000	150000
Stock in trade	96000	144000

Additional information:

- On 31-12-2002, there were assets: Building Rs. 2,00,000, Cash Rs. 1,20,000 and Cash at Bank Rs. 96,000.
- Cash purchases Rs. 1,38,000 and Purchases Returns were Rs. 18,000.
- Cash sales Rs. 1,50,000 and Sales returns were Rs. 6,000. Rate of gross profit 25% on sales and actual gross profit was Rs. 1,50,000

[CO- 4] [L-4] **10**

- Q.5 "Critically evaluate the concept of Human Resource Accounting in the context of non-profit organizations. What are the benefits and challenges associated with capitalizing employee training expenses?"

[CO-5] [L5-] **10**

OR

Aditya has been operating his business for several years and follows various accounting principles to ensure accurate and reliable financial reporting. Explain how Amit should apply any 5 Accounting Principles if he changes the business from a sole proprietorship to a company.

[CO- 5] [L-5] **10**