



PRESIDENCY UNIVERSITY, BENGALURU
SCHOOL OF MANAGEMENT

Max Marks: 100

Max Time: 180 Mins

Weightage: 40 %

Set B

COMPREHENSIVE EXAMINATION

I Semester 2016-2017 Course: MBA A 107: Accounting for Managers

13 January 2017

Instructions:

- i. Answer all questions
- ii. Answer to the point
- iii. Nonprogrammable calculators are allowed

Part A

(10 Q x 2 M= 20 Marks)

1. What are current assets? Name two current assets.
2. State the accounting equation and briefly explain its constituents.
3. State the relationship between balance sheet and income statement.
4. Define business entity concept of accounting.
5. Name the three types of organizations based on ownership.
6. Two internal and external users of accounting.
7. What are the constituents of Owner's equity?
8. What are the two types of liabilities? Give two examples for each type of liability.
9. What is a prepaid expense? Specify the financial statement in which it will appear and under what item it will be shown.
10. What is an accrued (outstanding) expense? Specify the financial statement in which it will appear and under what item it will be shown.

Part B

(8 Q x 5 M= 40 Marks)

11. Enumerate the rules of debit and credit based on the Modern Approach.
12. Fill in the blanks

Figures are in Rs.

Case	Capital as on 31-12-2015	Capital as on 1-1-2015	Profit/Loss during 2015	Drawings during 2015	Fresh capital introduced during 2015
I	?	12000	3000	1000	2000
II	30000	?	(2000)	1000	4000
III	41000	10000	?	2000	10000
IV	20000	20000	5000	?	1000
V	15000	20000	(3000)	5000	?

13. A machine was purchased by X Ltd for ₹120000. The residual value at the end of its expected useful life of 4 years is estimated to be ₹ 30000. Calculate the amount of depreciation using Straight Line Method and find out accumulated depreciation and Net Book Value (NBV) at the end of the fourth year.

14. State and briefly explain any five accounting concepts.

15. The following is a list of the assets and claims of Crafty Engineering Ltd at 30 June 2016

Sl No:	Items	₹ 000
1	Trade Payables	86
2	Motor Vehicles	38
3	Loan from Industrial Finance co(long term)	260
4	Machinery and tools	207
5	Bank overdraft	116
6	Inventories (stock)	153
7	Freehold premises(land)	320
8	Trade receivables (Debtors)	185
9	Capital	?

Required:

Prepare the balance sheet of the business as at 30 June,2016 from the above information using the vertical format (Hint: There is a missing item that needs to be deducted and inserted).

16. From the following data calculate the gross profit made by the trader in 2016.

1.	Inventory as on 1-1-2016	Rs.10000
2.	Purchases during the year	Rs.40000
3.	Purchases return during the year	Rs.3000
4.	Sales during the year	Rs.60000
5.	Sales return during the year	Rs.10000
6.	Inventory as on 31-12-2016	Rs.15,000

17. The list that follows presents the accounts (in alphabetical order) of the Chapla Corporation as of 31 Dec,2016

Accounts Payable	x	Equipment	Rs.14400
Accounts Receivable	Rs.5600	Land	Rs.6240
Building	Rs.40800	Notes Payable	Rs.20000
Cash	Rs.10800	Prepaid Insurance	Rs.1320
Common Stock	Rs.24000	Retained Earnings	Rs.13740

Prepare a Trial Balance with the proper heading and with the accounts. Compute the balance of Accounts Payable.

18. The following information relates to the activities of H & S Retailers for the year ended 31 Dec2016.

Sl No:	Account Heads	₹
1	Motor vehicle running expense	1200
2	Rent received from subletting	2000
3	Closing Inventories	3000
4	Rent and rates payable	5000
5	Motor Vans	6300
6	Annual depreciation – motor vans	1500
7	Heat and light	900
8	Telephone and postage	450
9	Sales revenue	97400
10	Purchases	68350
11	Insurance	750
12	Loan interest payable	620
13	Balance at bank	4780
14	Salaries and wages	10400
15	Opening inventories	4000

Prepare an income statement for the year ended 31 Dec,2016 (Hint: Not all the above items shown above should appear on this statement)

Part C

(2 Q x 20 M= 40 Marks)

19. XYZ Co is a new business that started trading on 1Jan,2016. The following is a summary of transactions that occurred during the first year of trading:

- The owners introduced ₹50000 of capital, which was paid into a bank account opened in the name of the business.
- Premises were rented from 1 Jan,2016 at an annual rental of ₹20000. During the year , rent of Rs.25000 was paid to the owner of the premises.
- Rates (a tax on business premises) were paid during the year as follows:
 For the period 1 Jan 2016 to 31 March 2016 ₹ 500
 For the period 1 April 2016 to 31 March 2017 ₹ 1200
- A delivery van was bought on 1 January 2016 for ₹ 12000. This is expected to be used in the business for four years and then to be sold for ₹ 2000
- Wages totaling ₹ 33500 were paid during the year. At the end of the year, the business owed
- ₹ 630 of wages for the last week of the year.
- Electricity bills for the first three quarters of the year were paid totaling ₹ 1650. After Dec 31 2016 but before the financial statements had been finalized for year, the bill for the last quarter arrived showing a charge of ₹ 620.
- Inventories totaling ₹ 143000 were bought on credit
- Inventories totaling ₹ 12000 were bought for cash
- Sales revenue on credit totaled ₹ 152000 (cost of sales ₹ 74000)

- Cash sales revenue totaled ₹ 35000 (cost of sales ₹ 16000)
- Receipts from trade receivables totaled ₹ 132000
- Payments to trade payables totaled ₹ 121000
- Van running expense paid totaled ₹ 9400
- Auditor's fees of Rs.5000 has not been paid for the year

The business uses straight line method for depreciating non-current assets.

Required

Prepare a balance sheet as at 31 Dec,2016 and an income statement for the period

1 Jan,2016 – 31 Dec, 2016.

20. A machine was purchased by X Ltd for ₹ 150000. The residual value at the end of its expected useful life of 4years is estimated ₹ 30000. Calculate the amount of depreciation for the four years using Straight Line Method.

Also, calculate the depreciation charges for the machine for four years using Reducing Balance Method at a rate of 60%.

Assume that the business owning the machine has made a profit before depreciation of ₹40000 for each of the four years in which the asset was held. Calculate the profit after depreciation for each year under each depreciation method, and comment on your findings.



PRESIDENCY UNIVERSITY, BENGALURU
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Max Marks: 80

Max Time: 120 Mins

Weightage: 20 %

Set A

MID TERM EXAMINATION

I Semester 2016-2017

Course: MBA A 107: Accounting For Managers

25 October 2016

Instructions:

- i. Answer all questions
- ii. Answer to the point
- iii. Nonprogrammable calculators are allowed

Part A

(10 Q x 2 M= 20 Marks)

1. What is accounting?
2. Define money measurement concept of accounting.
3. Name the three types of organizations based on ownership
4. Two internal users of accounting.
5. What are the constituents of Owner's equity?
6. What is a 'journal'?
7. Expand GAAP
8. What are 'drawings'?
9. What are the qualitative characteristics of accounting information?
10. What is an 'asset'? Give an example.

Part B

(6 Q x 5 M= 30 Marks)

1. Enumerate the rules of debit and credit based on the Modern Approach.
2. Give the proforma of journal and briefly explain its contents.
3. Fill in the blanks

Figures are in Rs.

Case	Capital as on 31-12-2015	Capital as on 1 -1-2015	Profit/Loss during 2015	Drawings during 2015	Fresh capital introduced during 2015
I	?	10000	5000	2000	1000
II	20000	?	(1000)	3000	4000
III	21000	10000	?	2000	10000
IV	10000	20000	5000	?	1000
V	15000	30000	(8000)	7000	?

4. Calculate the amount of liabilities as on 31-12-2015 in each of the following different cases
- On 31-12-2015, the total assets and capital were Rs.50000 and Rs.35000 respectively.
 - On 1-1-2015, Ram started a business with a capital of Rs.10000 and a loan of Rs.5000 borrowed from a friend. During 2015, he earned a profit of Rs.5000. On 31-12-2015, the total assets were Rs.50000.
 - On 1-1-2015, Shyam started a business with a capital of R.10000 and a loan of Rs.5000, introduced an additional capital of Rs.6000 and had withdrawn Rs.3000 for his personal use. On 31-12-2015 the total assets were Rs.50000
5. Give an example for each of the following type of transactions
- Increase in one asset, decrease in another asset
 - Increase in assets, increase in owner's equity
 - Decrease in assets, decrease in liabilities
 - Increase in assets, increase in liabilities
 - Decrease in assets, decrease in owner's equity
6. Here is a list of accounts and their balances that appear on the Thomas Company's income statement and balance sheet.

	Rs
Accounts payable	800
Accounts receivable	500
Building	2000
Cash	3300
Gas, utilities, and other expenses	300
Land	4000
Lawn-care revenue	1500
Notes payable	6000
Salaries and wages expense	900
Tools	800
Tree-trimming revenue	500
Truck	2000

REQUIRED:

Identify which of these are:

- Assets
- Liabilities
- Expenses
- Revenues

Case	Capital as on 31-12-2015	Capital as on 1-1-2015	Profit/loss during 2015	Drawings during 2015
I	35000	10000	2000	2000
II	20000	7	(2000)	3000
III	51000	10000	7	2000
IV	10000	20000	2000	2000
V	12000	20000	(2000)	2000

Part C

(2 Q x 15 M= 30 Marks)

1. Prove that accounting equation is satisfied in all the following transaction.

	Rs.
i. Ganesh started business with	
Cash	20000
Goods	12000
Machine	8000
ii. He purchased goods	5000
iii. Sold goods (costing Rs.2000)	2500
iv. Purchased goods on credit	7000
v. Payment made to creditors in full settlement	6900
vi. Sold goods on credit (Costing Rs. 5400)	6000
vii. Payment received from debtors in full settlement	5800
viii. Salaries paid	4000
ix. Wages outstanding	400
x. Prepaid insurance	100
xi. Rent received	300
xii. Amount withdrawn for office use	3000
xiii. Interest paid on loan	200
xiv. Depreciation on machinery	800
xv. Purchased goods on credit	17000

2. Journalise the following transactions in the books of Aggarwal & Sons , Calcutta, Jan 1,2016

Opening Balance	Rs.
Cash	12000
Furniture	2400
Stock	12000
Building	36000
Debtors – W- Rs.2400, X – Rs.2400, Y – Rs.3600, Z – Rs.3600	
Creditors- P – Rs.3600, Q – Rs.6000	

2016

Jan 1 Goods sold to Mr. Red	1800
Jan 1 Goods sold to Mr. Blue	1800
Jan 5 Cash paid to Mr. Q	1200
Jan 15 Cash received from Mr. Y in full settlement	420
Jan 16 Paid charity	300
Jan 16 Paid for stationery	420
Jan 16 Paid for postage	180
Jan 20 Cash paid to Mr. P	1680
Discount allowed by him	120
Jan 21 Goods sold to Mr. Sky	4200
Jan 25 Goods sold to Mr. Earth Rs.5000 after allowing him a trade discount of 10%	
Jan 27 Cash received from Mr. Sky in full settlement of his account Rs.4020	
Jan 31 Paid salaries	300
Jan 31 Paid rent	600