

**BALLARI INSTITUTE OF TECHNOLOGY & MANAGEMENT**

(Autonomous Institute under Visvesvaraya Technological University, Belagavi)

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Course Code 

M	B	A	1	0	2
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First Semester MBA Degree Examinations, April 2025

**ACCOUNTING FOR MANAGERS**

Duration: 3 hrs

Max. Marks: 100

**Note:** 1. Answer any **FOUR** full questions from Question No. 1 to 7.

2. Question No. 8 is compulsory

3. Missing data, if any, may be suitably assumed

<u>Q. No</u>	<u>Question</u>	<u>Marks</u>	<u>(RBT:CO:PO)</u>
1	a. Annotate the accrual principle.	03	(3:1:1)
	b. What are the golden rules of accounting? Discuss.	07	(4:1:1)
	c. Describe the objectives and need for accounting.	10	(4:1:1)
2.	a. State the meaning of journalising.	03	(2:2:2)
	b. Journalize the following transactions for the month January 2025:	07	(2:2:2)

Date	Transaction
1	Started business with cash Rs.400,000
3	Purchased Furniture from Nilkamal Furniture on credit Rs.15,000
6	Purchased goods Rs.8000 from Ankita
12	Paid for stationery Rs.400
16	Deposited into bank Rs.5000
20	Paid for travelling expenses Rs.8,200
25	Received commission Rs.3,400

c. Prepare Personal ledger account of Nageswar from the following: 10 (2:2:2)

Dec 2024 Date	Details
01	Debit balance Rs.26,000
04	Sold goods to him Rs.12,300
12	Purchased goods from him Rs. 15,150
14	Cash paid him Rs. 2,600
16	Cash Received from him Rs. 1,500
18	Sold to him Rs. 3,200
20	Goods returned to him Rs. 350
30	Goods returned by him Rs.150

3. a. What is marshalling of balance sheet? Describe. 03 (2:3:3)

b. Prepare a Three Colum cash book from the following, for the month 07 (3:2:2)

**March 2024:**

1	Balance of cash in hand Rs.24,000
4	Paid into bank Rs.16,000
15	Received from cash sales Rs.25,000
19	Paid for cash purchases by cheque Rs.645
20	Paid by cheque to Radha & Co., Rs.7250 in full settlement of Rs.7,800
22	Drew for office use Rs.1900
26	Paid salaries to office staff by bearer cheque Rs.2250
27	Paid office rent by cash Rs.4,100
30	Purchased furniture by cheque Rs.3,600

**Note: (RBT: L - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO - Programme Outcome)**

- c. **Prepare Accounting Equation from the following:** 10 (3:2:2)  
 Capital Introduced Rs. 50,000  
 Paid into Bank Rs. 20,000  
 Stock Purchased on credit Rs. 12,000  
 Goods Sold for Cash Rs. 8,000, costing Rs. 7,000  
 Furniture Purchased Rs. 800  
 Withdrew cash for Personal use Rs. 500  
 Salary Paid Rs. 9,000  
 Rent Paid Rs.16,000
4. a. If current ratio is 3:2, current liabilities are Rs. 1,00,000, find current assets value. 03 (2:4:4)  
 b. **Prepare a Trial Balance from the following details:** 07 (3:2:2)
- |                   |          |
|-------------------|----------|
| Capital           | 1,50,000 |
| Drawings          | 8,000    |
| Machinery         | 1,10,000 |
| Sales             | 1,45,000 |
| Purchases         | 1,05,000 |
| Sales returns     | 10,000   |
| Purchase returns  | 15,000   |
| Wages             | 20,000   |
| Goodwill          | 30,000   |
| Interest received | 7,500    |
| Discount allowed  | 3,000    |
| Bank overdraft    | 11,000   |
| Debtors           | 37,500   |
| Creditors         | 30,000   |
| Cash              | 27,000   |
| Opening Stock     | 8,000    |
- c. Benne Company Purchased Machinery on 1-1-21 for Rs. 48,000 and Spent Rs. 2,000 on Installation Charges. They bought new Machinery on 1-4-22 for Rs. 10,000. In the next year, on 30-6-2023 they sold a machine costing Rs. 5,000 for Rs. 3,500 (bought on 1-1-21). Depreciation is charged on Original Cost method every year on 31<sup>st</sup> December at 10% PA., Prepare Machinery Account and Depreciation Account for 3 years. 10 (3:4:4)
5. a. Outline the meaning of marginal costing. 03 (2:5:5)  
 b. Briefly describe the concepts of accounting. 07 (3:1:1)  
 c. **Calculate Material Variances from given in the table below:** 10 (3:5:5)
- | Material | Standard Qty | Standard Price | Actual Qty | Actual Price |
|----------|--------------|----------------|------------|--------------|
| X        | 12,000       | 25             | 12,500     | 23           |
| Y        | 11,000       | 32             | 11,200     | 31           |
| Z        | 14,200       | 31             | 14,000     | 34           |
| A        | 15,300       | 38             | 15,000     | 39           |
6. a. State the formula for computing depreciation in straight line method if the % is not available. 03 (2:5:5)  
 b. Describe the contemporary areas in accounting. 07 (3:5:5)  
 c. Explain how Artificial Intelligence (AI) is used in accounting. Mention its benefits and challenges. 10 (3:5:5)
7. a. What is accounting equation? Describe. 03 (3:2:2)  
 b. Describe the methods of window dressing in accounting. 07 (3:3:3)

c. Following are the Balance sheets of X Company Ltd.,

10 (3:4:4)

Liabilities	Amount	Assets	Amount
Equity Share capital	1,00,000	Building	2,00,000
12 % Preference Capital	2,00,000	Machinery	2,00,000
Reserves & Surplus	2,00,000	Closing Stock	2,00,000
9% Debentures	3,00,000	Debtors	4,00,000
Creditors	2,00,000	Cash & Bank	1,00,000
B/P	2,00,000	Prepaid Expenses	1,00,000
	<b>12,00,000</b>		<b>12,00,000</b>

**Calculate:** Proprietary Ratio, Debt Equity Ratio, Capital Gearing Ratio, Current Ratio & Quick Ratio

8.

### Case Study

Following is the Trial Balance of Gotur Trading Company Limited for the accounting period 31-Mar-2024

Sl. No.	Particulars	Debit (₹)	Credit (₹)
1	Sales	-	42,00,000
2	Purchase of Goods	5,00,000	-
3	Share Capital	-	6,00,000
4	Opening Inventories	2,50,000	-
5	Advertisement	4,74,000	-
6	Wages	17,00,000	-
7	Debentures	-	10,00,000
8	Debtors	11,00,000	-
9	General Reserve	-	1,44,000
10	Rent	4,30,000	-
11	Salary	1,70,000	-
12	Commission	4,20,000	-
13	Interest	1,10,000	-
14	Rates & Taxes	176,000	-
15	P & L of PY	-	1,72,000
16	Bank Over Draft	-	30,000
17	Creditors	-	3,85,000
18	Buildings	10,00,000	-
19	Depreciation	1,00,000	-
20	Bad Debts	1,01,000	-
	<b>Total</b>	<b>65,31,000</b>	<b>65,31,000</b>

Adjustments:

- (i) Closing Stock is valued at 3,70,000
- (ii) Create provision for tax @ 30 %
- (iii) Transfer to general reserve Rs. 30,000
- (iv) Proposed Dividend @ 3 % on share capitals
- (v) O/S Rent: Rs. 25,000
- (vi) RDD @ 5% on Debtors

- |                       |    |         |
|-----------------------|----|---------|
| a. Cost of goods sold | 03 | (3:3:3) |
| b. Income statement   | 07 | (3:3:3) |
| c. Balance Sheet      | 10 | (3:3:3) |

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**Note: (RBTL - Revised Bloom's Taxonomy Level: CO - Course Outcome: PO – Programme Outcome)**