Code :9E00103

MBA I Semester Regular & Supplementary Examinations, February 2011
FINANCIAL ACCOUNTING FOR MANAGERS
(For students admitted in 2009 & 2010 only)

Time: 3 hours **Max Marks: 60**

Answer any FIVE questions
All questions carry equal marks
⋆ ⋆ ⋆ ⋆ ⋆

1. What is the status of financial accounting in the entire accounting framework? Why financial accounting necessary?

2. What is meant by double-entry system of accounting? Explain its importance to financial management.

3. Explain the following:
   (a) Depletion method
   (b) Annuity method
   (c) Machine hour method
   (d) Insurance policy method.

4. How would you assess the present value of a bond? Explain the various bond value theorems with examples.

5. Prepare stores ledger accounts for the following transactions according to (a) FIFO and (b) LIFO methods of pricing issues of materials.

2005	
March 1	Purchased 250 units @ Rs 10 each
March 3	Purchased 400 units @ Rs 12 each
March 10	Issued 200 units
March 16	Purchased 150 units @ Rs 9 each
March 21	Issued 300 units
March 24	Purchased 100 units @ Rs 13 each
March 27	Issued 220 units

On 25^{th} March a shortage of 20 units is noticed.

6. On 1^{st} January, 2000 a company purchased a machinery for Rs 1,00,000 and spent Rs 10,000 on its installation. You are required to draw machinery account for two years under diminishing balance method and straight line method of depreciation. The rate of depreciation being 15%.

7. From the following particulars prepare final accounts of Ramya Sree for the year ended on 31^{st} December, 2001.

Debit Balance	Rs	Credit Balance	Rs
Drawings	5000	Discount Received	2000
Furniture	2600	Bank overdraft	3500
Buildings	20000	Sundry Creditors	13000
Opening Stock	22000	Sales	200000
Closing Stock	15000	Purchase returns	8000
Sundry debtors	118000	Bad debt reserve	2500
Purchases	70000	Commission	5000
Sales return	5000	Capital	54600
Carriage outward	2000		
Carriage inward	10000		
Taxes & Insurance	2000		
Salaries	9000		
Commission	3000		
Wages	5000		
	288600		288600

Adjustments:
(i) Depreciate building at 5% and furniture at 10%
(ii) Increase bad debt reserves upto 5% on debtors
(iii) Provide outstanding salary Rs 1000 and Taxes Rs 493
(iv) Insurance is prepaid Rs 150
(v) Provide Managers commission 5% of the net profit after charging such commission

8. What is forfeiture of shares? Explain the provisions relating to reissue of forfeited shares?

⋆ ⋆ ⋆ ⋆ ⋆