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Roll No.

MB-104

**M. B. A. (FIRST SEMESTER)
MID SEMESTER
EXAMINATION, Jan., 2023
ACCOUNTING FOR MANAGERS**

Time : 1½ Hours

Maximum Marks : 50

- Note :** (i) This question paper contains two Sections—Section A and Section B.
(ii) Both Sections are compulsory.
(iii) Answer any *two* sub-questions among (a), (b) and (c) in each main question of Section A.
(iv) Each question carries 10 marks.
(v) Section B consisting of case study is compulsory. Section B is of 20 marks.

Section—A **2×5=10**

1. (a) Discuss GAAP principles briefly. (CO1)

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(2)

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- (b) Describe the various branches of accounting. (CO1)
- (c) "End users of accounting are people who are to be informed the end results of accounting." Justify the statement. (CO4)
2. (a) Explain the types of Accounts with Golden Rules of Accounting. (CO3)
- (b) Journalise the following transactions : (CO2)
- (i) Business commenced with a capital of ₹ 6,00,000.
- (ii) ₹ 4,50,000 deposited in bank account.
- (iii) ₹ 2,30,000 Plant and Machinery purchased by paying 30,000 cash immediately.
- (iv) Purchased goods worth ₹ 40,000 for cash and ₹ 45,000 on credit from Mohan.
- (v) Paid a cheque of ₹ 2,00,000 to the supplier for Plant and Machinery.
- (vi) ₹ 70,000 cash sales.

(3)

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- (vii) Withdrawn by the proprietor ₹ 35,000 cash for personal use.
- (viii) Insurance paid by cheque of ₹ 2,500.
- (ix) Salary of ₹ 5,500 outstanding.
- (x) Furniture of ₹ 30,000 purchased in cash.
- (c) Following Trial Balance is given but it is not correct. Prepare correct Trial Balance.

(CO2)

Debits Balances	Amount (₹)
Building	3,00,000
Machinery	85,000
Returns Outward	13,000
Bad Debts	14,000
Cash	2,000
Discount Received	15,000
Bank Overdraft	50,000
Creditors	2,50,000
Purchases	5,00,000
	12,29,000

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Credit Balances	Amount (₹)
Capital	3,68,000
Furniture	28,000
Sales	5,20,000
Debtors	3,00,000
Interest Received	13,000
	12,29,000

3. (a) Depreciation is a non-cash expense which is shown in the books of accounts. Explain the causes of depreciation. (CO3)
- (b) The following balances were extracted from the books of Thomas as on 31st March, 2018 : (CO3)

Particulars	₹
Purchases	75,000
Returns inward	2,000
Opening stock	10,000
Freight inwards	4,000
Wages	2,000
Investments	10,000

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Bank charges	1,000
Land	30,000
Machinery	30,000
Building	25,000
Cash at bank	18,000
Cash in hand	4,000
	2,11,000

Particulars	₹
Capital	60,000
Creditors	30,000
Sales	1,20,000
Returns outward	1,000
	2,11,000

Additional information :

- (i) Closing stock ₹ 9,000
- (ii) Provide depreciation @ 10% on machinery
- (iii) Interest accrued on investment ₹ 2,000.

Prepare Trading account, Profit and Loss Account and Balance Sheet. (CO4)

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- (c) Explore the various forms of business organization. (CO3)

Section—B

5. Case Study :

20 Marks

A Conglomerate's Fixed Assets

ITC is one of India's foremost multi-business enterprise with businesses encompassing Fast Moving Consumer Goods (FMCG), Hotels, Paperboards and Specialty Papers, Packaging, Agri-Business, and Information Technology— and having a market capitalization of over US \$ 40 billion. ITC is rated among the World's Most Reputable Companies by Forbes magazine. It is among India's 10 Most Valuable (Company) Brands, according to a study published by the *Economic Times*. We present in Annexure 2.4 the company's fixed assets details (on the OLC). You are required to answer the following questions based on the same :

- (a) Give a summarized picture of ITC's fixed assets and the visible changes therein (within 250 words).

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- (b) What are acquired intangible assets ? And, why are they part of ITC's balance sheet ? On the other hand, why are ITC's non-acquired intangible assets not included in its fixed assets ? Give a few examples of the same.
- (c) Give a non-technical summary of the notes to the ITC's fixed assets (within 100 words).
- (d) Based on the figures available, can we confidently state that the biggest asset of ITC is its "plant and equipment" ? Comment (within 100 words).

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