



**SIDDHARTH INSTITUTE OF ENGINEERING & TECHNOLOGY : PUTTUR
(AUTONOMOUS)**

Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code : Accounting for Managers (25MB9004)

Course & Branch: MBA

Year & Sem: I-MBA & I-Sem

Regulation: R25

**UNIT –I
INTRODUCTION TO ACCOUNTING**

1	a)	What is accounting? Explain importance of accounting	[L1][CO1]	[5M]
	b)	Elucidate the any five concepts of accounting.	[L2][CO1]	[5M]
2	a)	Describe the convention of accounting.	[L1][CO1]	[5M]
	b)	Briefly describe the methods of accounting.	[L2][CO1]	[5M]
3	a)	Write a short on Dual aspects and Money measurement.	[L1][CO1]	[5M]
	b)	Describe the rules of double entry and gives examples for each of the rules.	[L3][CO1]	[5M]
4	a)	What are the advantages of accounting?	[L1][CO1]	[5M]
	b)	Distinguish between single entry system and double entry system.	[L2][CO1]	[5M]
5	a)	What do you mean by accounting?	[L1][CO1]	[5M]
	b)	State the objectives of accounting .Who are the users of accounting information?	[L3][CO1]	[5M]
6	a)	Distinguish the differences between Book Keeping and Accounting	[L1][CO1]	[5M]
	b)	What are the advantages and disadvantages of accounting?	[L2][CO1]	[5M]
7	a)	Explain the objectives of accounting.	[L1][CO1]	[5M]
	b)	What do you understand by the convention of ‘full disclosure’? How is it important?	[L2][CO1]	[5M]
8	a)	Briefly explain the single entry system.	[L2][CO1]	[5M]
	b)	State the Classification of the Accounts.	[L2][CO1]	[5M]
9	a)	What is accounting equation? Explain its rationale.	[L1][CO1]	[5M]
	b)	Briefly explain the accounting concepts and conventions.	[L2][CO1]	[5M]
10	a)	What do you mean by accounting period concept ?	[L2][CO1]	[5M]
	b)	Evaluate the debit and credit rules and regulations of accounting.	[L2][CO1]	[5M]

1	a)	Define accounting.					[L2][CO2]	[2M]																								
	b)	What is journal? Gives the points of distinction between journal and ledger.					[L1][CO2]	[8M]																								
2	a)	Draw specimen of journal with two examples.					[L2][CO2]	[4M]																								
	b)	What is accounting cycle? Explain with diagram.					[L2][CO2]	[6M]																								
3	a)	What are subsidiary books of accounts?					[L1][CO2]	[5M]																								
	b)	Describe the classification of capital and revenue expenses.					[L2][CO2]	[5M]																								
4	From the following trial balance of M/s Sri Lakshmi&Co. Prepare Trading and Profit&Loss A/c for the year ending 31 st March 2013						[L5][CO2]	[10M]																								
	Particulars		Debit ₹	Credit ₹	Particulars		Debit ₹	Credit ₹																								
	Capital			62,000	Advertisement		1,500																									
	Opening stock		23,000		Interest received			800																								
	Purchases & Sales		32,000	53,700	Debtors &Creditors		28,000	32,000																								
	Returns		2,000	1,500	Cash in hand		1,200																									
	Wages		1,800		Salaries		2,500																									
	Land& Buildings		52,000		Other expenses		2,000																									
	Freight& Carriage		2,700																													
	Trade expenses		1,300																													
5	Prepare journal and post them into ledger: 01.07.2020 Kethan started business with cash Rs . 80000 05.07.2020 Purchased goods for cash Rs. 5000 07.07.2020 Goods purchased from Edison Rs. 6000 09.07.2020 Sold goods to Mani Rs. 4000 12.07.2020 Rent paid Rs. 200 14.07.2020 Cash withdraw for personal use Rs. 4500						[L5][CO2]	[10M]																								
6	a)	Differentiate between journal and ledger..					[L2][CO2]	[5M]																								
	b)	What are the errors disclosed by the trial balance?.					[L2][CO2]	[5M]																								
7	Prepare trading account from the following ledger balances as on 31 st march 2021 <table><tr><td>Particulars</td><td>₹</td><td>Particulars</td><td>₹</td></tr><tr><td>Stock (1-4-2020)</td><td>10000</td><td>Sales</td><td>300000</td></tr><tr><td>Purchase</td><td>160000</td><td>Returns inward</td><td>16000</td></tr><tr><td>Wages</td><td>30000</td><td>Returns outward</td><td>10000</td></tr><tr><td>Carriage inwards</td><td>10000</td><td>Gas and fuel</td><td>8000</td></tr><tr><td>Freight inwards</td><td>8000</td><td>Stock on ^{31st}march ,2021</td><td>20000</td></tr></table>						Particulars	₹	Particulars	₹	Stock (1-4-2020)	10000	Sales	300000	Purchase	160000	Returns inward	16000	Wages	30000	Returns outward	10000	Carriage inwards	10000	Gas and fuel	8000	Freight inwards	8000	Stock on ^{31st} march ,2021	20000	[L5][CO2]	[10M]
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Freight inwards	8000	Stock on ^{31st} march ,2021	20000																													
8	The following balances were extracted from the books of Rajaram on 31-12-2012.						[L5][CO2]	[10M]																								
			Rs			Rs																										
	Capital account		9,000	Purchases		15,000																										
	Furniture		800	Carriage outwards		200																										
	Creditors		1,600	Salaries		2,000																										
	Premises		13,000	Sales		18,000																										
	Bad debts		80	Rent received		800																										
	Cash		40	Discount allowed		180																										
	Drawings		900	Loan		4,000																										
	Overdraft at bank		905	Reserve for bad debts		100																										
	Debtors		1,500	Expenses		705																										
	Adjustments: (i) Make provision for bad debts @3%. (ii) Salary due Rs.200. (iii) Stock on 31-12-2012 Rs.3,500. (iv) Write off 10% from furniture for depreciation. (v) Due from tenants rent Rs.100.																															

9		Prepare a model of Trial Balance of your choice	[L5][CO2]	[10M]																														
10		Enter the following transactions in proper subsidiary books and post the same in the relevant ledger accounts. <table><tr><th>2003 Aug</th><th>Particulars</th><th>Amount (Rs)</th></tr><tr><td>1</td><td>Bought goods from Ganga</td><td>2,500</td></tr><tr><td>2</td><td>Returned goods to Yamuna</td><td>150</td></tr><tr><td>5</td><td>Yamuna sold goods to us</td><td>1,500</td></tr><tr><td>8</td><td>Krishna purchased goods from us</td><td>1,200</td></tr><tr><td>11</td><td>Received goods returned by Kaveri</td><td>150</td></tr><tr><td>13</td><td>Returned goods to Ganga</td><td>100</td></tr><tr><td>17</td><td>Sold goods to Ponni</td><td>800</td></tr><tr><td>22</td><td>Purchased goods from Sindhu</td><td>900</td></tr><tr><td>27</td><td>Returned goods to Yamuna</td><td>150</td></tr></table>	2003 Aug	Particulars	Amount (Rs)	1	Bought goods from Ganga	2,500	2	Returned goods to Yamuna	150	5	Yamuna sold goods to us	1,500	8	Krishna purchased goods from us	1,200	11	Received goods returned by Kaveri	150	13	Returned goods to Ganga	100	17	Sold goods to Ponni	800	22	Purchased goods from Sindhu	900	27	Returned goods to Yamuna	150	[L5][CO2]	[10M]
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UNIT –III
VALUATION OF ASSETS

1	a)	List out the features of depreciation.	[L2][CO2]	[5M]
	b)	Discuss in detail the concept of depreciation.	[L2][CO2]	[5M]
2	a)	Elucidate the straight line method.	[L2][CO2]	[5M]
	b)	State the annuity method with example.	[L2][CO2]	[5M]
3	a)	Describe the methods of valuing various Tangible and Intangible assets.	[L2][CO2]	[5M]
	b)	Write a short on Diminishing Balance method.	[L2][CO2]	[5M]
4		A company acquired a machine on 1.1.2018 at a cost of ₹ 40000 and spent on ₹ 1000 on its installation .The firm writes off depreciation at 10% on the straight line	[L5][CO2]	[10M]
5		A machine purchased on 1 st July 2017 at a cost of ₹ 14000 and ₹ 1000 was spent on its installation. The depreciation is written off at 10% on the original	[L5][CO2]	[10M]
6		What is FIFO method of inventory valuation? What are its merits and demerits?	[L2][CO2]	[10M]
7		On 1 st January 2011 Sri Krishna Ltd purchased a machine for ₹1,50,000 and on 1 st July 2011 it acquired additional machinery at a cost of ₹ 40,000. On 1 st April 2012, it sold the machinery purchased on 1 st July 2011 for ₹32,500, and bought a new machinery for ₹50,000. Depreciation is provided at a rate of 15% per annum using written down value method. Show the machinery account up to 31 st December 2014.	[L5][CO2]	[10M]
8		Discuss any Three methods of valuing the inventory.	[L2][CO2]	[10M]
9		Discuss various methods of calculating depreciation.	[L2][CO2]	[10M]
10		<p>The stock of a material as on 1st April 1998 was 200 units at Rs.2 each. The following purchases and issues were made subsequently. Prepare stores ledger account showing how the value of the issues would be recorded under:</p> <p>(i) FIFO and (ii) LIFO methods.</p> <p>1998 April 5 purchases 100 units at Rs.2.20 each. 10 purchases 150 units at Rs.2.40 each. 20 purchases 180 units at Rs.2.50 each. 2 issues 150 units 7 issues 100 units 12 issues 100 units 28 issues 200 units</p>	[L5][CO2]	[10M]

UNIT-IV**FINANCIAL ANALYSIS - I**

1	Define 'ratio'. Explain its uses, merits and demerits.	[L1][CO4]	[10M]
2	<p>A business furnishes you with the following details:</p> <p>(i) opening stock ₹ 50,000</p> <p>(ii) closing stock ₹ 70,000</p> <p>(iii) sales: credit ₹ 2,10,000, cash ₹ 1,50,000</p> <p>(iv) gross profit ₹ 60,000</p> <p>(v) year end debtors ₹ 20,000</p> <p style="padding-left: 40px;">Less: provision for doubtful debts ₹ 2,000</p> <p style="text-align: right;">-----</p> <p style="text-align: right;">18,000</p> <p>(vi) year end bills receivable ₹ 15,000</p> <p>An year may be taken to be of 360 days. You are asked to:</p> <p>Work out stock turnover ratio and debtors turnover ratio.</p>	[L5][CO2]	[10M]
3	<p>Share capital (20,000 equity shares of ₹10 each) = ₹2,00,000</p> <p>Sales for the year = ₹4,00,000</p> <p>Credit sales = ₹3,00,000</p> <p>Stock = ₹2,00,000</p> <p>Debtors = ₹1,50,000</p> <p>Total assets = ₹6,00,000</p> <p>Net profit = ₹1,00,000</p> <p>Market price of share = ₹20</p> <p>From the above information compute:</p> <p>(i) Stock turnover ratio.</p> <p>(ii) Debtors turnover ratio.</p> <p>(iii) Net profit to total assets ratio.</p> <p>(iv) Price earnings ratio.</p> <p>(v) Earnings per share.</p>	[L5][CO2]	[10M]
4	Which are the financial ratios useful from the point of investors? Explain.	[L2][CO4]	[10M]
5	What are the uses and limitations of ratio analysis? Explain.	[L2][CO4]	[10M]
6	<p>From the following information calculate:</p> <p>a) P/V Ratio.</p> <p>b) Breakeven point.</p> <p>c) Margin of safety.</p> <p>d) If selling price is reduced to ₹.90, how much is the margin of safety is reduced?</p> <div style="margin-left: 100px;"> <ul style="list-style-type: none"> • Total sales Rs. 3, 60,000 • Selling price per unit Rs. 100 • Variable cost per unit Rs. 50 • Fixed cost Rs 1,00,000 </div>	[L5][CO4]	[10M]

7	Explain about a) Leverage ratio b) Profitability ratio.	[L2][CO4]	[10M]																																												
8	You are required to calculate the following: a) Working capital turnover, b) Fixed assets turnover, c) Capital turnover. The information available is as under: Capital employed Rs.4,00,000 Current assets Rs.2,00,000;Current liabilities Rs.40,000 Net fixed assets Rs.2,50,000;Sales Rs.5,00,000	[L5][CO2]	[10M]																																												
9	<p>The Balance Sheet of Punjab Auto Limited as on 31-12-2002 was as follows:</p> <table border="1"> <thead> <tr> <th>Particular</th><th>Rs.</th><th>Particular</th><th>Rs.</th></tr> </thead> <tbody> <tr> <td>Equity Share Capital</td><td>40,000</td><td>Plant and Machinery</td><td>24,000</td></tr> <tr> <td>Capital Reserve</td><td>8,000</td><td>Land and Buildings</td><td>40,000</td></tr> <tr> <td>8% Loan on Mortgage</td><td>32,000</td><td>Furniture & Fixtures</td><td>16,000</td></tr> <tr> <td>Creditors</td><td>16,000</td><td>Stock</td><td>12,000</td></tr> <tr> <td>Bank overdraft</td><td>4,000</td><td>Debtors</td><td>12,000</td></tr> <tr> <td>Taxation:</td><td></td><td>Investments (Short-term)</td><td>4,000</td></tr> <tr> <td> Current</td><td>4,000</td><td>Cash in hand</td><td>12,000</td></tr> <tr> <td> Future</td><td>4,000</td><td></td><td></td></tr> <tr> <td>Profit and Loss A/c</td><td>12,000</td><td></td><td></td></tr> <tr> <td></td><td><u>1,20,000</u></td><td></td><td><u>1,20,000</u></td></tr> </tbody> </table> <p>From the above, compute (a) the Current Ratio, (b) Quick Ratio, (c) Debt-Equity Ratio, and (d) Proprietary Ratio.</p>	Particular	Rs.	Particular	Rs.	Equity Share Capital	40,000	Plant and Machinery	24,000	Capital Reserve	8,000	Land and Buildings	40,000	8% Loan on Mortgage	32,000	Furniture & Fixtures	16,000	Creditors	16,000	Stock	12,000	Bank overdraft	4,000	Debtors	12,000	Taxation:		Investments (Short-term)	4,000	Current	4,000	Cash in hand	12,000	Future	4,000			Profit and Loss A/c	12,000				<u>1,20,000</u>		<u>1,20,000</u>	[L5][CO2]	[10M]
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	<u>1,20,000</u>		<u>1,20,000</u>																																												
10	What are Liquidity ratios? Discuss the importance of Current and Liquidity Ratios	[L1][CO4]	[10M]																																												

UNIT-V
FINANCIAL ANALYSIS - II

1	a)	What is meant by funds from operation?	[L1][CO3]	[3M]																																									
	b)	What do you understand by the working capital concept of the term ‘funds’?	[L2][CO3]	[7M]																																									
2	a)	Define cash from operation.	[L1][CO3]	[2M]																																									
	b)	Mention some of the differences between cash flow statements and funds flow.	[L2][CO3]	[8M]																																									
3	a)	State its significance of funds flow statement.	[L3][CO3]	[5M]																																									
	b)	Elucidate the various advantages of cash flow statement.	[L2][CO3]	[5M]																																									
4	a)	Describe the uses of cash flow statement.	[L2][CO3]	[5M]																																									
	b)	Elucidate funds from operation .How is it computed?	[L3][CO3]	[5M]																																									
5	a)	Define investing activities.	[L1][CO3]	[2M]																																									
	b)	What do you mean by cash from operating activities? How is this calculated?	[L2][CO3]	[8M]																																									
6	a)	Explain the steps in the preparation of funds flow statement.	[L2][CO3]	[5M]																																									
	b)	Discuss in briefly about dis-advantages of funds flow statement.	[L2][CO3]	[5M]																																									
7	a)	What are the limitations of cash flow statement?	[L1][CO3]	[4M]																																									
	b)	To prepare Statement of change in working capital. <table><tr><td>Liabilities</td><td>2020</td><td>2021</td><td>Assets</td><td>2020</td><td>2021</td></tr><tr><td>Bills Payable</td><td>7000</td><td>100000</td><td>Cash</td><td>35000</td><td></td></tr><tr><td>Capital</td><td>125000</td><td>150000</td><td>Bills receivables</td><td>98000</td><td></td></tr><tr><td>Retained earnings</td><td>60000</td><td>75000</td><td>Stock</td><td>87000</td><td></td></tr><tr><td></td><td></td><td></td><td>Long term interest</td><td>15000</td><td></td></tr><tr><td></td><td></td><td></td><td>Land</td><td>20000</td><td></td></tr><tr><td></td><td>255000</td><td>325000</td><td></td><td>255000</td><td>325000</td></tr></table>	Liabilities	2020	2021	Assets	2020	2021	Bills Payable	7000	100000	Cash	35000		Capital	125000	150000	Bills receivables	98000		Retained earnings	60000	75000	Stock	87000					Long term interest	15000					Land	20000			255000	325000		255000	325000	[L5][CO3]
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8		What is funds flow statement? What are its objectives? Explain	[L1][CO5]	[10M]																																									
9		Distinguish between funds flow statement and cash flow statement.	[L2][CO5]	[10M]																																									
10		Discuss the steps involved in the preparation of a fund flow statement.	[L2][CO5]	[10M]																																									

CASE STUDIES**Case study 1:****10M**

The following balance were extracted from the books of Mr. Govind on March 31, 2020. You are required to prepare a Trading account and profit and loss account for the year ended March 31, 2020 and a Balance sheet as on that date.

Particulars	₹	Particulars	₹
Purchase	75000	capital	60000
Return inwards	2000	creditors	30000
Opeing stock	10000	sales	1200000
Freight inwards	4000	Return outwards	1000
wages	2000		
Investments	10000		
Bank charges	1000		
Land	30000		
machinery	30000		
Building	25000		
Cash at bank	18000		
Cash in hand	4000		
total	2,11,000		2,11,000

Additional information:

1. closing stock ₹ 9000
2. Provide depreciation @10% on machinery
3. Interest accrued on investment ₹ 2000

Case study 2:**10M**

The Journalize the following transactions and prepare Ledgers in the books of sai.

Particulars	Rs
Sai commenced business	75,000
Deposit in to bank	30,000
Purchase furniture and paid by cheque	1,500
Good purchased from kethan	20,000
Kethan full settlement	19500
Goods returned to kethan	400
Good sold to Ravi	5,00
Commission received	250
Salaries	4,000

Case study 3:**10M****The following data is given :**

Selling price	₹ 20 per unit
Variable manufacturing costs	11 per unit
Variable selling costs	3 per unit
Fixed factory overheads	5,40,000 per year
Fixed selling costs	2,52,000 per year

Your are required to compute :

- Break even point expressed in amount of sales in rupees ;
- Number of units that must be sold to earn a profit of ₹60,000 per year.
- How many units must be sold to earn a net income of 10% of sales ?

Case study 4:**10M**

A company acquired a machine on 1.1.2019 at a cost of 60000 and spent on 2000 on its installation .The firm writes off depreciation at 12% on the straight line method and diminishing balance method. The books are closed on 31stDecember of each year .show the machinery account for 4 years.

Case study 5:**10M**

From the following information prepare a summarized balance sheet as on 31st March 2013.

Working capital	Rs. 1,20,000
Reserves& Surplus	Rs. 80,000
Bank overdraft	Rs. 20,000
Assets(fixed) to proprietary ratio = 0.75	
Current ratio = 2.5	
Liquidity ratio = 1.5.	

Prepared by:**Mr. K. ASHOK KUMAR**

Assistant Professor/MBA

SIETK, PUTTUR