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MIBH 402

First Semester M.B.A. (I.B.) Degree Examination, December 2018
INTERNATIONAL BUSINESS
Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Note : Answer **any two** questions. **Each** question carries **10** marks. Answer to the question should **not** exceed **five pages**. **(2×10=20)**

1. Explain the various guidelines for the issue of shares at par, discount and premium.
2. Describe why the role of an accountant is important to an organisation.
3. Discuss the factors which affect the dividend policy of the firm.

SECTION – B

Note : Answer **any three** questions. **Each** question carries **12** marks. Answer to the question should **not** exceed **six pages**. **(3×12=36)**

4. A manufacturing concern requires a statement showing the result of its production operation for September 2017. Cost records give the following information :

	1st Sept., 2017	30th Sept., 2017
	Rs.	Rs.
Raw material	1,00,000	1,23,500
Finished goods	71,500	42,000
Work in progress	31,000	34,500

Transactions during the month of September 2016 :

	Rs.
Purchase of raw material	88,000
Direct wages	70,000
Work expenses	39,500

P.T.O.



Administration expenses	13,000
Sale of factory scraps	2,000
Selling and distribution expenses	15,000
Sales	2,84,000

Prepare cost sheet for the month of September.

5. A firm of building contractors began to trade on 1-4-2017.

The following was the expenditure on contract for Rs. 3,00,000

Materials issued to contract Rs. 51,000, plant used for the contract Rs. 15,000, wages Rs. 81,000, other expenses Rs. 5,000.

Cash received on account to 31-3-2017 amounted to Rs. 1,28,000 being 80% of the work certified. Of the plant and materials charged to the contract, plant which cost Rs. 3,000 and materials which cost Rs. 2,500 were lost on 31-3-2017.

Plant costing Rs. 2,000 was returned to stores. The cost of work done but uncertified was Rs. 1,000 and materials costing Rs. 2,300 were in hand on site. Charge 15% depreciation. Prepare contract account.

6. Enter the following transactions in three columnar cash book :

2017

July 1, started business with an investment of Rs. 10,000

July 2, deposited in State Bank of India Rs. 7,000

July 4, acquired a building by issuing a cheque of Rs. 12,000

July 10, paid the bill of furniture by cheque Rs. 1,000

July 15, purchased Rs. 800 of merchandise by cheque

July 18, withdrew Rs. 100 from bank

July 20, sold merchandise for Rs. 1,200

July 22, deposited Rs. 2,000 into the bank

July 25, bought Rs. 1,000 merchandise

July 26, sold Rs. 1,500 merchandise and received a crossed cheque



July 27, paid Rs. 100 by cheque as a premium for insuring building against fire

July 28, paid freight Rs. 50

July 30, withdrew from bank for personal use Rs. 500

July 31, cleared electricity bill Rs. 90

July 31, paid to Mahesh Rs. 1,080 in full satisfaction by cheque. We owed to Mahesh Rs. 1,100 for the goods purchased

July 31, received from Suresh a cheque for Rs. 1,480 in full satisfaction of the debt of Rs. 1,510.

7. Superstar Ltd. offered 10,000 equity shares of Rs. 100 each for subscription at a premium at Rs. 20 per share payable as follows :

On application	Rs. 10
On allotment (including premium)	Rs. 40
On first call	Rs. 20
On second call	Rs. 30
On third and final call	Rs. 20

Company received applications for 12,000 shares and 10,000 shares were allotted on pro rata. Holders of 400 shares failed to pay the first call and after due notice their shares were forfeited. The amounts payable on second call were paid in full except that a holder of 100 shares failed to pay. 250 of the 400 shares forfeited were reissued credited with Rs. 80 paid for Rs. 50 per share. The final call was met in full including the arrears of second call. Show the necessary journal entries including cash in the books of the company.

8. What is inventory valuation ? Explain the importance and objectives of inventory valuation.

SECTION – C
(Compulsory)

Note : Answer to the question should **not** exceed **six pages.** **(1×14=14)**

9. The following are the balance sheet of Johri Albhushan Bhandar Co. Ltd. as on 31-3-2017.

Debit	Rs.	Credit	Rs.
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000



Stock	7,50,000	P and L a/c	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash and bank	4,06,500	Sales	41,50,000
Calls in arrears	75,000	General reserve	2,50,000
Interim dividend	3,92,500	Bad debt provision on 1-4-16	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debentures interest paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional information :

- a) Depreciate plant by 15%
 - b) Write off Rs. 5,000 from preliminary expenses
 - c) Half year's debenture interest due
 - d) Credit 5% provision on debtors for doubtful debts
 - e) Provide for income tax at 50%
 - f) Stock on 31-3-2017 was Rs. 9,50,000
 - g) A claim of Rs. 25,000 for workmen's compensation is being disputed.
- Prepare final accounts of the company.
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