

**2017**

**M B A**

**1st Semester Examination**  
**ACCOUNTING FOR MANAGERS**

**PAPER—MBA 104**

*Full Marks : 100*

*Time : 3 Hours*

*The figures in the right-hand margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

*Illustrate the answers wherever necessary.*

1. Answer any *eight* questions from the following : 8×5

(a) What is the significance of dual aspect concept?

(b) From the following information you are required to calculate depreciation amount and prepare a Machinery account for two years ended 31.12.2014 and 31.12.2015 under SLM.

*(Turn Over)*

Cost of the Machine as on 1.1.2014	Rs. 67,000
Erection Charges	Rs. 3,000
Estimated useful life	10 years
Estimated Scarp Value	Rs. 7,000

- (c) Explain in brief the term 'Accounting' and give any two differences between bookkeeping and Accounting.
- (d) The following transactions relate to a business concern for the month of January, 2015. Journalise them, post into ledger accounts.

- January 1 Started business with cash of Rs.3,00,000.
- January 2 Bought goods worth Rs.2,00,000 in cash.
- January 9 Sold goods to Mr. Khan of Rs. 1,50,000 in cash.
- January 12 Purchase of machinery of Rs. 2,00,000 by cash.
- January 15 Purchase of computer of Rs. 25,000 by cash.
- January 21 Salary paid by cash of Rs. 50,000
- January 24 Purchase return of machinery of Rs. 5,000.
- January 26 Sales return of goods of Rs. 1,50,000.
- January 30 Cash Deposited into bank Rs. 10,000

- (e) From the following balances extracted from the books of a trader, prepare Trial Balance as on 31st March, 2016.

	Rs.
Cash in hand	4,200
Cash at Bank	16,800
Bills Receivable	18,000
Bills Payable	16,000
Sundry Debtors	24,600
Sundry Creditors	32,400
Capital	50,000
Drawings	18,000
Sales	1,05,000
Purchases	75,000
Carriage Inward	2,700
Salaries	12,000
Advertisement	2,400
Insurance	1,600
Furniture	7,500
Stock	18,600
Office Rent	2,000

- (f) B. Co. purchased machinery on 1.4.2006 of Rs. 60,000. On 1.1.2008 one-third of the machinery became obsolete and was sold for Rs. 6,000. The machinery was to be depreciated by Fixed Instalment Method at 10% p.a. Show how the Machinery Account would appear in the ledger of the Company for the years 2006, 2007 and 2008. Assume that the accounting year of the Company ends on 31st December every year.

(g) From the following information determine E.O.Q.

Annual usage = 90,000 units

Cost per unit = Rs. 50

Buying cost per order = Rs. 10

Cost of carrying inventory = 10% of cost.

(h) State the advantages and disadvantages of LIFO method of store ledger.

(i) The information about the inventory balance at the beginning and purchases made during the year 2016 are given below :

Mar. 01 : Beginning balance; 400 units @ Rs. 18 per unit.

Mar. 12 : Purchases; 600 units @ Rs. 20 per unit.

Oct. 17 : Purchases; 800 units @ Rs. 22 per unit.

Dec. 15 : Purchases; 200 units @ Rs. 24 per unit.

On 31st December 2016, 600 units are on hand according to physical count. Compute the following using first-in, first-out (FIFO) method :

(i) Cost of ending inventory at 31 December, 2016

(ii) Cost of goods sold during the year 2016.

(j) What is semi-variable cost? Give example.

(k) Write any three limitations of preparing a Trial Balance.

(1) *Classify the following under the three types of accounts (Real, Nominal or Personal) :*

- |              |                  |
|--------------|------------------|
| (a) Drawings | (b) Cash         |
| (c) Capital  | (d) Machinery    |
| (e) Bank     | (f) Depreciation |
| (g) Salary   | (h) Building.    |

2. Answer any *four* questions from the following : 4×10

(a) On 1st January 2010, Hindustan Ltd. purchased machinery for Rs. 12,00,000 and on 30th June 2012, one more machine worth Rs. 2,00,000. On 31st March 2013, a machinery which had cost Rs. 50,000 and purchased on 1.1.2010 was found to have become obsolete and was sold as scrap for Rs. 7,000. It was replaced on that date by a new machine costing Rs. 80,000. Depreciation is to be provided @ 15% p.a. on written down value (WDV) Method. Accounts are closed on 31st December every year. Show machinery account for 4 years.

(b) The following particulars have been obtained from the cost records for the year 2016. Prepare cost sheet from the following information.

Materials used in manufacturing	1,10,000
Materials used in primary packing	20,000
Materials used in selling the product	3,000

Materials used in the factory	1,500
Productive Wages	30,000
Factory Supervision expenses	4,000
Materials used for office	2,500
Chargeable expenses	10,000
Indirect expenses—factory	2,000
Administration expenses	3,000
Depreciation on Factory Building	3,500
Depreciation on Office Building	1,500
Freight on materials purchased	5,000
Depreciation on Delivery Van	1,000
Salary paid to the driver of Delivery Van	3,600
Advertisement	2,000
Bad Debt	1,500

Assume that all products manufactured during the year have been sold to earn a profit of 20% on selling price.

- (c) From the following information Calculate :
- (i) Economic Order Quantity (EOQ)
  - (ii) Reorder level
  - (iii) Recorder quantity

(iv) Minimum level

(v) Maximum level.

Average usage - 100 units per week

Minimum usage - 70 units per week

Maximum usage - 140 units per week

Lead time (the time between ordering and replenishment of goods) - 3-5 weeks

Ordering cost per order - Rs. 180

Annual cost of carrying a unit in stock - Rs. 5.20

(d) What are the elements of cost? Briefly explain.

(e) What is Depreciation? Why should small businesses care to record depreciation?

(f) The following Trial balance is extracted from the books as on 31st March 2016.

<i>Name of Account</i>	<i>Dr. balances Rs.</i>	<i>Cr. balances Rs.</i>
Furniture and Fittings	640	—
Motor Vehicle	6,250	—
Building	7,500	—
Capital	—	12,500
Bad debts	125	—
Commission Received	—	575
Sundry Debtors and Creditors	3,800	2,500
Stock on 1.4.2015	3,460	—
Purchases and Sales	5,475	15,450

Bank Overdraft	—	2,850
Sales and Purchase Returns	200	125
Advertising	450	—
Interest Account	118	—
Cash in hand	650	—
Taxes and Insurance	1,250	—
General Expenses	782	—
Salaries	3,300	—
	<b>34,000</b>	<b>34,000</b>

**Adjustments :**

- Stock on hand on 31.03.2016 was Rs. 3,250
- Depreciate Building at 5%, Furniture and fittings @ 10% and Motor Vehicle by Rs. 1250.
- Rs. 85 is due for interest on Bank Overdraft.
- Salaries Rs. 300 and Taxes Rs. 120 are outstanding.
- Insurance is prepaid to the extent of Rs. 100.
- One fifth of the commission received is in respect of the work to be done next year.

Prepare Trading and Profit and Loss Account for the year ended 31st March 2016 and Balance Sheet as on that date.

**[ Internal Assessment : 20 Marks ]**