

**2018**

**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 : 8×5
- (a) What is the difference between the cash basis and the accrual basis of accounting ?
- (b) From the following information you are required to calculate depreciation rate and prepare a Machinery account first three years
- |                                    |              |
|------------------------------------|--------------|
| Cost of the Machine as on 1.1.2015 | Rs. 1,45,000 |
| Erection Charges                   | Rs. 5,000    |

*(Turn Over)*

Estimated useful life	8 years
Estimated Scarp Value	Rs. 10,000

(c) How will you classify the following into personal, real and nominal accounts ?

- (i) Investments
- (ii) Freehold premises
- (iii) Accrued Interest
- (iv) PSB and Co Ltd.
- (v) Salary Accounts
- (vi) Carriage Outward
- (vii) Purchases Account
- (viii) Capital Account
- (ix) Sales Account
- (x) Cash Account.

(d) Make journal entry of the following transactions in the books of M/s Bharat & Sons :

	Rs.
2016	
July 2	
Commenced business with cash	2,50,000
4	
Purchased furniture for cash	20,000
6	
Cash purchases	14,500
9	
Rent for two years paid in advance	2,400

15	Drawings by the proprietor for household expenses	400
19	Cash sales	50,000
29	Cash withdrawn from Bank	2,700

- (e) A company bought a machine for Rs. 5,00,000 on 1 January 2016. Estimated life of 8 years, no scrap value. On 1 January 2017, an additional motor of Rs. 95,000 was fitted into the machine. Expected that the useful life of the machine would not be affected. Show machinery a/c for two years.

- (f) Calculate factory cost from the following particulars :

	Rs.
Material consumed	60,000
Productive wages	20,000
Direct Expenses	5,000
Consumable stores	2,000
Oil grease/Lubricating	500
Salary of a factory Manager	6,000
Unproductive wages	1,000
Factory rent	2,000
Repair and Depreciation on Machine	600

- (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) Suppose you intend to open a franchise business to supply a nationally-known line of women's shoes. You have found a good location in Kolkata to open your shop, and have determined that the average prices and costs of operating the store are :

Price = Rs. 50 per pair

Cost = Rs. 30 per pair

Rent = Rs. 2,500 per month

Insurance = Rs. 500 per month

Utilities & Telephone = Rs. 300 per month

In addition, you plan to hire two sales ladies on a commission basis of 10% in order to provide them with incentive to sell shoes. What will be the break-even point in Rupees ?

- (i) There are several Mistake in the Umer & Brother (Pvt.) Ltd. Trial Balance. You are required to identify Errors and make corrected Trial Balance ?

S. No.	Heads of Accounts	Ref.	Debit	Credit
1	Umer Own Equity			1,551
2	Umer Drawings		500	
3	Equipments		2,850	
4	Sales			2,850
5	Due from Customers			530
6	Purchases		1,260	
7	Purchase Return		364	
8	Bank Loan			996
9	Creditors		528	
10	Taxes		720	
11	Cash in Hand		226	
12	Note Payable		680	
13	Inventory			264
14	Repair		461	
15	Return Inward			98
<b>Total</b>			<b>Rs. 7,649</b>	<b>Rs. 6,289</b>

- (j) Define direct cost and give two examples.

(k) Calculate total monthly remuneration of workers A, B, C and D on the basis of the following information for the month of January 2017 :

- (i) Standard Production for each worker = 1,000 units.
- (ii) Rate of wages = 10 paise per unit
- (iii) Bonus = Rs. 5 for each 1% increase over 90% of the standard.
- (iv) Dearness Allowance per month = 100% of piece wage.

The units completed by the four workers were as under :

A = 950 units, B = 900 units, C = 960 units, D = 850 units.

(l) Journalise the following transactions and post into appropriate ledgers :

- (i) Mr. Ganguly started business with cash Rs. 1,00,000, Building Rs. 5,00,000, Machinery Rs. 2,00,000 on 1.4.2018.

- (ii) Bought goods Rs. 1,20,000 from Mr. Banerjee and paid carriage Rs. 2500 in cash on 10.4.2018.

2. Answer any four questions :

4×10

- (a) On 1st January 2013, machinery was purchased for Rs. 80,000. On 1st January 2014 additions were made to the machinery of Rs. 40,000. On 31st March, machinery purchased on 1st January 2014, costing Rs. 12,000 was sold for Rs. 11,000, and on 30th June 2015, machinery purchased on 1st January 2013 costing Rs. 32,000, was sold for Rs. 26,700. On 1st October, 2015 additions were made to the amount of Rs. 20,000. Depreciation was provided at 10% p.a. on the Diminishing Balance Method.

Show the Machinery Account for the three years from 2013 to 2015.

- (b) From the following information for the month of January, prepare a Cost Sheet to show that following components :

- |                           |                    |
|---------------------------|--------------------|
| (i) Prime cost,           | (ii) Factory cost, |
| (iii) Cost of production, | (iv) Total Cost.   |

Direct Material	57,000
Direct wages	28,500
Factory rent and rates	2,500
Office rent and rates	500
Plant repairs and maintenance	1,000
Plant depreciation	1,250
Factory manager's salary	2,000
Office salaries	1,600
Director's remuneration	1,500
Telephone and postage	200
Printing and stationary	100
Legal charges	150
Advertisement	1,500
Salesmen's salaries	2,500
Showroom rent	500
Sales	1,16,000

(c) Moonlight Engineering Company has three production departments, A, B and C and one service department



S. Following are the particulars of a month of 25 working days of 8 hours each. Calculate the labour hour rate for each of the production departments :

Indirect Material	Rs.	Rs.
Dept. A	1,735	
Dept. B	930	
Dept. C	935	
Dept. S	300	3900
Indirect Wages		9,000
Rent		8,800
Canteen Expenses		1,800
Lighting		2,200
Depreciation @ 12% p.a.		
Other Information :		

	Dept. A	Dept. B	Dept. C	Dept. S
No. of workers	20	25	30	15
Area (Sq. metre)	100	100	150	50
Direct Wages (Rs.)	8,000	10,000	12,000	6,000
No. of Electric points	40	30	20	20
Value of Assets (Rs.)	5,000	6,000	6,000	3,000

Service rendered by the service department to production departments A, B and C is in the ratio of 2 : 2 : 1, respectively.

- (d) From the following Trial Balance prepare Trading and Profit and Loss Account for the year ended 31st December, 2009 and Balance Sheet as on the date :

<i>Name of Account</i>	<i>Dr. Rs.</i>	<i>Cr. Rs.</i>
Drawings	10,000	—
Stock as on 1-1-2009	46,000	—
Purchase and Purchase returns	1,50,000	600
Cash in hand	3,400	—
Bank balance	22,660	—
Freehold premises	38,600	—
Trade Expenses	840	—
Printing, Stationary & advertising	1,640	—
Professional charges	280	—
Commission received	—	3,300
Investment as on 1st Jan @10%	4,000	—
Interest on Deposits	—	200
Sundry debtors and creditors	36,000	29,000
Wages	25,000	—

Salaries	14,000	—
Rent Rates and Insurance	4,000	4600
Capital	—	1,14,700
Income Tax	1,600	—
Discount allowed and received	6,300	—
Sales Returns and Sales	500	2,08,000
Bills Receivables and Payables	3,200	10,000
Office Furniture	3,050	—
Bad Debts provision	—	670
	<b>3,71,070</b>	<b>3,71,070</b>

*Adjustments :*

- (i) Provide for wages Rs. 5,000.
- (ii) Write off 5% depreciation on freehold premises and 10% on office furniture.
- (iii) Insurance to the extent of Rs. 200 belongs to 2010.
- (iv) Closing stock as on 31.03.2010 is Rs. 52,000.
- (v) Charge interest on capital @ 5%.

- (e) "A Trial Balance is merely a proof of arithmetical accuracy"—Explain this statement and bring out clearly the various classes of errors which a Trial Balance fails to disclose.
- (f) Define Assets. Distinguish between current assets and fixed assets with suitable example.

**[ Internal Assessment : 20 Marks ]**

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