

2016

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 *four* questions from the following : 4×5
- (a) What is the significance of dual aspect concept?
 - (b) Write short note on accounting standards.
 - (c) Narrate the rules of debit and credit.
 - (d) The following transactions relate to a business concern for the month of January, 2016. Journalise them, post into ledger accounts.

(Turn Over)

- January 1 started business with Rs.3,000.
 January 2 bought goods worth Rs.2,000.
 January 9 Cash sales Rs.5,000.
 January 12 Paid wages of assistant by cheque Rs.1,300.
 January 15 Purchase goods from Mr. Z & Co. of Rs.4,500.
 January 30 Received interest Rs.50.
 January 31 Paid Rs.3,000 into the bank.

- (e) Distinguish between Capital Expenditure and Revenue expenditure.
- (f) From the following information you are required to calculate depreciation rate and prepare a Machinery account for first two years after purchase. Make assumption (if necessary).

Cost of the Machine	Rs. 30,000
Erection Charges	Rs. 3,000
Estimated useful life	10 years
Estimated Scrap Value	Rs. 3,000

2: Answer any *two* questions from the following : 2×10

- (a) 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

- (b) The Trial Balance of Srinivas stores appeared on 31st March, 2016 as below. Prepare Trading and Profit & Loss Accounts for the year ended 31st March, 2016 and Balance Sheet as on 31st March, 2016.

Debit Balance :

<i>Particulars</i>	<i>Amt. (Rs.)</i>	<i>Particulars</i>	<i>Amt. (Rs.)</i>
Stock 1 st April, 2015	57,500	Interest on Mortgage	1,500
Purchases	1,60,000	Cash in Hand	250
Productive Wages	65,000	Cash at Bank	27,250
Carriage	2,750	Building	40,000
Discount	1,300	Machinery	15,000
Travelling Expenses	5,000	Horses & Carts	5,000
Salaries	20,000	Sundry Debtors	32,500
Insurance	1,500	Sales	3,00,000
Commission	3,250	Discount Received	30,500
Rent & Rates	5,000	Capital	1,06,550
Stable Expenses	1,950	Sundry Creditors	21,000
Repairs	1,050		
Sundry Expenses	550		
Sales Return	11,700		

Adjustments :

- On 31st March, 2016, the Stock was valued at Rs. 60,750.
- (1) Rent & taxes Rs. 300 were paid in Advance.
 - (2) Depreciation is to be written off at 2.5% on Building, 5% on Machinery & 7.5% on Horse & Carts.
 - (3) Provision is to be made for doubtful debts at 5% on debtors.
- (c) On 1st January 2010, Hindustan Ltd. purchase machinery for Rs. 12,00,000 and on 30th June 2012, one more machine of worth Rs. 2,00,000. On 31st

March 2013, one of the original machinery which had cost Rs. 50,000 was found to have become obsolete and was sold as scarp 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 3 years.

3. Answer any *four* questions from the following : 4×5
- (a) Compare Halsey and Rowan Premium Bonus Plans in terms of their corresponding effects on efficiency of workers.
 - (b) What is Reordering Level? Explain its relationships with Maximum and Minimum Stock Levels.
 - (c) What do you mean by Semi-variable overhead? How could you segregate it into fixed and variable portions?
 - (d) Explain the statement : 'Fixed cost per unit is variable and variable cost per unit is fixed.'
 - (e) Mention two most important objectives of Cost Accounting. Classify all costs keeping in view the objective of preparing a Cost Sheet in as much details as you can.

- (f) Explain the concepts of the following methods and techniques of costing : Job Costing, Absorption Costing and Marginal Costing.

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

- (a) In an engineering concern, the employees are paid incentive bonus in addition to their normal wages at hourly rates. Incentive bonus is calculated in proportion of time taken to time allowed, of the time saved. The following details are made available in respect of employees X, Y and Z for a particular week.

Employees	X	Y	Z
Normal wages (Rs. per hour)	5.00	6.00	7.00
Completed units of production	5000	3000	5200
Time allowed (per 100 units)	0.8hr	1.2hrs	1hr
Actual time taken (hours)	35	32	48

You are required to work out for each employee :

- (i) The amount of bonus earned ;
- (ii) The total amount of wages earned ; and
- (iii) The total wages cost per 100 units of output.

6+2+2

- (b) The particulars of receipts and issues of a certain material during the quarter ended December, 2016 are given below :

Date	Transactions	Receipts		Issues		
		Quantity (units)	Rate Rs./unit	Date	Quantity (units)	Value Rs.
Oct 1	Balance b/d	1,600	2.00	Oct 13	1,200	2,556
Oct 9	Purchase	3,000	2.20	Nov 5	900	1,917
Nov 17	Purchase	3,600	2.40	Nov 24	1,800	4,122
Dec 11	Purchase	2,500	2.50	Nov 27	2,100	4,971
				Nov 29	700	1,656

Additional information :

Physical verification on December 31, 2016 revealed an actual stock of 3,800 units.

You are required to :

- (i) Indicate the method of pricing used in the above particulars of transactions.
 - (ii) Prepare a complete Stores Ledger Account by making entries you would consider necessary including adjustments, if any, giving explanations to such adjustments. 2+8
- (c) (i) A company reapportions the costs incurred by two service cost centres - *Materials Handling and Inspection*, to the three production cost centres

of Machining, Finishing and Assembly. The following are the overhead costs which have been allocated and apportioned to the five cost centres:

<u>Cost Centres</u>	<u>Amount (Rs. in '000)</u>
Machining	500
Finishing	300
Assembly	150
Materials Handling	250
Inspection	100

Estimates of the benefits received by each cost centre are as follows :

Cost Centre	Machining %	Finishing %	Assembly %	Materials Handling %	Inspection %
Materials Handling	25	35	30	-	10
Inspection	45	25	25	5	-

You are required to compute the charge for overhead to each of the three production cost centres, including the amounts apportioned from the two service cost centres using Repeated Distribution Method.

- (ii) Make a distribution among the following three terms relating to overhead : Allocation, Apportionment and Absorption. 6+4

[Internal Assessment : 20 Marks]