

MBA 1st Semester Examination, 2019

ACCOUNTING FOR MANAGERS

PAPER – MBA-104

Full Marks : 100

Time : 3 hours

The figures in the right hand margin indicate marks

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

Illustrate the answers wherever necessary

GROUP – A

Answer any **eight** questions : 2 × 8

1. State any two differences between cost accounting and management accounting.
2. What is journal ?
3. What is a current asset ?
4. What is fund flow ?

(Turn Over)

5. What is the full form of GAAP ?
6. State the causes of Depreciation.
7. What is Prime Cost ?
8. State the difference between Cash Discount and Trade Discount.
9. What is cost ?
10. What is variable cost ?
11. Define wage.
12. Explain Direct wage and Indirect wage by giving examples.

GROUP – B

Answer any **eight** questions : 4 × 8

13. State with reasons whether the following events are transactions or not to Mr. K. Mondal, Proprietor.
 - (i) Mr. Mondal started business with capital (brought in cash) Rs. 40,000.

(ii) Appointed Sohan as Manager on a salary of Rs. 4,000 per month.

(iii) Purchased machinery for Rs. 20,000 in cash.

(iv) Placed an order with Sen and Co. for goods for Rs. 5,000.

14. How will you classify the following into personal, real and nominal accounts ?

(i) Investments

(ii) Freehold Premises

(iii) Accrued Interest

(iv) Dividend Received Account

(v) Sales Account

(vi) Salary Accounts

(vii) Loose Tools Accounts

(viii) Purchases Account.

15. What is the difference between direct and indirect materials ? Give two example of each.

16. Define Fixed Expense, Variable expenses and Semi-variable expense. Also provide examples of each types of expense.
17. How do the following reflect on a break-even volume and P/V Ratio ?
- (a) Increase in total fixed cost
 - (b) Decrease in variable cost per unit.
18. Briefly explain 4 Accounting Conventions.
19. Explain in details the types of errors identified by Trial Balance.
20. Distinguish between Bin Card and Stores Ledger.
21. From the following balances extracted from the books of Mr. Bansi Lal, prepare the Trading Account for the year ending 31st March, 2019.

Purchases	42,500
Wages	5,000
Mfg. expenses	1,950
Op. Stock	10,000

Sales	67,500
Sales returns	50
Carriage inwards	100
Purchases returns	200
Freight and duty	5,000
Stores consumed	200
Power	300

The value of stock unsold is Rs. 12,000.

22. What is error of omission ? Give example.
23. Time allowed for a job is 48 hours; a worker takes 40 hours to complete the job. Time rate per hour is Rs. 15. Compute the total earnings of the worker under Halsey premium plan.
24. "Fixed cost per unit remains constant with the increase in population" – Explain in depth.

GROUP – C

Answer any **four** questions : 8 × 4

25. Is the agreement of trial balance a conclusive proof of the accuracy of the books of accounts ? Discuss.

26. From the following Trial Balance of Mr. Garg as on 31st March, 2019, prepare Trading Account, Profit and Loss Account and Balance Sheet.

TRIAL BALANCE

	Debit Balance Rs.		Credit Balance Rs.
Stock on 1st April 2018	500	Capital	2,000
Purchases	1,500	Sales	3,500
Land and Building	2,000	Sundry Creditors	750
Bills Receivable	300	Commission	50
Wages	300	Bills payable	300
Machinery	800	Loan	600
Carriage Inward	100		
Carriage Outward	100		
Power	150		
Salaries	200		
Discount Allowed	30		
Drawings	100		
Insurance Premium	20		
Cash at Bank	500		
Cash in Hand	100		
Investments	500		
Total	7,200		7,200

Adjustments :

(i) Stock as on 31st March 2006 is valued at Rs. 200.

(ii) Provide depreciation @ 10% on Machinery and @ 5% on Land and Building.

(iii) Outstanding salaries amounted to Rs. 50.

(iv) Insurance premium is paid in advance to the extent of Rs. 10.

(v) Allow interest on Capital @ 6% per annum.

(vi) Interest on loan @ 12% per annum is due for one year.

27. The following items appear in the Trial Balance of M/S S on 31 March 2019 :

<i>Particulars</i>	<u>Debit</u>	<u>Credit</u>
Salaries	3,300	—
Advertisement	1,400	—
Bad Debts	3,500	—
Stock	5,000	—
Furniture	20,000	—

<i>Particulars</i>	Debit	Credit
Capital & Drawings	9,500	40,100
Wages	1,800	—
Purchase & Sale	28,000	38,700
Debtors & Creditors	9,000	5,000
Cash	3,200	—
10% Loan from SBI (taken on 1 April 2018)	—	3,000
Interest on loan	100	—
Commission	600	—
Miscellaneous Expense	700	—
Annual Fire Insurance premium (paid on 1 July 18)	900	—
Provision for Doubtful Debt	—	200
	87,000	87,000

Additional Information :

- (a) Value of closing stock was ₹ 10,000.
- (b) Outstanding wages ₹ 100.
- (c) Depreciate furniture by 10%.
- (d) Create provision for Doubtful Debt @ 5%.

Prepare Trading A/c, Profit and Loss A/c, for the year ending 31 March 2019 and Balance Sheet as on that date.

28. What is GAAP ? Explain any three Accounting Concepts.

29. From the following particulars with respect to a particular item of materials of a manufacturing company, calculate the best quantity to order :

Ordering quantities price per ton (tonne)

Less than 250	Rs. 6.00
250 but less than 800	Rs. 5.90
800 but less than 2,000	Rs. 5.80
2,000 but less than 4,000	Rs. 5.70
4,000 and above	Rs. 5.60

The annual demand for the material is 4,000 tonnes. Stock holding costs are 20% of material cost p.a. The delivery cost per order is Rs. 6.00.

30. A company purchased a machinery costing Rs. 60,000 on 1.4.2015. The accounting year of the company ends on 31st December every year.

The company further purchased machinery on 1st October, 2015 costing Rs. 40,000. On 1st January 1992, one-third of the machinery which was installed on 1.4.2015, became obsolete and was sold for Rs. 5,000. Show how the machinery account would appear in the books of the company. The depreciation is to be charged at 10% p.a. on written down value method.

[*Internal Assessment* – 20 Marks]
