

**P.E.S. College of Engineering, Mandya - 571 401***(An Autonomous Institution affiliated to VTU, Belagavi)***First Semester, Master of Business Administration (MBA)****Semester End Examination; April / May - 2021****Accounting for Managers**

Time: 3 hrs

Max. Marks: 100

*Note: Answer all FOUR full questions from PART - A and PART - B (Case Study) is compulsory.*

Q. No.	Questions	Marks	BLs	COs	POs
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**PART - A**

- 1 a. Define Accounting. Explain the accounting concept in detail. 10 L CO1 PO2
- b. Show the accounting equation on the basis of following transaction:

Particulars	₹
i) Yadu commenced business with cash	70,000
ii) Withdraw for private use	1,700
iii) Purchase goods on credit	14,000
iv) Purchase goods for cash	10,000
v) Paid wages	300
vi) Sold goods on credit	10,000
vii) Paid to creditors	10,000
viii) Sold goods for cash ( cost price ` 3,000)	4,000
ix) Purchased furniture for cash	500
x) Outstanding salary	500

10 L CO1 PO1

**OR**

- 2 a. What is meant by accounting convention? Explain any four accounting conventions? 10 L CO1 PO2
- b. Journalize the following transactions in the books of a trader:
- i) Started business with ` 40,000                      ii) Paid into bank ` 50,000
- iii) Bought goods ` 2,000 for cash                      iv) Sold goods for cash ` 45,000
- v) Purchased goods from Uday ` 7,000                      vi) Loan taken from bank ` 25,000
- vii) Withdraw from the bank for personal use ` 1,000
- viii) Furniture costing ` 300 was destroyed by fire and recovered ` 100
- ix) Gave charity ` 100
- x) Goods distributed as free samples ` 6,000

10 L CO1 PO2

- 3 a. Enter the following transactions in a three column cash book

Date	Particulars
1-1-20	Balance of Cash in hand ` 4000 and @ bank ` 16,000/-
2-1-20	Paid Satish by cheque 9,500 in full settlement of his account for ` 9,600/-
4-1-20	Bought goods for cash ` 800 and for cheque ` 3,000/-
6-1-20	Drew cash for Office Use ` 3,000/-
7-1-20	Paid wages in cash ` 2,500/-
8-1-20	Paid Umesh ` 1,200 by cheque
10-1-20	Sold goods for cash ` 8,000
12-1-20	Received cheque from Bhaktha ` 3,200 in full settlement of his account for ` 3,250
15-1-20	Bhaktha's cheque was returned dishonoured
20-1-20	Paid ` 9,200 into bank

10 L CO2 PO2

- b. From the following trial Balance (Containing some errors) Prepare correct trial Balance.

Sl. No.	Name of account	Debit (₹)	Credit (₹)
1.	Purchases	60,000	-
2.	Reserve Fund	20,000	-
3.	Sales	-	1,00,000
4.	Purchase return	1,000	-
5.	Sales return	2,000	-
6.	Opening Stock	30,000	-
7.	Closing Stock	-	40,000
8.	Expenses	-	20,000
9.	Outstanding expenses	2,000	-
10.	Bank	5,000	-
11.	Assets	50,000	-
12.	Debtors	80,000	-
13.	Creditors	-	30,000
14.	Capital	-	94,000
15.	Suspense Account	-	10,000

10 L3 CO2 PO3

**OR**

- 4 a. Distinguish between trade discount and cash discount? Briefly explain the various subsidiary books.

10 L2 CO2 PO4

- b. From the following information prepare balance sheet with as many details as possible:

Debtors velocity = 3 months

Creditors velocity = 2 months

Stock velocity = 8 months

Fixed assets turnover ratio 8 times

Gross profit ratio 25%

Gross profit during the year amounted to ₹ 80,000.

10 L2 CO2 PO4

There is no long term and overdrafts. Reserves and surplus amounted to ₹ 28,000.

Liquid assets are ₹ 97,333, Closing stocks is ₹ 2,000/- more than the opening stock. Bill receivable and bill payable ₹ 5,000 and ₹ 2,000 respectively.

- 5 a. Liabilities and assets of Todler manufacture Ltd., as on 1<sup>st</sup> January 2020 and 31<sup>st</sup> Dec. 2020 are as follows:

Liabilities	01.01.20	31.12.20	Assets	01.01.20	31.12.20
Share capital	2,50,000	2,50,000	L & B	1,50,000	1,50,000
5% Debentures	1,00,000	80,000	Machinery	82,000	90,000
Creditors	1,15,000	1,08,000	Stock	1,00,000	1,14,000
Surplus A.c	20,000	27,000	Debtors	85,000	81,000
Dep. Fund	40,000	44,000	Cash @ Bank	60,000	55,000
Reserve for contingencies	70,000	55,000	Temporary investment	1,31,000	95,000
Outstanding expenses	15,000	24,000	Prepaid expenses	2,000	3,000
	6,10,000	5,88,000		6,10,000	5,88,000

L1 CO3 PO5

Following additional information is also available:

- i) New machinery was purchased for ₹ 30,000 but old machinery costing ₹ 15,000 was sold for ₹ 75,000 accumulated depreciation was 8,000

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- ii) ₹ 20,000, 5% debentures were redeemed by purchase from open market @ ₹ 96

- iii) ₹ 36,000 investments were sold @ book value

- iv) 12% dividend was paid in cash

- v) 15,000 was debited to contingency reserve for settlement of previous tax liability.

You are required to prepare cash flow statement by indirect methods.

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b. What is IFRS? What are the objectives and scope of IFRs? 10 L2 CO1 PO2

OR

6 a. What is depreciation? If the value of fixed assets falls, is it necessary to provide depreciation? What are the basic factors considered for calculation of depreciation? 10 L2 CO4 PO1

b. A firm purchased a machinery on 1-1-03 at a cost of ` 52,380 and spent ` 1,620 on its installation. On January 1, 2003, another machinery for ` 19,000 was acquired. On 1<sup>st</sup> July, 2004, the machinery purchased on 1<sup>st</sup> January 2003 having been obsolete was auctioned for ` 28,600/- and on the same date fresh machinery was purchased at a cost of ` 40,000. Depreciation was provided for annually on 31<sup>st</sup> December @ the rate of 10% on written down value. Calculate machinery account for 3 years. 10 L2 CO3 PO3

7 a. What is Human resource Accounting? Briefly explain different methods of HRA. 10 L3 CO4 PO1

b. What is cost management? Discuss the classification of overhead in detail? 10 L2 CO4 PO1

OR

8 a. From the following information obtained from the records of a manufacturing co. Prepare a statement of cost and profit.

Stock of Raw materials (1.1.2020)	40,000
Stock of Raw materials 31.12.2020	50,000
Stock of Finished goods (01.01.2020)	1,00,000
Stock of finished goods (31.12.2020)	1,50,000
Stock of WIP(1.1.20)	10,000
Stock of WIP 31.12.2020	14,000

10 L2 CO4 PO3

Indirect Labour	50,000	Lubricant	10,000
Insurance Plant	3,000	Purchase of Raw material	4,00,000
Sales Commission	60,000	Salaries of Salesman	1,00,000
Carriage outward	3,00,000	Depreciation on Machinery	50,000
Factory rent	60,000	Property tax on factory building	11,000
Sales	12,00,000		
Power	30,000		
Wages	3,00,000		

b. A manufacturing company produces a product and the following information are as follows:

- i) Budgeted output ( Sales) 6000 units
- ii) Budgeted sales value ` 2,40,000/-
- iii) V.C. per unit ` 30
- iv) F.C. ` 40,000/-

10 L CO4 PO1

You are required to calculate;

- i) Profit( budgeted)
- ii) BEP (in units) and sales
- iii) Expected profit /loss when sales is 3000, 7000 and 5,000 units
- iv) The MOS in terms of % of output

v) The no. of units which is to be sold to earn a profit of 15,000/-

Contd... 4

**PART- B**

9. The following is the trial balance of M/s Aryan Fabrication as on 31.3.2020. Prepare final Accounts for the year ended 31.3.2010.

Name of the account	Dr.	Cr.
Capital	-	85,000
Drawings	7,500	-
Opening Stock	12,000	-
Purchase & Sales	86,000	1,70,000
Returns	2,000	1,000
Discounts	500	700
Commission Received	-	1,000
Income Tax paid	700	-
Office Salaries	17,300	-
Office Rent	2,000	-
Advertising	1,700	-
Debtors and Creditors	85,000	30,000
Provision for doubtful debts	-	3,000
Manufacturing expenses/ wages	8,600	-
Bill Receivables and Payable	5,000	5,000
Carriage	600	-
Machinery	40,000	-
Motor vans	7,000	-
Land and buildings	10,000	-
Office expenses	1,500	-
Cash at Bank	6,000	-
Cash in Hand	2,300	-
	2,95,700	2,97,700

Adjustments;

- i) Stock on 31<sup>st</sup> March 2020 was. ` 10,000
- ii) Debt worth ` 2000 should be written off as bad.
- iii) Depreciate machinery by 5% and motor van by 15%
- iv) Provision for bad and doubtful debts should by ` 600
- v) Commission accrued & not received ` 500
- vi) Goods worth ` 500 were used by the proprietor for his personal use.
- vii) On 20<sup>th</sup> March 2010, a fire broke out in the shop and goods worth ` 2,000, were completely destroyed. The insurance company accepted the claim for ` 1,500 only and paid the amount on 1<sup>st</sup> April 2010.

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