

- Q.5 i. What are the objective & importance of Cost Accounting? **4**  
 ii. Write short note on: **6**  
 (a) Elements of cost  
 (b) Cost classification on the basis of Variability & Normality.
- OR iii. A company produce a single article, sells it at Rs. 20 each. The marginal cost of production is Rs. 12 each and fixed cost is Rs. 800 pa. Calculate **6**  
 (a) PV ratio.  
 (b) Break even sales.  
 (c) Sales to earn a profit of Rs. 500.  
 (d) Profit at sale of Rs. 3000.  
 (e) New breakeven point if sales price is reduced by 10%.
- Q.6 i. What is Financial Statement? Explain Position statement & Activity statement. **4**  
 ii. Write short note on : **6**  
 (a) Common size statement (b) Corporate & Annual Reports
- OR iii. Assume that a firm has owner's equity of Rs. 100000. Other ratios are **6**
- |                                |         |
|--------------------------------|---------|
| Current to Total debt          | 0.40    |
| Total debt to Owner's equity   | 0.60    |
| Fixed Assets to Owner's equity | 0.40    |
| Total Assets Turnover          | 2 times |
| Inventory Turnover             | 8 times |
- Complete the following balance sheet:
- |                 |   |                      |   |
|-----------------|---|----------------------|---|
| Current Debt    | - | Cash                 | - |
| Long-term Debts | - | Inventory            | - |
| <hr/>           |   | <hr/>                |   |
| Total Debt      | - | Total Current Assets | - |
| <hr/>           |   | <hr/>                |   |
| Owner's Equity  | - | Fixed Assets         | - |
| <hr/>           |   | <hr/>                |   |
| Total Equity    | - | Total Assets         | - |
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Enrollment No.....

**Faculty of Management**  
**End Sem (Odd) Examination Dec-2017**  
**MS5CO03 Accounting For Managers**  
 Programme: MBA Branch/Specialisation: Management

**Duration: 3 Hrs.****Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Accrual concept is based on which principal: **1**  
 (a) Matching (b) Dual aspect (c) Cost (d) Going concern
- ii. If liabilities are Rs. 50000 and capital is Rs. 15000, what is the amount of assets? **1**  
 (a) Rs. 35000 (b) Rs. 65000 (c) Rs. 25000 (d) None of these
- iii. Withdraw goods for personal use Rs. 10000, the account to be debited is **1**  
 (a) Goods account (b) Drawing account  
 (c) Purchase account (d) Sales account
- iv. Heavy advertisement to launch a new product is which type of expenditure? **1**  
 (a) Capital (b) Revenue (c) Matching (d) Deferred revenue
- v. The cost of assets is Rs. 75000, scrap value Rs. 5000, life of asset is 10 years, the amount of depreciation as per SLM is **1**  
 (a) Rs. 7500 (b) Rs. 5000 (c) Rs. 7000 (d) Rs. 500
- vi. Unfavourable bank balance means **1**  
 (a) Credit balance in cashbook (b) Credit balance in passbook  
 (c) Debit balance in cashbook (d) Favourable balance in cashbook
- vii. Which among the following is not a costing technique? **1**  
 (a) Standard costing (b) Multiple costing  
 (c) Marginal costing (d) Absorption costing
- viii. An increase in variable cost **1**  
 (a) Increase the profit (b) Reduce the contribution  
 (c) Increase the contribution (d) Increase the PV ratio

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- ix. Total sales Rs. 600000, Sales return Rs. 50000, COGS Rs. 440000, GP ratio is **1**  
 (a) 10% (b) 20% (c) 30% (d) 40%
- x. Equity share have following features **1**  
 (a) Right to control (b) Voting right  
 (c) Pre-emptive right (d) All of these

Q.2 i. What are accounting concepts & conventions? Clearly differentiate between these. Explain money measurement & Dual aspect concept. **4**

ii. What is Journal? Name the different journals/Subsidiary books used in an organisation. Explain sales register & purchase register with example. **6**

OR iii. Journalise the following transactions. **6**  
 (a) Commence business with Cash Rs.10000, Goods Rs. 68000 and Furniture Rs. 40000. [1 Jan]  
 (b) Goods sold to Ram, list price Rs. 15000 at trade discount of 10%. [4 Jan]  
 (c) Ram returned Goods of list price Rs. 4000. [10 Jan]  
 (d) Received from Ram Rs. 9500 in full settlement. [15 Jan]  
 (e) Goods given as free sample Rs. 5000. [20 Jan]  
 (f) Sold Goods to Raj Rs. 20000 allowed 10% trade discount and 20% cash discount. Receive 60% of the total amount. [25 Jan]

Q.3 i. What is trial balance? "Is the agreement of trial balance is conclusive proof of accuracy?" Explain **4**

ii. Explain Trading A/C and profit & loss A/C with the help of format & imaginary figure. **6**

iii. From the given information, prepare Trading and Profit and Loss Account and Balance Sheet as on 31 March 2017

Particulars	Rs.	Particulars	Rs.
Furniture	20000	Capital	100000
Purchase	150000	Sales	321000
Sundry Debtors	200000	Creditors	120000
Salary	30000	Interest	4000
Wages	20000	Purchase Return	5000
Printing, Stationery	8000	Provision for Bad Debt	6000

[3]

Bad Debt Write off	7000	Provision for Depreciation	2000
Sales Return	10000		
Drawing	24000		
Rent	15000		
Insurance	12000		
Opening Stock	50000		
Office Exp.	12000		
	<b>558000</b>		<b>558000</b>

**6**

Additional information;

(a) Stock as on 31.03.17 was valued at Rs. 60000.

(b) Depreciation charged at 10% on furniture.

(c) Outstanding office expenses Rs. 8000.

(d) A provision for doubtful debt is created at 5% on Sundry debtors.

Q.4 i. Explain change in the method of depreciation with retrospective effect with example. **4**

ii. Bank passbook of Mr Anil shows an overdraft of Rs. 6000 on 31.12.2017. Prepare the bank reconciliation statement as per following details on 31.12.2007. **6**

(a) Cheque issued but not presented for payment Rs. 5500.

(b) Cheque deposited but not credited Rs. 9000.

(c) A cheque issued for Rs. 6500 in settlement of a debt entered in cashbook as Rs. 8500

(d) Bank commission Rs. 30 entered in passbook

(e) A dividend of Rs. 90 collected by bank not entered in cashbook

(f) Cheque of Rs. 210 dishonoured not entered in cashbook

OR iii. A company purchased a machine costing Rs. 30000 on 01.04.2014. Purchased another machine costing Rs. 20000 on 01.10.2014 and on 01.07.2015 costing Rs. 10000. On 01.01.2016 1/3<sup>rd</sup> of machine installed on 01.04.2014 become obsolete and was sold for Rs. 3000. Prepare the machine account charging depreciation by fixed instalment method at 10% pa for 2014 to 2016. **6**

P.T.O.

# MS5003 Accounting for managers

## Scheme of marking

Q.1 = (i) = (a) matching

(ii) = (b) Rs. 65000

(iii) = (b) Drawing Account

(iv) = (d) deferred revenue

(v) = (c) Rs. 7000

(vi) = (a) credit balance in cash book

(vii) = (b) multiple costing  
(viii) = (b) Reduced the contribution  
(ix) = (b) 20%

(x) = (d) All of above

Q.2(i) 2+2

(ii) 1+1+2+2

(iii) Each Journal entry with Narration (1) marks

(1) Cash A/c dr. 10000  
Stock A/c dr. 68000  
Furniture A/c dr. 40000  
TO Capital 118000

(2) Ram A/c dr. 13500  
TO Sales 13500

(3) Sales return A/c dr. 3600  
TO Ram A/c 3600

(4) Cash A/c dr. 9500  
Dm. A/c dr. 400  
TO Ram A/c 9900

(5) Free sample / Administrative A/c dr. 5000  
TO Purchase 5000

(6) Cash A/c dr. 8640  
Dm. A/c dr. 2160  
P.A. A/c dr. 7200  
TO Sales 11520



Q. 3 (i) 2+2

(ii) 3+3

(iii) Trading & P. & L A/c = 2 marks

Balance sheet = 2 marks

Correct Treatment of form Adjustment = 0.5 marks each

Trading & Profit & Loss A/c 31-3-2017

Particulars	Amount	Particulars	Amount
TO opening stock	50000	By Sales less Return	311000
TO Pm. less Return	145000	By Cl. Stock	60000
TO Wages	20000		
TO L.P.	156000		
	<u>371000</u>		<u>371000</u>
TO Salary	30000	By L.P.	156000
TO Printing & Stat.	8000	By Int.	4000
TO Insurance	12000		
TO Rent	15000		
TO office exp + outst.	20000		
TO Bad debts w/o	7000		
TO Provision for Bad debts			
New 10000	4000		
Old 6000	2000		
TO Dep.	62000		
TO N.P.	<u>1,60,000</u>		<u>1,60,000</u>

Balance Sheet 31-3-2017

Liabilities	Amount	Assets	Amount
Capital 1,00,000		Fixed Assets 20000	
+) Net Profit 62000		Dep. - 4000	16000
-) Drawing 24000	1,38,000	Debtors 200,000	
(Creditors)	1,20,000	Provision - 10,000	1,90,000
Outstanding office exp.	8000	Cl. Stock	60000
	<u>2,66,000</u>		<u>2,66,000</u>



4(i)

change in method = 2 months  
 Example = 2 months

(3)

(ii) O.D. as per Pass book (Dr.) ~~6000~~ 6000

Add: cheque issued but not from fr. pay. 5500

1 cheque issue for Rs. 6500 entered in  
 Cash book as Rs. 8500 2000

Dividend collected but not entered in Cash book 90 ~~17~~ 590

Less: Cheque dep. but not credited Rs. 9000

Bank commission entered in Pass book 30

Cheque drawn but not entered in  
 Cash book 210 9240

Bank O.D. as per Cash book 4350

4(iii)

Particulars	Amount	Date	Particulars	Amount
H14 TO Bk (a)	30000	31/12/14	By Dep. (a) 9 months	2250
01/14 TO Bank (b)	20000		(b) 3 months	5000
		1/1	By bal. c/d	47250
	<u>50000</u>			<u>50000</u>
15 TO bal. b/d	47250	31/12/15	By Dep. a & b four years	5000
7/15 TO bank (c)	10000		(c) 6 months	500
		1/1	By bal. c/d	51750
	<u>57250</u>			<u>57250</u>
15 TO bal. b/d	51750	1/1/16	By bank	3000
			by P. & L. A/c	5250
			by Dep.	5000
			by bal. c/d	38500
	<u>51750</u>			<u>51750</u>

- 5 (i) objective = 2 marks importance 2 marks  
(ii) elements = 3 marks cost classification = 3 marks  
(iii) (a) P/V Ratio = 40% ——— 1 mark  
(ii) 2000 h. ——— 1 mark  
(iii) 3250 h ——— 1 mark  
(iv) 400 h. ——— 1 mark  
(v) 2400 Approx h. ——— 1 mark  
1 mark for formula writing

6 (i) What is Lip Statement 2 marks  
Position & Activity stat. 2 marks

(ii) 3 + 3

(iii) Complete the following balance sheet.

Particulars		Amount	Particulars		Amount
Current Debt.	24000		Cash	80000	
Long term Debt	36000		Invst.	40000	
Total Debt.		60000	Total current Assets		120,000
Owner's Equity		1,00,000	fixed Assets		40000
		1,60,000			1,60,000