

	(c) A cheque issued but not presented in bank for Rs. 6000
	(d) Bank Charges Rs. 100 entered in passbook not in cash nook
	(e) A dividend of Rs. 900 collected by bank not entered in cashbook
	(f) Cheque of Rs. 2000 dishonoured not entered in cashbook
OR iii.	On 1 st January 2000, A Ltd. Purchased machinery for Rs. 58,000 and spent Rs. 2,000 on its erection. On 1 st July, 2000, an additional machinery costing Rs. 20,000 was purchased. On 1 st July 2002, the first machine was sold for Rs. 28,600 and on the same date a new machine was purchased at a cost of Rs. 40,000. Depreciation had been charged at 10% p.a. on written down value method. Show the Machinery Account for First three years assuming that accounts are closed on 31 st December each year. 6
Q.5 i.	What are the different methods of costing? Explain any two in brief. 4
ii.	Write short note on: (a) Objectives of cost accounting (b) Cost classification on the basis of Variability 6
OR iii.	A company producing a single article sells it as Rs. 10 each. The variable cost of production is Rs. 6 each and fixed cost is Rs. 400 per annum. Calculate: (a) Sales at break-even point. (b) Profit volume ratio (c) Sales to earn a profit of Rs. 500. (d) New break-even point if sale price is reduced by 10%. 6
Q.6 i.	Explain any four objective of management accounting? 4
ii.	Write short note on: (a) Position statement & Activity statement (b) Cash Flow Statement 6
OR iii.	From the given information prepare the balance sheet. 6 Receivable turnover ratio 4, payable turnover ratio 6, inventory turnover ratio 8, capital turnover ratio 2, fixed asset turnover ratio 8, gross profit ratio 25% gross profit for the year Rs.80000, Reserve & surplus Rs.28000, closing stock was Rs.2000 more than opening stock there is no long term loan or OD.

Enrollment No.....

Faculty of Management
End Sem (Odd) Examination Dec-2018

MS5CO03 Accounting for Managers

Programme: MBA

Branch/Specialisation: Management

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

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. As per which concept assume that business will run forever: **1**
(a) Matching (b) Dual aspect (c) Cost (d) Going concern
- ii. If liabilities are Rs. 60000 and capital is Rs. 15000, what is the amount of assets? **1**
(a) Rs. 35000 (b) Rs. 45000 (c) Rs. 75000 (d) None of these
- iii. A Trial Balance is a proof of **1**
(a) Honesty of Accountant (b) Honesty of Book-keeper
(c) Arithmetical accuracy of accounts (d) Accuracy of Books
- iv. Account is credited on goods donated **1**
(a) Capital A/c (b) Cash A/c (c) Purchase A/c (d) Sales A/c
- v. The cost of assets is Rs. 70000, 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.6500
- vi. Bank reconciliation statement is prepared by: **1**
(a) Cashier (b) Auditor
(c) Creditors (d) Customer of bank
- vii. Total cost Rs.5,00,000, 20% profit on sales. Total profit will be: **1**
(a) Rs.1,00,000 (b) Rs.1,66,670 (c) Rs.1,50,000 (d) Rs.1,25,000
- viii. An increase in Fixed cost: **1**
(a) Increase the profit (b) Reduce the profit
(c) increase the Sales (d) Increase the variable cost
- ix. Total sales Rs.600000, Sales return Rs.100000, COGS Rs.440000, GP ratio is **1**
(a) 10% (b) 22% (c) 30% (d) 12%

[2]

- x. Cash flow statement of listed company is prepared as per
(a) Direct method (b) Indirect method
(c) Normal method (d) None of these

Q.2 i. Explain any two accounting concepts with example?
ii. Write short notes on:
(a) Accounting as an information system
(b) Limitation of accounting
(c) Types of cash book

OR iii. Journalise the following transactions with suitable narration
March 1 Sold goods to Dev Rs.100000
March 5 Received from Dev in full settlement of his ac
March 8 Sold Goods to Ritesh Rs. 80,000
March 10 Ritesh returned goods Rs.1000
March 15 Received from Ritesh Rs. 79,000
March 20 Sold goods to Varun of the list price of Rs
trade discount

Q.3 i. What is the meaning of trial balance? Explain any two m
trial balance?
ii. Explain the adjustments related to prepaid expenses, outs
Accrued income with example?

OR iii. The following is the Trial balance of Shri Ayush as on 31
are requested to prepare the final accounts, after g
adjustments:

Particulars	(Dr.)	(Cr.)	Particulars	(Dr.)	(Cr.)
	Rs.	Rs.		Rs.	Rs.
Sundry Creditors	-	63,000	Carriage on Purchases	24,400	-
Sundry Debtors	1,45,000	-	Carriage on Sales	32,000	-

Capital Account	-	7,10,000	Fuel and Power	47,300	-
Drawings	52,450	-	Wages	1,00,800	-
Insurance	6,000	-	Returns Outwards	-	5,000
General Expenses	30,000	-	Returns Inwards	6,800	-
Salaries	1,50,000	-	Sales	-	9,87,800
Patents	75,000	-	Purchases	4,06,750	-
Machinery	2,00,000	-	Cash at Bank	26,300	-
Freehold Land	1,00,000	-	Cash in hand	5,400	-
Building	3,00,000	-			
Stock on 1-4-2017	57,600	-	Total	17,65,800	17,65,800

Additional information;

- (a) Stock on 31st March, 20018 was valued at Rs. 68,000;
(b) A provision for bad and doubtful debts is to be created to the extent of 5% on Sundry Debtors;
(c) Depreciate Machinery by 10%
(d) Depreciate patents by 20%.

Explain any four reasons of difference between cash book and passbook balance? 4

Bank passbook of Mr Ram shows an overdraft of Rs. 26000 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. 5000.
(b) Cheque deposited but not credited Rs. 9000.

Marking Scheme

MS5CO03 Accounting for Managers

Marking Scheme					
MS5CO03 Accounting for Managers					
Q.1	i.	As per which concept assume that business will run forever: (d) Going concern	1	OR	iii. Prepare the final accounts Effect of the adjustments
	ii.	If liabilities are Rs. 60000 and capital is Rs. 15000, what is the amount of assets? (c) Rs. 75000	1	Q.4	i. Any four reasons of difference between cash book and passbook balance 1 mark for each points (1 mark *4)
	iii.	A Trial Balance is a proof of (c) Arithmetical accuracy of accounts	1		ii. Prepare the bank reconciliation statement 1 mark for each points (1 mark *6)
	iv.	Account is credited on goods donated (c) Purchase A/c	1	OR	iii. Machinery Account for First three years 2 marks for each year (2 marks * 3)
	v.	The cost of assets is Rs. 70000, scrap value Rs. 5000, life of asset is 10 years, the amount of depreciation as per SLM is. (d) Rs.6500	1	Q.5	i. Any two methods of costing 2 marks for each methods (2 marks *2)
	vi.	Bank reconciliation statement is prepared by: (d) Customer of bank	1		ii. Write short note on: (a) Objectives of cost accounting (b) Cost classification on the basis of Variability
	vii.	Total cost Rs.5,00,000, 20% profit on sales. Total profit will be: (d) Rs.1,25,000	1	OR	iii. Calculate: (a) Sales at break-even point. (b) Profit volume ratio (c) Sales to earn a profit of Rs. 500. (d) New break-even point if sale price is reduced by 10%. 1 mark 1 mark 1 mark 3 marks
	viii.	An increase in Fixed cost: (b) Reduce the profit	1	Q.6	i. Any four objective of management accounting 1 mark for each point (1 mark *4)
	ix.	Total sales Rs.600000, Sales return Rs.100000, COGS Rs.440000, GP ratio is (d) 12%	1		ii. Write short note on: (a) Position statement & Activity statement (b) Cash Flow Statement 3 marks 3 marks
	x.	Cash flow statement of listed company is prepared as per “ (b) Indirect method	1	OR	iii. Prepare the balance sheet. 1 mark for each entry *****
Q.2	i.	Any two accounting concepts 2 marks for each	(2 marks *2)	4	
	ii.	(a) Accounting as an information system (b) Limitation of accounting (c) Types of cash book	2 marks 2 marks 2 marks	6	
OR	iii.	Journalise the following transactions with suitable narrations for year 2018- 1 mark for each journal entry	(1 mark *6)	6	
Q.3	i.	Meaning of trial balance	2 marks	4	
		Any two methods of preparing trial balance	2 marks		
ii.		Adjustments related to prepaid expenses Outstanding expenses Accrued income	2 marks 2 marks 2 marks	6	

End Sem. (odd) Exam. Dec. 2018

MS5CO03 Accounting for managers
Scheme of marking

Q-1 marks

5

- (i) (a) Liabilities ①
- (ii) (c) Rs. 75000 ①
- (iii) (c) Arithmetical Accuracy of Accounts ①
- (iv) (c) Purchase A/c ①
- (v) (d) Rs. 6500 ①
- (vi) (d) customer of bank ①
- (vii) (d) Rs. 1,25,000 ①
- (viii) (b) Reduce the profit ①
- (ix) (d) 12% ①
- (x) (b) indirect method ①

Ans. 25 2(i) . 2 A/c concepts ②
 (2) Examples ②

2(ii) 2 marks each. $2 \times 3 = 6$

2(iii)

Each Journal entry with narration (1) Mainly

Date	Particulars	Amount		
		Dr.	Debit	Credit
5-3-18	Dev A/c dr.	1,00,000	-	
	To Sales A/c	-	1,00,000	(1)
	(being goods sold to Dev Rs. 1,00,000)			
10	Cash A/c dr.	98000	-	
	Discount A/c dr.	2000	-	
	To Dev A/c	-	1,00,000	(1)
	(being cash received from Dev Rs. 98000 in full settlement of his A/c)			
20	Ritesh A/c dr.	80000	-	
	To Sales A/c	-	80000	(1)
	[being goods sold to Ritesh Rs. 80000]			
25	Sales return A/c dr.	1,000	-	
	To Ritesh A/c	-	1,000	
	[being goods return by Ritesh Rs. 1000]			
5-3-18	Cash A/c dr.	79000	-	
	To Ritesh A/c	-	79000	(1)
	(being cash received from Ritesh)			

20-3-18	Vanu A/c Dr.	20000	(20000)	Profit
	To Sales A/c	—	20000	(1)
	(being goods sold to Vanu at list Rs 25000 (+ 20% Trade discount))			

Ans 3 (i) meaning of trial balance 2 marks
 two method of preparing 2 marks

10

3 (i') Each Adjustment with example
 2 marks each $2 \times 3 = 6$ marks

3(iii)

2 marks for Trading & profit & loss A/c
 2 marks for Balance sheet
 2 marks for 4 Adjustments

20

25

P.T.O.

Trading & profit & loss A/c for the year ended 31-3-2018

Particulars	Amt.	Particulars	Amt.
To opening stock	5,760	By Sales	9,87,800
To purchase 4,06,750			
Less: Return outward	5,000	Less Return	6,800
	4,01,750		9,81,000
To carriage on purchase	24400	By closing stock	68,000
To fuel & power	42,300		
To 10% Wages	1,00,800		
To Gross Profit + fd.	4,17,150		
To P. & L A/c	10,49,000		10,49,000
To Salaries	1,50,000	By Gross Profit	4,17,150
To Insurance	6000	Add. from Trading	
To General expenses	30,000	A/c	
To Carriage on sales	32,000		
To provision for bad doubtful debts	7250		
(a) 5% on 1,45,000			
(b) Dep. on machine			
(c) 10% on 2,00,000	20000		
(d) Dep. on patents			
(e) 20% on 75000	15000		
25 (f) Net Profit + fd to Balance sheet	1,56,900		
	4,17,150		4,17,150

(5)

Balance sheet as on 31st 3-18

Camlin Page

Liabilities	Amount	Assets	Amount
Capital	7,10,000		
Add Profit	1,56,900	Building freehold land	3,00,000 1,00,000
	8,66,900		
Lsd. Drawing	52,450	Machinery	2,00,000
	81,4450	Lsd. Deb.	20,000
			1,80,000
Sundry Creditors	63,000	Patents	75,000
		Lsd. Deb.	15,000
			60,000
		Sundry debtors	1,45,000
		Lsd. from bank for bill debts	7250
			1,37,750
		Closing stock	68,000
		Cash at Bank	26,300
		Cash in hand	5400
	8,77,450		8,77,450

Am. 20 4(i) 4 marks

(i) marks for each reason of diff.
between cash book & bank book balance

25 4(i') Bank Reconciliation

1 mark for each transaction
treatment

$$1 \times 6 = 6 \text{ marks}$$

6

Bank Reconciliation Statement 31/12/17

balance as per bank Pass book
Overdraft balance 26000

5

Add: Cheque deposited but not credited 9000

Bank charges entered in passbook 100

Cheque dishonoured 9000

11,100

10

Am: Cheque issued but not presented for

Payment 5000

Cheque issued but not presented in bank 6000

Dividend collected by bank 900

11,900

Overdraft balance as per cash book 25200

20

Ques 5 (i) 4 marks

Diff. method of casting Name = 2 marks

Explain any two = 2 marks

25

5 (ii) Short Notes 3 marks for
Each short note

Ans 5 (i) (ii)

(a) Sales at break even point = 1 marks

(b) P/V Ratio = 1 marks

(c) Sales to earn profit Rs. 500 = 1 marks

(d) 3 marks

(b) P/V ratio = $\frac{\text{Contribution}}{\text{Sales}} \times 100$

$$\Rightarrow \frac{4}{10} \times 100 = 40\%$$

(a) BEP Sales = $\frac{\text{fixed cost}}{\text{P/V ratio}}$

$$= \frac{400}{40\%} = 1000 \text{ Rs.}$$

(c) $= \frac{\text{fixed cost} + \text{Desired Profit}}{\text{P/V ratio}}$

$$= \frac{400 + 500}{40\%}$$

$$= 2250 \text{ Rs.}$$

(d)

New sales price = 10 - 1 = 9 Rs. per unit

$$\text{New P/V ratio} = \frac{\text{New contribution}}{\text{New Sales price}} \times 100$$

$$= \frac{3}{9} \times 100$$

$$= 33.33\%$$

$$\text{New BEP} = \frac{400}{33.33\%} = 1200 \text{ Rs.}$$

Ans. 6 (i) any four objectives of management
 Accounting 4 marks [one mark for each objective]

6 (ii) Two short notes

3 marks for each short note

6 (iii)

4 marks for calculation of
 Different item of Balance sheet

2 marks for balance sheet

(g)

Given that Gross Profit $\$ 80000$

Op. P. Ratio = 25% Now sales

$$= \frac{80000}{25\%} = \$ 320,000$$

Inv. Turn. Ratio = 8 = $\frac{\text{Cogs}}{\text{Av. Stock}}$

$$\text{Cogs} = \$ 320000 - \$ 80000 = \$ 240,000$$

Inv. Turn. Ratio = 8 = $\frac{\text{Cogs}}{\text{Av. Stock}}$

$$\text{Av. Stock} = \$ 30000$$

Av. Stock = $\frac{\text{Op. Stock} + \text{Cr. Stock}}{2}$

Left Op. Stock will be x

$$30000 = \frac{x + (x+2000)}{2}$$

$$60000 = 2x + 2000$$

$$2x = 29000$$

$$\text{Op. Stock} = 29000$$

$$\text{Cr. Stock} = 31000$$

Production = Cogs + Cr. Stock - Op. Stock

$$= \$ 240,000 + 31000 - 29000$$

$$= \$ 238000$$

10

Receivables Turnover Ratio = $4 = \frac{\text{Credit Sales}}{\text{Av. Receivables}}$

$$4 = \frac{320000}{\text{Av. Rec.}}$$

5

$$\text{Av. Rec.} = 80000$$

Another call sales are credit sales

Payable Turnover Ratio = 6

$$6 = \frac{\text{Credit Purchase}}{\text{Av. Payables}}$$

15

$$6 = \frac{238000}{\text{Av. Pay.}}$$

$$\text{Av. Pay.} = 39667$$

fixed Assets Turnover Ratio = 8

$$8 = \frac{\text{fixed Assets}}{\text{Turnover}}$$

25

$$8 = \frac{\text{FA}}{320000}$$

$$\text{FA} = 40000$$

Capital Turnover, ratio = 2

$$2 = \frac{\text{Capital}}{\text{Turnover}}$$

5 Capital = 1,60,000

Balance sheet

Capital	1,60,000	fixed Assets	40000
10 Furniture	28000	Debtors	80000
Furniture	28000	Creditors	31000
Oreditors	39667	Cash & Bank	(bal. fig.) 76667
15 <hr/>	<u>227667</u>	<hr/>	<u>227667</u>

20 ~~The End~~