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M. B. A. (First Semester) Examination, Nov.-Dec. 2024

(New Scheme)

(Management Branch) (5076)

ACCOUNTING for MANAGERS

Time Allowed : Three hours

Maximum Marks : 80

Minimum Pass Marks : 32

Note : *Attempt all questions. Attempt any **two** parts from each unit. Each part carries 8 marks.*

Unit-I

1. (a) "Business entity lasts indefinitely." Explain the concept on which the statement is based.

(b) Explain various accounting concepts.

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(c) Journalise the following :

(i) Received an order for ₹ 100000 from Ashok for the supply of goods and received a Bank draft for ₹ 50000 as an advance against the order, which was immediately deposited into Bank.

(ii) Ordered goods despatched to Ashok.

(iii) Ashok returned 1/5th goods being defective.

(iv) Ashok cleared the account and revised 1% cash discount on total sales.

(v) Received a value payable post from Mala Store for ₹ 5000 on which post office charged ₹ 15 as demurrage and sent a peon to collect it who charges ₹ 20 as tempo fare.

(vi) Received ₹ 20000 from the sale of old furniture.

(vii) Loan of ₹ 50000 taken from Ramji @ 12% per annum and paid commission to broker ₹ 500.

(viii) Received an order from Ramesh worth ₹ 40000.

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Unit-II

2. (a) Distinguish between Profit and Loss Account and Balance Sheet.

(b) What are contingent liabilities? How they are treated?

(c) From the following particulars of Suresh Traders in respect of the year ended at 31st March, 2016, prepare his trading and Profit & Loss Account.

	₹	₹
Opening Stock	8,000	
Purchases	50,000	
Purchases Return		300
Return inward	600	
Sales		82,000
Carriage inward	200	
Wages	500	
Rent and Taxes	300	
Trade Expenses	600	
Discount	40	
Discount on Purchase		50

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Commission	10	
Salaries	2,000	
Legal Expenses	50	
Audit Fee	60	
Bank Charges	40	
Sales Tax	50	
Interest on Drawings		60
Interest from investment		200
Repairs and renewals	260	

Closing stock ₹ 1,000

Unit-III

3. (a) Discuss the different methods of inventory valuation with suitable examples.

(b) Short notes on :

(i) Cost Accounting

(ii) Unit and Output Costing

(c) The following table is taken from the material record of a concern.

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	Material Received (Units)	Price per Unit	Material Issue (Units)
Jan 1	400	2·00	
Jan 4	300	2·25	
Jan 10			250
Jan 18	500	2·50	
Jan 22			450
Jan 25	60	3·00	
Jan 30			500

Record these transactions in the materials ledger by pricing issues at weighted average price method.

Unit-IV

4. (a) What is Process Costing? What are its features? Specify the industries where process costing is applicable.

   (b) Differentiate between ~~Job~~ Costing and ~~Process~~ Costing.

   (c) X Ltd. closes its accounts on 31st December each year. The company commenced work on a contract

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on 1st January 1998. The following information relates to the contract as on 31st December 1998

Materials issued	125500·00
Wages	282800·00
Salary to foreman	40650·00

A machine costing ₹ 130000 had been on the site for 146 days. Its working life is estimated at 7 years and it's final scrap value at ₹ 7500. A supervisor, who is paid ₹ 4000 per month has devoted half of his time to this contract. Other expenses and administration charges amounted to ₹ 68250. Materials at site at the end of the year cost ₹ 17700. The contract price is ₹ 10 Lakhs. On 31st December 1998, two thirds of the contract was completed. The architect had issued certificate of approval covering 50% of the contract price and the contractor had been paid ₹ 375000 on account.

Prepare the contract account and work in progress account. Also show how the work in progress will appear in the balance sheet of the contractor as on 31st December 1998.

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Unit-V

5. (a) 100 skilled workmen, 40 semi skilled workmen and 60 unskilled workmen were to work for 30 weeks to get a contract job completed. The standard weekly wages was ₹ 60, ₹ 30 and ₹ 24 respectively. The job was actually completed in 32 weeks by 80 skilled, 50 semi skilled and 70 unskilled workmen who were paid ₹ 65, ₹ 40 and ₹ 20 respectively as weekly wages.

Find out the labor cost variance, labor rate variance, labor mix variance and labor efficiency variance.

(b) Define standard costing and explain its advantages and limitations.

(c) The Everest Snow company manufactures and sells direct to consumers 10000 jars of Everest Snow per month at ₹ 1·25 year per jar. The company's normal production capacity is 20000 jars of snow per month. An analysis of cost for 10000 jars is given below :

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	₹
Direct Materials	1000
Direct Labor	2475
Power	140
Jars	600
Misc. Supplies	430
Fixed Expenses of Manufacturing, selling and administration	7955
	12600

The company has received an offer for the export under a different brand name of 120000 jars of snow at 10000 jars per month at 75 paise a jar.

Write a short report on the advisability or otherwise of accepting the offer.

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