

Accounting for Managers

Time 3 Hours]

[Max. Marks 80

Note : Attempt any two questions from Section A. Each question of Section A carries 10 marks. Attempt any three questions from Section B. Each question of Section B carries 20 marks.

Section A

1. Explain the basic concept and convention of accounting with suitable example. What is double entry system of accounting? Discuss with golden rules of debit and credit.
2. Discuss the scope and limitation of financial accounting. How is it different from cost accounting?
3. Write short notes with accounting application on the following :
(a) Rectification of Error.
(b) Classification of Cost.
4. "Management accounting is an extension of financial accounting." Discuss the statement and also discuss the various tools of management accounting.

Section B

5. X Ltd. purchased a machinery for Rs. 10,50,000 on July 01, 2009. On 01-01-2011 company replaced old machine with new one. Cost of new machine Rs. 10,00,000 and price relaxed Rs. 1,50,000 in exchange of old machine. Company charges depreciation 20 per cent yearly with straight line method and now it requires to change the method of depreciation and apply Reducing Installment Method from 2009. Prepare Machinery Account for three year (2009- 2011), Assuming that the accounts are closed on 31st March every year.
6. Prepare Final Account with the following details :

Trial Balance as on 31-12-2010

Particular	Amount (Rs.)	Particular	Amount (Rs.)
Purchases	2,00,000	Capital	2,76,100
Stock	28,000	Sales	3,05,000

Salaries	44,200	Discount	1,900
Wages	1,11,200	Creditors	50,000
Discount	2,700	Outstanding Rent	4,000
Sundry Debtors	1,40,000		
Cash	11,260		
Bank	15,940		
Insurance	4,400		
Trade Expenses	3,800		
Printing	1,500		
Furniture	20,000		
Machinery	50,000		
Prepaid Insurance	200		
Accrued Commission	3,800		
	<u>6,37,000</u>		<u>6,37,000</u>

Adjustments :

- (a) Closing Stock Rs. 1,50,000.
- (b) There is a mistake in valuation of opening stock. It was valued 20% less than its actual value.
- (c) Prepaid insurance Rs. 600.
- (d) Outstanding liabilities : Wages Rs. 200 and Trade exp. Rs. 300.
- (e) Bad debts Rs. 4,500 and provide reserve 2% on debtors.
- (f) Depreciate machine by 10% and furniture by 15%.

7. Calculate material variances :

Material	Standard		Actual	
	Q (kg.)	P(Rs.)	Q (kg.) per kg.	P(Rs.) per kg.
X	1500	20	1600	23
Y	1300	50	1275	52
Z	1150	30	1145	35
	3950		4020	

8. Calculate BEP, Margin of Safety if sales is 5000 units and selling price Rs. 450 per unit.
Material Rs. 120 per unit (variable exp.)
Wages Rs. 75 per unit (variable exp.)
Overhead Rs. 65 per unit (variable exp.)
Overhead Rs. 2,80,000 (fixed).

Company wants to earn profit Rs. 5,50,000 Assumed that selling price has gone reduced in the market by 10 percent on selling price. Determine the amount of sales to earn desired profit.

9. A contractor started contract on Oct. 1, 1997. Contract price Rs. 4,40,000. Detail as follows for the year 1998-99. Prepare Contract Account.

		Rs.
April 1, 1998	WIP not certified	55,000
	Material at site	2,000
1998-99	Exp. incurred	
	Material issued	1,12,000
	Wages	1,08,000
	Hire of Plant	20,000
	Other Exp.	34,000
March 31, 1999	Material at site	4,000
	WIP not certified	8,000
	Certified	4,05,000

Cash received 80% of work certified.

It is estimated that further cost to complete the contract will be Rs. 23,000 including the material at site on 31-3-1999.

Determine the profit on contract for the year 998-99 on a present basis which has to be credited to P/L A/c.

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