



R-014-003902

Seat No. _____

M. P. M. (Sem. IX) (CBCS) Examination

January - 2019

Accounting For Management

Faculty Code : 014

Subject Code : 003902

Time : 3 Hours]

[Total Marks : 80

Instructions :

- (1) Answer any three questions from each section except question 1 and 5 are compulsory.
- (2) Figures to right indicate marks.
- (3) Draw neat and clean table wherever required.

SECTION - I

1 Answer any seven out of given 10 questions : **2×7=14**

- (1) What is Depreciation ? List the three methods used to calculate depreciation.
- (2) List the types of Account. Explain their rules.
- (3) Give journal entry of the following transactions :
 - (a) Opened bank account with BOB by depositing Rs. 25,000 in cash.
 - (b) Goods worth Rs. 500 is donated to Mahila Vikas Gruh.
- (4) Explain the meaning of 'Fund Flow Statement'.
- (5) Give the formula of 'Material Price Variance' and 'Material Usage Variance'.
- (6) Give the formula of 'Labour Mix Variance' and 'Labour Yield Variance'.
- (7) Give definition of Intangible Assets.
- (8) List the conventions underlying in Accounts.
- (9) Stock as on 31-03-2017 is Rs. 2,00,000 out of which market value of 30% stock is 20% more. Market value of 50% stock is less by 10%. Whereas remaining stock need to repairs expense of Rs. 2,000.

(10) By adding which three direct expenses, one can get the value of Prime Cost ?

2 Solve the following :

(a) Record the following transactions in journal of Shri Omkar Traders : 7

<i>Date</i>	<i>Particulars</i>
2014	
October,	
1	A business is commenced with introduction of cash of Rs. 40,000 Furniture of Rs. 10,000, Stock of Rs. 8,000 and 8% loan of Pragna Rs. 20,000.
2	At the time of inaugural of shop paid for ice-cream and other expenses of Rs. 3,500.
3	Electronic weighing machine purchased for Rs. 4,000.
4	Machine of Rs. 5,000 is purchased from Navkar Traders and paid machine installation charges Rs. 500.
5	Goods of Rs. 10,000 are purchased from Shivam Traders at 10% T. D., Rs. 50 paid for carriage.
6	House rent paid of Rs. 7,000 and Life Insurance of Rs. 1,200 paid by cheque.
7	An order is issued to Vikas Agency for goods of Rs. 3,000.

(b) In a factory, there are two service departments, P and Q and three production departments, A, B and C. In April, 2007 the departmental expenses were as follows : 6

Production Department :

	<i>Rs.</i>	<i>Rs.</i>
A	23,000	
B	6,000	
C	<u>6,500</u>	35,500

Service Department :

P	4,500	
Q	<u>2,000</u>	<u>6,500</u>
		<u>42,000</u>

The service dept. expenses are allotted on % basis as follows :

	<i>Production Department</i>			<i>Service Department</i>	
	A	B	C	P	Q
Service Department P	40%	30%	20%	-	10%
Service Department Q	30%	30%	20%	20%	-

You are requested to apportion the cost of Service Department to the Production Department using (a) Repeated distribution method (b) Simultaneous equation method.

3 Do as per directed :

(a) Prepare Final Accounts from the following

7

Trial Balance and adjustments of Rajesh as on 31-03-2015 :

Trial Balance of Rajesh as on 31-03-2015

<i>Debit Balances</i>	<i>Amount (Rs.)</i>	<i>Credit Balances</i>	<i>Amount (Rs.)</i>
Drawings	12,000	Capital	4,00,000
Purchase	6,00,000	Sales	8,88,000
Stock (01-04-2014)	60,000	Purchase Return	20,000
Carriage Inward	10,000	Discount Received	4,000
Sales Return	40,000	Commission Received	2,000
Salaries	1,20,000	10% Bank loan	2,00,000
Wages	40,000	Bills Payable	15,000
Office exp.	80,000	Creditors	70,000
Debtors	90,000	Outstanding Rent	1,000
Bills Receivable	30,000		
Adv. Exp.	50,000		
Stationary printing	6,000		
Machinery	90,000		
Building	3,00,000		
Furniture	60,000		
Rent	12,000		
	<u>16,00,000</u>		<u>16,00,000</u>

Adjustments :

(1) Outstanding wages Rs. 10,000.

(2) Goods of Rs. 5,000 withdrawn for personal use.

(b) From the following information, prepare a statement showing cost and profit per Unit : **6**

Direct Material	Rs. 45,000
Direct Labour	1/3 rd of Direct Material Cost
Direct Expenses	20% of Direct Material cost and direct labour cost
Factory Overheads	1/9 th of Prime Cost
Office and Administration Exp.	25% of Works Cost
Selling and Distribution Exp.	10% of Goods Sold
Units produced	100
Units remain unsold	10% of units produced
Profit	1/6 th of sales

4 Answer the following :

(a) Prepare Fund Flow Statement from the following information : **7**

Balance Sheet

Liabilities	2003 Rs.	2004 Rs.	Assets	2003 Rs.	2004 Rs.
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Preference share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information :

- (1) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and buildings respectively in 2004.
 - (2) A dividend of Rs. 20,000 has been paid in 2004.
 - (3) Income tax of Rs. 35,000 has been paid during 2004.
- (b) Difference between "Fund Flow Statement" and "Balance Sheet". **6**

SECTION - II

- 5** Answer any two out of three : **7×2=14**
- (a) Explain Accounting Conventions in detail. (Any 3)
 - (b) Explain three methods to calculate depreciation with example.
 - (c) Explain dual accounting entries of the following :
 - (1) Closing Stock
 - (2) Gross Profit
 - (3) Outstanding Expenses
 - (4) Depreciation on Assets
 - (5) Pre-paid Expenses
 - (6) Unrecorded Purchase
 - (7) Interest on Capital.
- 6** Answer the following :
- (a) Standard mix for one unit of product X is : **7**
- Material A 50 kg @ Rs. 10 per kg
Material B 75 kg @ Rs. 20 per kg
Actual mix used was :
Material A 60 kg @ Rs. 12 per kg
Material B 70 kg @ Rs. 18 per kg
Calculate Material Mix Variance.

- (b) The following was the composition of a gang of workers in a factory during a particular month, in one of the production department. The standard composition of workers and wage rate per hour were as below :

Skilled : 2 workers at a standard rate of Rs. 20 per hour each

Semi-skilled : 4 workers at a standard rate of Rs. 12 per hour each

Unskilled : 4 workers at a standard rate of Rs. 8 per hour each

The standard output of the gang was 4 units per hour of the product.

During the month the actual composition of the gang and hourly rates paid were as under :

<i>Nature of Worker</i>	<i>No. of Worker</i>	<i>Wage rate paid per worker per hour engaged</i>
Skilled	2	Rs. 20
Semi-skilled	3	Rs. 14
Unskilled	5	Rs. 10

The gang was engaged for 200 hours during the month, which include 12 hours when no production was possible, due to machine breakdown, 810 units of the product were recorded as output of the gang during the month.

You are required to calculate :

- (i) LRV (ii) LEV
(iii) LIV (iv) LYV.

7 Answer the following :

- (a) Modern India Ltd. manufactures 3 products under the same production process and equipment. A conventional product costing system is used at present, although an ABC system is being considered.

The company has furnished the following information relating to the three products during year 2012-13 :

<i>Products</i>	<i>Production Units</i>	<i>Material cost per unit</i>	<i>Labour hour per unit</i>	<i>Machine hour per unit</i>
A	500	80	0.5	0.75
B	800	70	1	0.50
C	1200	60	1.25	2

Direct labour cost of the company is Rs. 60 per hour. According to the conventional method, the company absorbs production overheads on machine hour basis. The rate for the period is Rs. 30 per machine hour.

The production overhead cost for different activities are given below on the basis of %.

Activities	%
Set-ups	20
Material handling	20
Machinery	30
Inspection	30

The volumes of activities associated with the products are given below :

<i>Activities</i>	<i>Product - A</i>	<i>Product - B</i>	<i>Product - C</i>
Number of Set-ups	18	12	20
Number of movement of material	20	25	30
Number of Inspection	15	12	18

You are required to calculate the cost per unit for each product using conventional method and ABC method.

(b) Calculate MMV from the following data : 6

<i>Material</i>	<i>Std. Consumption</i>	<i>Actual Consumption</i>
A	400 Units @ Rs. 12	320 Units @ Rs. 13
B	200 Units @ Rs. 10	280 Units @ Rs. 10

It is decided to increase the consumption of material B by 30% and reduce that of A by 15% to improve the quality of product.

8 Answer the following :

- (a) Prepare Fund Flow Statement from the given information :

7

Balance Sheet

<i>Liabilities</i>	<i>2010 Rs.</i>	<i>2011 Rs.</i>	<i>Assets</i>	<i>2010 Rs.</i>	<i>2011 Rs.</i>
Share Capital	3,00,000	4,00,000	Cash	30,000	90,000
Reserve	1,00,000	50,000	Accounts		
Retained			Receivable	1,05,000	1,50,000
Earnings	30,000	60,000	Inventories	1,50,000	1,95,000
Accounts			Fixed Assets	1,90,000	2,10,000
Payable	45,000	1,35,000			
	4,75,000	6,45,000		4,75,000	6,45,000

Additional Information :

- (a) The company issued bonus shares for Rs. 50,000 and for cash Rs. 50,000.
- (b) Depreciation written off during the year Rs. 15,000.
- (b) Write Journal entries in the books of Arun Parekh : 6

Date Particulars

2014

August,

- | | |
|----|---|
| 1 | For business books of account purchased Rs. 650. |
| 2 | Wages of Rs. 200 and Carriage of Rs. 100 paid in cash. |
| 8 | Commission received Rs. 800. |
| 10 | Paid Rs. 2,500 for painting work of shop. |
| 20 | Light bill of Rs. 1,800 paid by cheque. |
| 25 | Rs. 1,200 paid for refreshment at inaugural function of shop. |