



Name:
Enrolment No:

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, Dec 2021

Course: Accounting for Managers
Program: MBA (Core)
Course code: FINC7010

Semester: I
Time: 03 hrs.
Max. Marks: 100

SECTION A

- 1. Each Question will carry 2 Marks**
- 2. Instruction: Complete the statement / Select the correct answer(s)**

S.No	Questions 1 to 10 (Total 20 marks)	CO
Q.1	Mr. Rucker Roger started a business with a capital of ₹65000 and deposited it into the bank. So, the current assets will _____ and capital will _____.	CO1
Q.2	In case of real accounts, the decrease in the real accounts balance is _____.	CO1
Q.3	Working capital is a capital which a firm needs to run its daily operations such as paying wages, salaries, suppliers and creditors. (True/ false)	CO1
Q.4	_____ systematic control and regulation of the purchase, preserving and usage of materials in a way that there no shortage/ bulk of material supplies.	CO1
Q.5	Business owner transfers his personal motor vehicle into the business for business use. So, the Fixed asset (Motor vehicle) will _____ and Capital will _____.	CO1
Q.6	Which of the following is NOT true for the need of IRFS? a) Growth in international investment. b) Growth in the number of multinational organisations. c) As quite a few countries now have their own standard-setting bodies, it is not desirable that their efforts be harmonised. d) The need for accounting standards in countries that cannot afford a standard-setting body of their own	CO1
Q.7	In the preparation of cashflows, _____ activities are related to the changes in capital and borrowings of funds from a financial institution.	CO1
Q.8	Activity Based Costing is the amount of the order which provides optimum cost-cutting measure in buying material and eventually adds in the direction of maintaining the material at the best point with least amount of cost. (True/ False)	CO1
Q.9	Warehouse expense cost is a a) Production of cost b) Selling cost c) Distribution cost d) Anyone of these	CO1
Q.10	_____ depicts the interest/claims of outside shareholders in the subsidiary.	CO1

SECTION B

1. Each question will carry 5 marks
 2. Instruction: Write short / brief notes in your own words only.

Q 11	Calculate the value of closing stock as per FIFO METHOD of inventory valuation as per			CO3	
			Quantity in Units		Rate per unit (₹.)
	2021 April 1	Opening Stock	400		9.8
	2021 April 3	Purchases	300		10.2
	2021 April 11	Issues	300		
	2021 April 15	Purchases	400		11.3
	2021 April 20	Issues	180		
	2021 April 25	Purchases	150		10.2
2021 April 29	Issues	100			
AS 2.					

Q 12	Journalize the flowing transactions: 1) Paid into bank ₹13,000 for a current opening account. 2) Withdrew for private use ₹1200. 3) Withdrew from bank ₹ 3,500 4) Withdrew from bank for private use ₹ 5,500 5) Placed on fixed deposit account at bank by transfer from current account ₹ 6,000.	CO4
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Q 13	Explain the need of preparing consolidated financial statements by a company.	CO2
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Q 14	Country House purchased a new computer system on October 1, 2020, at a cost of ₹.96,000. The company estimated that the machine would have a salvage value of ₹12,000. The system is expected to be used for 10,000 working hours during its five-year life. Compute the depreciation expense under the following method for the year indicated: a) Written down value for 2020 b) Define the assets as per AS 6 which are not depreciated.	CO2
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SECTION C

1. Each Question carries 10 Marks.
 2. Instruction: Write long answer.

Q 15	From the following information, calculate (i) BEP in units and ₹ (ii). Number of cycles to be manufactured and sold to earn the same amount of profit, if selling price is reduced by ₹. 10 per unit (iii) P/V ratio if selling price is reduced by ₹. 2 per unit (iv) Sales required to earn a profit of ₹. 600,000 (i) Materials ₹. 32 per unit (ii) Wages ₹.20 per unit	CO3
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	(iii) Variable expenses ₹. 40 per unit (iv) Direct expenses ₹. 8 per unit (v) Fixed cost Rs. ₹. 300,000 (vi) Selling price per unit ₹. 160 (vii) Total units manufactured and sold = 12000	
Q 16	The Amora Textiles provides the following information: Long-term debts ₹. 19,00,000 Equity funds ₹. 28,15,000 EBIT ₹. 15,00,000 Interest charge ₹. 2,60,000 Temporary investments ₹. 3,00,000 The debt equity ratio, long term debt equity ratio and interest coverage ratio are _____, _____ and _____.	CO4
Q 17	State the nature of expenses, incomes and losses shown in the Income Statement. <i>OR</i> State the nature of operating and non-operating expenses shown in the cash from operating activities.	CO1

SECTION D

1. Each Question carries 15 Marks.
2. Instruction: Write long answer.

Q 18	Prepare Income Statement for the year ended 31st March, 2020 and Balance Sheet as at that date in vertical format, from the following Trial Balance and information.																																													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Dr.</th> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Cr.</th> </tr> </thead> <tbody> <tr> <td>Plant & machinery (DOA 1/7/2019)</td> <td style="text-align: right;">190000</td> <td>Creditors</td> <td style="text-align: right;">100000</td> </tr> <tr> <td>Furniture & Fixtures (DOA 1/7/19)</td> <td style="text-align: right;">100000</td> <td>Bills Payable</td> <td style="text-align: right;">5600</td> </tr> <tr> <td>Opening stock</td> <td style="text-align: right;">75000</td> <td>10% loan from bank (taken on 1/7/19)</td> <td style="text-align: right;">50000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">207000</td> <td>Capital</td> <td style="text-align: right;">519000</td> </tr> <tr> <td>Bills Receivables</td> <td style="text-align: right;">10000</td> <td>Sales</td> <td style="text-align: right;">630000</td> </tr> <tr> <td>12% Investments (DOP 1/7/19)</td> <td style="text-align: right;">50000</td> <td>Purchase returns</td> <td style="text-align: right;">5000</td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: right;">5000</td> <td>Discount earned</td> <td style="text-align: right;">1000</td> </tr> <tr> <td>Cash at Bank</td> <td style="text-align: right;">10000</td> <td>Bad debt recovered</td> <td style="text-align: right;">2500</td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">10650</td> <td>Interest</td> <td style="text-align: right;">3000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">525000</td> <td>Commission</td> <td style="text-align: right;">3750</td> </tr> </tbody> </table>	Particulars	Dr.	Particulars	Cr.	Plant & machinery (DOA 1/7/2019)	190000	Creditors	100000	Furniture & Fixtures (DOA 1/7/19)	100000	Bills Payable	5600	Opening stock	75000	10% loan from bank (taken on 1/7/19)	50000	Debtors	207000	Capital	519000	Bills Receivables	10000	Sales	630000	12% Investments (DOP 1/7/19)	50000	Purchase returns	5000	Cash in hand	5000	Discount earned	1000	Cash at Bank	10000	Bad debt recovered	2500	Drawings	10650	Interest	3000	Purchases	525000	Commission	3750	CO2
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Sales Return	10000		
Wages	18500		
Carriage inwards	500		
Carriage outwards	350		
Rent	3000		
Insurance	3600		
Salaries	11200		
Discount allowed	2000		
Bad Debts	5000		
Interest	2500		
Selling & Distribution expenses	15800		
Income tax paid	1000		
Loose Tools	3750		
Buildings	60000		
	1319850		1319850

Additional Information:

a. Closing stock ₹. 93600. Loose Tools valued at ₹.1250.

b. Rent payable at the rate of ₹.300/ month. Insurance Premium was paid for the year ending on 30 June 2019. ₹.1250 is due for interest on Bank loan.

c. Accrued interest on investments amounted to ₹.1500. One-third of the commission received is in respect of work to be done next year.

d. Depreciation on Plant & Machinery @10%p.a. Write off 10% on Furniture & Fixtures. Depreciate Buildings by 5%.

e. Write off further ₹.5000 as bad. Create provision for discount on debtors @ 2%. Create a provision for doubtful debts @10%.

f. A fire occurred on 25th March 2020 in the godown and stock of ₹.1000 was destroyed, it was fully insured but the insurance company admitted the claim to the extent of 60% only.

- g. Goods costing ₹.2000 were taken by the Proprietor for his personal use but no entry has been made in the books of accounts.
- h. Goods costing ₹.3000 were distributed as free samples but no entry has been made in the books of accounts.
- i. Manager entitled to a commission of 5% on net profit after charging his commission.
- j. Wages include a sum of ₹.4000 spent on the erection of a cycle shed for employees and customers. Wages ₹.10000 paid for erection of machinery have been debited to Wages account.
- K. Remuneration of ₹.3000 paid to Mr. Barua, a temporary employee, stands debited to his personal account.

Q 19

From the following figures extracted from the books of MV Co. Ltd. On 31.3.2020, prepare a cost sheet

CO3

Inventories (opening):	
Finished goods	90,000
Raw materials	1,50,000
Work-in-progress	2,25,000
Office appliances	17,800
Plant and machinery	4,80,500
Buildings	5,00,000
Sales	7,70,000
Sales returns	15,000
Materials purchased	4,20,000
Freight on material purchases	19,000
Purchase returns	3,800
Direct labour	1,76,000
Indirect labour	28,000
Factory supervision	14,000

Factory upkeep and repairs	15,000
Heat light and power	75,000
Rates and taxes	6,500
Miscellaneous factory expenses	18,800
Sales commission	33,600
Travelling expenses	12,000
Sales promotion expenses	22,300
Salaries and expenses of distribution dept.	20,000
Office salaries and expenses	8,800
Interest on borrowed funds	2,500

The following details are also available:

- (i) Closing inventories:
- | | |
|------------------|-------------|
| Finished goods | ₹. 1,18,000 |
| Raw materials | ₹. 1,50,000 |
| Work-in-progress | ₹. 1,52,000 |
- (ii) Accrued expenses:
- | | |
|----------------------------|----------|
| Direct labour | ₹. 7,000 |
| Indirect labour | ₹. 1,500 |
| Interest on borrowed funds | ₹. 2,500 |
- (iii) Depreciation to be provided on:
- | | |
|---------------------|-----|
| Office appliances | 5% |
| Plant and machinery | 10% |
| Buildings | 5% |
- (iv) Distribution of the following costs:
- Heat, light and power to factory, office and selling in the ratio of 7:2:1
 - Rates and taxes two-thirds to factory and balance to office
 - Depreciation on buildings to factory, office and selling in the ratio of 7:1:2

OR

5. The following particulars have been extracted for the quarter ended 31.3.2020. Compute the departmental overhead rate for each of the production department, assuming that overheads are recovered as a percentage of direct wages.

	Production Department			Service Department	
	A (₹.)	B(₹.)	C(₹.)	X	Y
Direct wages	30000	45000	60000	15000	30000
Direct material	15000	30000	30000	22000	22500
Staff number	1500	2250	2250	750	750
Electricity (Kwh)	6000	4500	3000	1500	1500
Asset value	60000	40000	30000	10000	10000
Light points	10	16	4	6	4
Area sqmts	150	250	50	50	50

The expenses for the period were:

Power	1500
Lighting	250
Stores	900
Welfare to staff	4000
Depreciation	35000
Repairs	5000
General overheads	10000
Rent and taxes	550

Apportion the expenses of service department Y according to direct wages and those of service department X in the ratio of 5:4:1 to the production departments.

CO3