

Internal Assessment Test - II

| | | | |
|------|-------------------------|------------|---------|
| Sub: | Accounting For Managers | Code: | 18MBA13 |
| Date | 3/12/2019 | Duration: | 90 mins |
| | | Max Marks: | 50 |
| | | Sem: | I |
| | | Branch: | MBA |

OBE

Part A - Answer Any Two Full Questions (20*2 = 40 marks)

| | Marks | OBE | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-----|
| | | CO | RBT |
| 1 (a) Define depreciation | [03] | CO2 | L1 |
| (b) From the following particulars, you are required to find out the rate of depreciation. Cost of assets; Rs 13,500 Turn in value (Scrap): Rs 1,500 Estimated life: 10 years | [07] | CO2 | L3 |
| (c) Explain the causes of depreciation. | [10] | CO2 | L4 |
| 2a) What do you mean by return inward and return outward? | [03] | CO3 | L1 |
| (b) Explain balance sheet and draw its Performa? | [07] | CO3 | L4 |
| c) On 1 st Jan 2012, X Purchased a second-hand machinery for Rs 58,000 and spent Rs 2000 on it installation. On 1 st July 2014, this machine was sold for Rs 28,600. Prepare the machinery account of the machine X according to WDV method taking the rate of depreciation @10%. | [10] | CO2 | L3 |
| 3 (a) What is meant by final account? | [03] | CO1 | L1 |
| (b) List the different methods of charging depreciation, and explain any two. | [07] | CO1 | L4 |
| c) Prepare triple column cash book from the following information Commenced business with cash of Rs 80,000 Paid into bank Rs 5000 Bought goods for Rs 2000 and paid by cheque Purchased stationery for Rs 500 Received cash from Mr. Sahil Rs 890 and allowed him a discount of Rs 20 Paid to Chandra by Cheque Rs 200 Drew cheque for personal use Rs 100 Paid to Santosh his dues by a cheque of Rs 340 and earned a discount of Rs 10. | [10] | CO3 | L3 |

Part B - Compulsory (10*1=10 marks)

| | | | | |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----|----|
| 4 | a) The following is the trial balance of M/s. RJ Ltd as on 31/12/2017. Prepare Trading, Profit and Loss account for the year ending 31/12/2017 and a balance sheet as on that date | (10) | CO3 | L3 |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----|----|

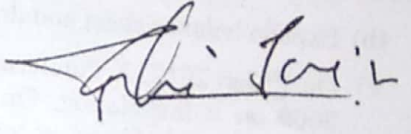
| Particulars | Debit | Credit |
|---------------------|--------|----------|
| Capital | - | 85,000 |
| Drawings | 7,500 | |
| Stock 1.1.2009 | 12,000 | |
| Purchases and Sales | 86,000 | 1,70,000 |
| Returns | 2,000 | 1,000 |
| Discounts | 500 | 700 |
| Commission received | - | 1000 |
| Income tax paid | 700 | - |

| | | |
|--------------------------------|----------|----------|
| Office Salaries | 17,300 | - |
| Office Rent | 2,000 | |
| Advertising | 1700 | |
| Sundry Debtor and Creditor | 85,000 | 30,000 |
| Rent received from tenants | - | 3,000 |
| Manufacturing wages | 8,600 | - |
| Bills Receivables and Payables | 5,000 | 5,000 |
| Carriage | 600 | - |
| Machinery | 40,000 | - |
| Motor vans | 7,000 | - |
| Land & Buildings | 10,000 | |
| Office expenses | 1,500 | |
| Cash @ Bank | 6,000 | |
| Cash in hand | 2,300 | |
| Total | 2,95,700 | 2,95,700 |

Adjustments:

- i) Closing Stock was Rs 10,000.

Bye and
25/11/2019
(Dr Prakash B. Y.)
CCI


HOD

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
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|------|-------------------------|-----------|---------|------------|-------|---------|---|---------|-----|
| Sub: | Accounting For Managers | | | | Code: | 18MBA13 | | | |
| Date | 3/12/2019 | Duration: | 90 mins | Max Marks: | 50 | Sem: | I | Branch: | MBA |

Part A - Answer Any Two Full Questions (20* 2 = 40 marks)

| | Marks | OBE | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-----|
| | | CO | RBT |
| 1 (a) Define depreciation In accounting, depreciation is the assigning or allocating of the cost of a plant asset (other than land) to expense in the accounting periods that are within the asset's useful life. | [03] | CO2 | L1 |
| (b) From the following particulars, you are required to find out the rate of depreciation. Cost of assets; Rs 13,500 Turn in value (Scrap): Rs 1,500 Estimated life: 10 years | [07] | CO2 | L3 |
| (c) Explain the causes of depreciation. The causes of depreciation are: Wear and tear. Any asset will gradually break down over a certain usage period, as parts wear out and need to be replaced. ... Perishability. Some assets have an extremely short life span. ... Usage rights. ... Natural resource usage. ... Inefficiency/obsolescence. | [10] | CO2 | L4 |
| 2a) What do you mean by return inward and return outward? Return inwards is sales return, which means that a person who bought goods from your business is does not want them or they do not meet his/her standards he can return the good to you. Similarly return outward is purchase return. When you purchase something and are not happy with it, you return it. | [03] | CO3 | L1 |
| (b) Explain balance sheet and draw its Performa? Balance sheet (also known as the statement of financial position) is a financial statement that shows the assets, liabilities and owner's equity of a business at a particular date. The main purpose of preparing a balance sheet is to disclose the financial position of a business enterprise at a given date. | [07] | CO3 | L4 |
| c) On 1 st Jan 2012, X Purchased a second-hand machinery for Rs 58,000 and spent Rs 2000 on it installation. On 1 st July 2014, this machine was sold for Rs 28,600. Prepare the machinery account of the machine X according to WDV method taking the rate of depreciation @10%. | [10] | CO2 | L3 |

Solution

1 b) calculation of rate of depreciation

$$R = \frac{\text{Amount of depreciation}}{\text{Cost of asset}} \times 100$$

$$\text{Amt of depreciation} = \frac{\text{Cost of Asset} - \text{Scrap}}{\text{Life}}$$

$$= \frac{13500 - 1500}{10} = \frac{12000}{10} = \text{Rs } 1200$$

$$R = \frac{1200}{13500} \times 100 = 8.8\%$$

9%

3

3 (a) What is meant by final account?

Final accounts gives an idea about the profitability and financial position of a business to its management, owners, and other interested parties. All business transactions are first recorded in a journal. ... The term "final accounts" includes the trading account, the profit and loss account, and the balance sheet.

[03] CO1 L1

(b) List the different methods of charging depreciation, and explain any two.

- Methods of charging depreciation:
- Straight Line Method.
 - Diminishing Balance Method.
 - Double-Declining-Balance Method.
 - Sum-of-year's-digits Method.
 - Accelerated Depreciation Method.
 - Units of Activity Depreciation Method.

[07] CO1 L4

c) Prepare triple column cash book from the following information

- Commenced business with cash of Rs 80,000
- Paid into bank Rs 5000
- Bought goods for Rs 2000 and paid by cheque
- Purchased stationery for Rs 500
- Received cash from Mr. Sahil Rs 890 and allowed him a discount of Rs 20
- Paid to Chandra by Cheque Rs 200
- Drew cheque for personal use Rs 100
- Paid to Santosh his dues by a cheque of Rs 340 and earned a discount of Rs 10.

[10] CO3 L3

Part B - Compulsory (10*1=10 marks)

4 a) The following is the trial balance of M/s. RJ Ltd as on 31/12/2017. Prepare Trading, Profit and Loss account for the year ending 31/12/2017 and a balance sheet as on that date (10)

C03 L3

| Particulars | Debit | Credit |
|--------------------------------|--------|----------|
| Capital | - | 85,000 |
| Drawings | 7,500 | |
| Stock 1.1.2009 | 12,000 | |
| Purchases and Sales | 86,000 | 1,70,000 |
| Returns | 2,000 | 1,000 |
| Discounts | 500 | 700 |
| Commission received | - | 1000 |
| Income tax paid | 700 | - |
| Office Salaries | 17,300 | - |
| Office Rent | 2,000 | |
| Advertising | 1700 | |
| Sundry Debtor and Creditor | 85,000 | 30,000 |
| Rent received from tenants | - | 3,000 |
| Manufacturing wages | 8,600 | - |
| Bills Receivables and Payables | 5,000 | 5,000 |
| Carriage | 600 | - |
| Machinery | 40,000 | - |
| Motor vans | 7,000 | - |
| Land & Buildings | 10,000 | |
| Office expenses | 1,500 | |
| Cash @ Bank | 6,000 | |
| Cash in hand | 2,300 | |

| | | |
|-------|----------|----------|
| Total | 2,95,700 | 2,95,700 |
|-------|----------|----------|

(4)

Adjustments:

i) Closing Stock was Rs 10,000.

gc: 1.1.2012. Second hand Machinery: ₹ 58000
 Installation ₹ 2000
₹ 60,000

1.7.2014. Sold for m 28600/-

Prepare machinery A/c. Method: WDM. R: 10%

Working notes: 1.1.2012: 60,000

I year depreciation 1.1.2012 - 31.12.2012 6000
 (10/100 x 60,000) 1.1.13 → 54000

II yr. 1.1.13 - 31.12.13 5400
 (10/100 x 54000) 1.1.14 48600

III yr. 1.1.14 - ~~31~~ 1.7.2014 2430
 10/100 x 48600 x 6/12
 1.1.5 Book value 46170.
 S.P: 28600
 Lon. 17570

| Course Outcomes | | PO1 | PO2 | PO3 | PO4 | PO5 |
|-----------------|-----------------------------------------------------------------------------------|------------------|--------------------|-----|-----|-----|
| CO1: | Demonstrate the theoretical knowledge and its application in real time accounting | x | - | - | - | - |
| CO2: | Demonstrate knowledge regarding accounting principles and its applications | 1a, 1b, 1c | - | - | - | - |
| CO3: | Capable of preparing financial statement of sole trading concerns and companies | - | 2a, 2c2b, 3a | - | - | - |
| CO4: | Independently undertake financial statement analysis and take decisions | - | 3c, 4a,3b | - | - | - |

Journal Entries

| Date | Particulars | LT | Debit | Credit |
|---------------------|---------------------------------------|----|-------|--------|
| 1. 1. 2012 | Machinery A/c to Cash A/c | Dr | 60000 | 60000 |
| 31.12. 2012. | Depreciation A/c to Machinery A/c | Dr | 6000 | 6000 |
| 31.12. 2012 | P/L A/c to Depreciation | Dr | 6000 | 6000 |
| <hr/> | | | | |
| 31.12. 2012 | Depreciation A/c to Machinery A/c. | Dr | 5400 | 5400 |
| 31.12. 2012 | PAL A/c to Depreciation | Dr | 5400 | 5400 |
| <hr/> | | | | |
| 31.12.20 | Cash A/c | Dr | 28600 | |
| 1. 7. 2014 | to Machinery | | | 28600 |
| 1. 7. 2014 | Profit & Loss A/c to Machinery | Dr | 17570 | 17570 |
| 31.12. 2014 | Depreciation A/c to Machinery | Dr | 2430 | 2430 |
| 31.12. 2014 | PAL A/c to Depreciation | Dr | 2430 | 2430. |

Machinery A/c

| Dr | | Cr | |
|----------------------|---------------|------------------------|--------------------------|
| 1.1.2012 TO cash A/c | 60,000 | 31.12.2012 By dep. A/c | 6000 |
| | | " By bal c/d | 54000 |
| | <u>60,000</u> | | <u>60,000</u> |
| 1.1.2013 TO bal b/d | 54000 | 31.12.2013 By dep A/c | 5400 |
| | | " By bal c/d | 48600 |
| | <u>54000</u> | | <u>54000</u> |
| 1.1.2014 TO bal b/d | 48600 | 1.7.2014 By cash A/c | 28600 |
| | | 1.7.2014 By P/L A/c | 17570 |
| | | 31.12.2014 By dep A/c | 28600 2430 |
| | <u>48600</u> | | <u>48600</u> |

Dr

Cr

| | |
|-------------------------------|------------------|
| to discount allowed. | 500 |
| to office salaries | 17300. |
| to office rent. | 2000. |
| to Advertising. | 1700. |
| to office expenses. | 1500 |
| to Net profit | 55000 |
| (Transferred to Balancesheet) | 53500 |
| | <u>76500</u> |

| | |
|-------------------------------|-------------------|
| By Gross profit | 162470 |
| (Transferred from) | <u>77800</u> |
| By Discount received. | 700 |
| By Comm. Received. | 1000. |
| By Rent received from Tenants | 3000. |
| | <u>76500</u> |

Balance sheet as on 31.12.17

| Liabilities | |
|--------------------------|----------------|
| <u>Fixed Liabilities</u> | |
| Capital | 85000 |
| +/- NP. | 53500 |
| | <u>138500</u> |
| -/- drawings. | 7500 |
| -/- Income tax | 700 |
| | <u>130300.</u> |
| Bills payable. | 5000. |
| Sundry creditors. | 30,000. |
| | <u>165300</u> |

| Assets. | |
|------------------------|---------------|
| <u>Current assets:</u> | |
| Cash @ bank. | 6000 |
| Cash in hand | 2300 |
| S. debtors. | 85000 |
| Bills receivables | 5000. |
| Cl. stock | 10,000 |
| <u>Fixed assets:</u> | |
| Machinery | 40,000 |
| Motor vans. | 7000. |
| Land & Buildg. | 19,000. |
| | <u>165300</u> |