

Sub:	Accounting For Managers					Code:	20MBA13		
Date	17/03/2022	Duration :	90 mins	Max Marks:	50	Sem:	I	Branch :	MBA

Part A: (Answer any 2 full questions)		OBE	
		CO	RBT
1 (a)	What is contra entry? Give an example of transaction.	[03]	L1
	Ans: Contra entry refers to transactions involving cash and bank account. In other words, any entry which affects both cash and bank accounts is called a contra entry. Contra in Latin means the opposite. It is more popularly known as contra voucher.		
(b)	Briefly explain the Golden Rules of Accounting.	[07]	L2
	Ans: Debit what comes in, Credit what goes out. Debit the receiver, Credit the giver. Debit all expenses Credit all income.		
(c)	Aspak Ltd is a trader dealing in textiles. For the following transactions, pass journal entries for the month of January, 2022.	[10]	L3
	Jan. Rs. 1 Commenced business with cash 70,000 2 Purchased goods from X and Co. on credit 30,000 3 Cash deposited into bank 40,000 4 Bought a building from L and Co. on credit 95,000 5 Cash withdrawn from bank for office use 5,000 6 Cash withdrawn from bank for personal use of Ananthu 4,000 7 Towels given as charities 3,000 8 Shirts taken over by Ananth for personal use 12,000 9 Sarees distributed as free samples 3,000 10 Goods (table clothes) used for office use 200		
	Ans		

Journal entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
2018				
Jan. 1	Cash A/c To Ananth's capital A/c (Commenced business with cash)	Dr.	70,000	70,000
2	Purchases A/c To X and Co. A/c (Credit purchases made)	Dr.	30,000	30,000
3	Bank A/c To Cash A/c (Cash deposited into bank)	Dr.	40,000	40,000
4	Buildings A/c To L and Co. A/c (Building bought on credit)	Dr.	95,000	95,000
5	Cash A/c To Bank A/c (Cash withdrawn from bank for office use)	Dr.	5,000	5,000
6	Drawings A/c To Bank A/c (Cash withdrawn from bank for personal use)	Dr.	4,000	4,000
7	Charities A/c To Purchases A/c (Goods given for charities)	Dr.	3,000	3,000
8	Drawings A/c To Purchases A/c (Goods taken over for personal use)	Dr.	12,000	12,000
9	Sales promotion A/c To Purchases A/c (Goods distributed as free samples)	Dr.	3,000	3,000
10	Office expenses A/c To Purchases A/c (Goods used for office use)	Dr.	200	200

2(a) State the meaning of convention of Conservation.

[03]

Ans: There are four widely recognized accounting conventions: conservatism, consistency, full disclosure, and materiality.

CO1

L1

(b) Explain different types of subsidiary books.

[07]

Ans: The 8 Subsidiary books are as follows:

Cash Book.

Purchase Book.

Sales Book.

Purchase Return Book.

Sales Return Book.

Bills Receivable Book.

Bills Payable Books.

Journal Proper.

CO1

L2

(c) The P&G LLC records its cash and bank transactions in a triple column cash book. The following transactions were performed by the company during the month of June 2019.

CO2 L3

Date	Particular
Jun 01	Cash in hand Rs. 800 (debit balance), Cash at bank Rs.3,365 (debit balance).
Jun 03	Paid James & Co. by check Rs. 1,175, discount received from him Rs. 25.
Jun 05	Received from David & Co. a check amounting to Rs. 990, discount allowed to him Rs. 10.
Jun 07	Deposited into bank the check received from David & Co.
Jun 10	Purchased stationary for cash, Rs. 170.
Jun 15	Purchased merchandise for cash, Rs.1,280.
Jun 15	Cash sales for the first half of the month, Rs. 2,450.
Jun 16	Deposited into bank Rs. 1,250.
Jun 18	Withdrawn from bank for personal expenses Rs. 100.
Jun 19	Issued a check amounting to Rs. 1,630 to James & Co. and discount received from him Rs. 20.
Jun 21	Drew from bank for office use, Rs. 420.
Jun 24	Received a check amounting to Rs. 1,435 from Henry & Co. and allowed him a discount of Rs. 15. The Henry's check was deposited into bank immediately.
Jun 25	Paid a check to Jacob Inc. amounting to Rs. 385 and received a discount of Rs. 15.
Jun 27	Bought furniture for cash for office use, Rs. 380.
Jun 29	Paid office rent by check, Rs. 350.
Jun 30	Cash sales for the second half of the month Rs. 4,550.
Jun 30	Paid salaries by check Rs. 760.
Jun 30	Withdrew from bank for office use Rs. 470.

Prepare Three Column Cash Book of above mentioned information.

Ans:

Solution:

Dr. (Receipts)						TRIPLE COLUMN CASH BOOK						Cr. (Payments)		
Date	Description	LF	Disc A	Cash	Bank	Date	Description	LF	Disc R	Cash	Bank			
2018						2018								
Jun 01	Balance b/d			800	3365	Jun 03	James & Co		25					
Jun 05	David & Co		10	990		Jun 07	Bank	C		990		1175		
Jun 07	Cash	C			990	Jun 10	Stationery			170				
Jun 15	Sales			2450		Jun 15	Purchases			1280				
Jun 16	Cash	C			1,250	Jun 16	Bank	C		1250				
Jun 21	Bank	C		420		Jun 18	Drawings				100			
Jun 24	Henry & Co		15	1435		Jun 19	James & Co		20			1630		
Jun 30	Sales			4550		Jun 21	Cash	C			420			
Jun 30	Bank	C		470		Jun 25	Jacob & Co		15			385		
						Jun 27	Furniture			380				
						Jun 29	Rent exp				350			
						Jun 30	Salaries exp				760			
						Jun 30	Cash	C			470			
						Jun 30	Balance c/d			5610	1750			
			25	9680	7040				60	9680	7040			
Jul.01	Balance b/d			5610	1750									

1. Check received from David & Co. on June 05 has been recorded in the cash column because it was not deposited into bank on the same date.
2. 450 is the number of discount allowed account in the general ledger. The discount allowed account is an expense account.
3. 455 is the number of discount received account in the ledger. Discount received account is an income/revenue account.

3 (a) What is Trading Accounting?

[03] CO1 L1

Ans: Trading account is used to determine the gross profit or gross loss of a business which results from trading activities. Trading activities are mostly related to the buying and selling activities

involved in a business. Trading account is useful for businesses that are dealing in the trading business.

(b) Differentiate between Trial Balance and Balance Sheet.

[07]

CO1	L2
CO1	L3

S.No.	Trial Balance	Balance Sheet
1.	It shows the balances of all ledger accounts.	It shows the balances of personal and real accounts only.
2.	It is prepared after the completion of the ledger accounts or arrival of the balances.	It is prepared after the completion of Trading and P&L A/c.
3.	Its object is to check the arithmetical accuracy.	Its object is to reveal the financial position of the business.
4.	Items shown in the Trial balance are not in order.	But in the B/S, the items shown must be in order.
5.	It shows the opening stock	It shows the closing stock.
6.	It has the headings, debit and credit.	It has the heading of Assets and Liabilities.

c) The following is the Trial balance as on 31st March 2020, prepared by an incompetent accountant. you are required to rewrite.

[10]

Particulars	Debit balance(Rs)	Credit Balance(Rs)
Capital	24000	-
Opening stock	8500	-
Furniture	2600	-
Purchase	-	8950
Cash at bank	7300	-
Carriage	300	-
Sales	22500	
Building		12000
Return inwards		1900
Return outwards	350	
Wages		1000
Discount received	970	
Salary	-	3000
Office rent		2270
Total	66,520	29120

Ans:

Trial balance		
Particulars	Debit	Credit
Capital	—	21000
opening stock	8500	—
Furniture	2600	—
Purchase	8950	—
Cash at bank	7300	—
Carriage	300	—
Sales	—	22500
Buildings	12,000	—
Returns inward	19,00	—
Return outward	—	350
wages	1000	—
Discount received	—	970
Salary	3000	—
office rent	2270	—
	17,820	17,820.

Part B (Mandatory 10 marks)

4 From the following Trial Balance of M/S Siddiqui on 31/3/2021 , prepare final account in vertical form

Particulars	L.F	Debit Rs.	Credit Rs.
B Plant and Machinery*		2,90,000	
B Land and Buildings*		7,90,000	
B 15% Investment*		12,000	
B Sundry Debtors		4,200	
B Cash in hand		1,450	
B Bank		38,100	
T Purchases		1,65,100	
T Stock on 1st April, 2017		4,000	
P Interest		600	
B Bills Payable			8,200
B Sundry Creditors			45,150
P Travelling Expenses		1,300	
P Telephone Expenses		900	
P Discount		250	
T Purchases Returns			1,000
T Sales Returns		1,800	
B Bills Receivable		3,600	
B Capital			10,00,000
T Sales			2,68,750
P Insurance		1,800	
P Postage Changes		500	
T Wages and Salaries		3,300	
P Salaries and Wages		6,500	
T Carriage inward		400	
		13,25,800	13,25,800

Adjustments

- The stock on 31.3.2011 was valued at Rs. 4890
- Provide depreciation on plant and Machinery @ 10% and on Land and Buildings @5%

Ans:

C02,

L3

Books of Goel Traders

Trading and Profit & Loss Account For the year ended 31st March, 2018

Dr.			Cr.	
Particulars		Rs.	Particulars	Rs.
To Opening Stock		4000	By Sale	2,68,750
To Purchases	Rs.1,65,100		Less: Returns	1,800
Less: Returns	Rs.1,000	1,64,100	By Closing stock	
To Wages and Salaries		3,300		
To Carriage Inward		400		
To Gross Profit c/d		1,00,040		
		2,71,840		2,71,840
To Interest		600	By Gross Profit b/d	1,00,040
To Travelling Expenses		1,300	By Discount	2700
To Telephone Expenses		900	By interest Accrued on Investment	1,800
To Discount		250		
To Insurance		1,800		
To Postage				
To Depreciation on Plant & Machinery		29,000		
To Salaries and Wages		6,500		
To Depreciation on Land & Building		39,500		
To Net Profit transferred to Capital A/c		24,190		
		1,04,540		1,04,540

Balance Sheet As Of 31st March, 2018

Liabilities		Rs.	Assert		Rs.
Sundry Creditors		45,150	Cash in hand		1,450
Bills payable		8,200	Bank		38,100
Capital	Rs. 10,00,000		Sundry Debtors		4,200
Add: Net Profit	Rs. 24,190	10,24,190	Bills Receivable		3,600
			Closing stock		4,890
			Interest Accrued on Investment		1,800
			15% Investment		12,000
			Plant & Machinery	Rs.2,90,000	
			Less: Depreciation	Rs.29,000	2,61,000
			Land & Buildings	Rs.7,90,000	
			Less: Depreciation	Rs. 39,500	7,50,500
		10,77,540			10,77,540

Course Outcomes		PO1	PO2	PO3	PO4	PO5
CO1:	Demonstrate theoretical knowledge and its application in real time accounting	1a,1b, 2a,2b 3a,3b	1c, 3c,			
CO2:	Capable of preparing financial statement of sole trading concerns and companies		2c, 4			
CO3:	Independently undertake financial statement analysis and take decisions					
CO4:	Comprehend emerging trends in accounting using data base Management system					

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.

L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.
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PO1- *Theoretical knowledge* PO2 – *Effective communication skill* ;
PO3- *Leadership qualities* ;
PO4 – *Sustained research Orientation* PO5: *Self sustaining Entrepreneurship*

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