

**Internal Assessment Test - I**

Sub:	Accounting for Managers						Code:	22MBA13	
Date:	01.04.2024	Duration:	90 Minutes	Max Marks:	50	Sem:	I	Branch:	MBA
<b>SET- I</b>									

	Marks	OBE																	
		CO	RB T																
<b>Part A - Answer Any Two Full Questions ( 2* 20 = 40 marks)</b>																			
1 Define 'Accounting'. (a) The AAA defined accounting as, "the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by the users of information."	[03]	CO1	L1																
(b) Pass the necessary journal entry and prepare ledger accounts. (in Rs.)  (i) 1st April 2016 Goods sold to Ravi for 1,0,00,000 on credit (ii) 2 <sup>nd</sup> April Purchased stationary 10,000 Paid salary 77,000 Paid wages 132,000 Paid rent 68,200 (iii) 4 <sup>th</sup> April Received cheque from Ravi for Rs.9,89,000 in full and final settlement	[07]	CO1	L3																
<table border="1"> <thead> <tr> <th>Date</th> <th>Particulars</th> <th>Amount Dr.</th> <th>Amount Cr.</th> </tr> </thead> <tbody> <tr> <td>01/04/2016</td> <td>Ravi a/c To Sales a/c (being credit sale made)</td> <td>10,00,000</td> <td>10,00,000</td> </tr> <tr> <td>02/04/2016</td> <td>Stationery a/c Dr. Salary a/c Dr. Wages a/c Dr. Rent a/c Dr. To Cash a/c (Being expenses met)</td> <td>10,000 77,000 1,32,000 68,200</td> <td>2,87,200</td> </tr> <tr> <td>04/04/2016</td> <td>Bank a/c Dr. Discount allowed</td> <td>9,89,000 11,000</td> <td></td> </tr> </tbody> </table>	Date	Particulars	Amount Dr.	Amount Cr.	01/04/2016	Ravi a/c To Sales a/c (being credit sale made)	10,00,000	10,00,000	02/04/2016	Stationery a/c Dr. Salary a/c Dr. Wages a/c Dr. Rent a/c Dr. To Cash a/c (Being expenses met)	10,000 77,000 1,32,000 68,200	2,87,200	04/04/2016	Bank a/c Dr. Discount allowed	9,89,000 11,000				
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	a/c Dr To Ravi a/c		10,00,000
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(c) Enter the following in Triple Column Cash Book :

[10]

2022 Dec 3	Balance of cash in hand	12000
""	Cash at bank	10000
Dec 5	Bought goods for cash	8000
Dec 6	Received from cash M and allowed him discount Rs.50	13000
8	Paid S& co. received discount Rs.100	15000
10	Withdraw from bank for personal use	3000
10	Sold goods	4000
12	Paid into bank	6000
16	Received a cheque from N	16000
19	Withdrawn from bank for office use	2500
24	Paid salaries by cheque	7500
30	Received cheque for commission from Nisha and paid the same in the bank	2000
31	Interest on deposit	120

**Solution:**

Date	Particulars	JF	Dis.	Cash	Bank	Date	Particulars	JF	Dis.	C	B
2022 Dec 3	To Balance b/d			12000	10000	Dec 5	By purchases			8000	-
Dec 6	" M		50	13000	-	8	" S& co	100	15000	-	-
" 10	" Sales			4000	-	10	" Drawings			-	3000
" 12	" Cash	C		-	6000	12	" Bank	C		6000	-
" 16	" N			-	16000	19	" cash	C		-	2500
" 19	" Bank	C		2500	-	24	" Salaries			-	7500
" 30	" Commission			-	2000						
" 31	" Interest			120	-	31	Balance c/d			2620	21000
				<u>50</u>	<u>31620</u>					<u>100</u>	<u>34000</u>

2 Explain GAAP.

[03]

(a) " GAAP is a technical accounting term, which describes the basic rules, concepts, conventions and procedures that represent the accepted accounting principles at a particular time.

CO1 L1

(b) List out the steps in accounting process.

[07]

- Step 1: Identify Transactions. ...
- Step 2: Record Transactions in a Journal. ...
- Step 3: Posting. ...
- Step 4: Unadjusted Trial Balance. ...
- Step 5: Worksheet. ...
- Step 6: Adjusting Journal Entries. ...
- Step 7: Financial Statements. ...

CO1 L2

## Step 8: Closing the Books.

(c) What do you understand by subsidiary books? Bring out their classification and each book.

[10]

CO2 L1

### Subsidiary Books

Subsidiary books are books of original entry. In the normal course of business, a majority of transactions are either relate to sales, purchases or cash. So we record transactions of the same or similar nature in one place, i.e. the subsidiary book. And we record these transactions in chronological order.

This actually saves a lot of man-hours and tiresome clerical work. Instead of journalizing each entry, they are recorded into various subsidiary books. Think of your subsidiary book as sub-journals that record only one type of transaction.

There is no separate entry for these transactions in the general ledger. The posting to the Ledger Accounts is done from the subsidiary book itself. This method of recording is known as the Practical System of Accounting or sometimes the English System.

One thing to remember is that such a system does not violate the rules of Double Entry System. We have still recorded the transactions according to this system. All transactions are still affecting two accounts. Only instead of a journal, we are using subsidiary books as the books of original entry.

SALES DAY BOOK

Date	Particulars	Invoice No.	L.F.	Details Rs.	Amount Rs.
2002.					
Jan.6	Malathi: 100 Phillip lamps @ Rs.50.00 200 Mysore lamps @ Rs.45.00 per lamp 200 Sylvania lamps @ Rs.40.00 per lamp			5000 9000 8000	22000
	Viji:-				
14	6 table lamps @ Rs.30 6 Orient fans @ Rs.400 12 Kassel fans @ Rs.480			180 2400 5760	

### Types of Subsidiary Books

The following are the subsidiary books a company will generally maintain while writing their accounts,

- **Cash Book-** It is a book which records the receipts and payment of cash transaction.
- **Purchase Book-** It is a book which records all the credit purchases of goods of the company.
- **Purchase Return Book-** It is a book which records all the return of credit purchases of goods of the company.



Financial Statement Analysis. ...

Data Analytics and Forensic Technology. ...

Interviewing and Interrogation Techniques.

(b) Prepare a trading account from the following particulars for the year ended March 31, 2017: (Amount in Rs.)

Opening stock 37,500

Purchases 1,05,000

Carriage 3,000

Sales 2,70,000

Wages 30,000

Royalty 22,000

Returns Dr. 5,000 Returns Cr. 4,000

Closing stock shown as adjustment 30,000

Trading A/c		By	
Dr			Cr
To opening stock	37,500	By sales	2,70,000
" Purchases	1,05,000	Less ret.	5,000
" Less Ret.	4,000		2,65,000
	1,04,000	By closing stock	30,000
" Carriage	3,000		
" Wages	30,000		
" Royalty	22,000		
" Gross Profit	1,01,500		2,95,000
(Transfers to P&L a/c)	2,95,000		

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(c) From the following information, prepare Trading & P&L accounts for the year ended 31<sup>st</sup> March, 2022 Amount (in Rs.)

[10]

Equity share capital	200000	Wages	100000
Creditors	24000	Repairs	1000
Returns outwards	10000	Rent	8000
Sales	328000	Bad debts	4000
Plant	80000	Carriage	3000
Sundry debtors	43000	Oil & fuel	2000
Return inwards	6000	Bank	10000
Bills payable	10000	Cash	10000
Drawings	20000	Stock	40000
Purchases	210000	Reserves & Surplus	5000
Manufacturing expenses	16000	Trade expenses	14000

Adjustments:

- (i) Depreciate Plant 10%
- (ii) Interest on capital 5%
- (iii) Rs.800 due for repairs
- (iv) Closing stock valued at Rs.29,000

Solution:

	CO2	L3
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4) Final Account

Trading A/c			
Stock	4000	Sales	328,000
Purchases	210,000	Less RTI	6000
Less P/O	10,000		
	200,000	Closing Stock	29,000
Mfg Expenses	16,000		
Wages	100,000	By Gross Loss	10,000
Carriage	3,000		
Oil & Fuel	2,000		
	<u>361,000</u>		<u>361,000</u>
Profit & Loss a/c			
Gross Loss	10,000	Net Loss	55,800
Repairs 1000+800	1,800		
Rent	8,000		
Dep on Plant	8,000		
Bad Debt	4,000		
Trade Expenses	14,000		
Int on Capital	10,000		
	<u>55,800</u>		<u>55,800</u>
Balance Sheet			
Equity Share Capital	200,000	Plant	8000
Less Drawings	20,000	Dep	8000
Add Int on Capital	10,000	Trs	7,000
Less Net Loss	10,000	Stock	48,000
	<u>55,800</u>	Bank	29,000
Debtors & Sundry	1,34,200	CR	10,000
Creditors	5,000	Cash	10,000
Bills Payable	24,000		
Repairs outstanding	10,000		
	800		
	<u>174,000</u>		<u>174,000</u>

**Part B - Compulsory (1\*10=10 marks) – CASE STUDY**

**4 Study the following:**

A trader does not know that on each transaction, assets and liabilities will equal. While the accounting equation always ensures assets and liabilities for any transaction by applying of principles, the trader could not understand. You are required to counsel him as to what an accounting equation means. (Amount in Rs.)

- Started with cash 18,000
- Paid rent in advance 400
- Purchased goods for cash 5000 and credit 2000
- Sold goods for cash 4000 (costing 2400)
- Rent paid 1000 and rent outstanding 200
- Bought motor cycle for personal use 8,000
- Purchased equipment for cash 500
- Paid to creditors 600
- Depreciation on machine 250
- Business expenses 400

(a) Give accounting equation for the above transactions.

Started with cash 18,000

Started with cash 18,000							
Capital	Liabilities			Assets			

[5]

CO1 L5

18000				Cash		18000	
<i>Paid rent in advance 400</i>							
Capital	Liabilities			Assets			Rent Adv
18000				Cash		17600	400
<i>Purchased goods for cash 5000 and credit 2000</i>							
Capital	Liabilities (Creditors)			Assets		Stock	Rent Adv
				Cash			
18000	2000			12600		7000	400
<i>Sold goods for cash 4000 (costing 2400)</i>							
Capital	Liabilities (Creditors)			Assets Cash		Stock	Rent Adv
19600	2000			16600		4600	400
<i>Rent paid 1000 and rent outstanding 200</i>							
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash		Stock	Rent Adv
18400	2000	200		15600		4600	400
<i>Bought motor cycle for personal use 8,000</i>							
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash		Stock	Rent Adv
10400	2000	200		7600		4600	400
<i>Purchased equipment for cash 500</i>							
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash	Mach.	Stock	Rent Adv
10400	2000	200		7100	500	4600	400
<i>Paid to creditors 600</i>							
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash	Mach.	Stock	Rent Adv
10400	1400	200		6500	500	4600	400
<i>Depreciation on machine 250</i>							
Capital	Liabilities	Rent		Assets	Mach.	Stock	Rent

	(Creditors)	o/s		Cash			Adv
10150	1400	200		6500	250	4600	400
<i>Business expenses 400</i>							
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash	Mach.	Stock	Rent Adv
9750	1400	200		6100	250	4600	400

(b) Explain 'Assets' = 'Liabilities' in each case

[5]

Capital	Liabilities			Assets			
Capital	Liabilities			Assets			Rent Adv
Capital	Liabilities (Creditors)			Assets		Stock	Rent Adv
Capital	Liabilities (Creditors)			Assets		Stock	Rent Adv
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash		Stock	Rent Adv
Capital	Liabilities (Creditors)	Rent o/s		Assets Cash	Mach.	Stock	Rent Adv

CO1 L5

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
C O1 :	Know what and how books of accounts and financial statements are prepared.	1 ( a ) 2 ( a ) 3 ( a )				1( b ) 2( b ) 3( b )	1( c ) 2( c ) 3( c ) 4( a ) 4( b )			
C O2 :	How to interpret financial statements of companies for decision making.									
C O3 :	Independently undertake financial statement analysis and take decisions.									

Cognitive level	KEYWORDS
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L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

**PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;**  
**PSO1- Comprehend Contemporary features of Business Management Science and its administration**  
**PSO2- Analyze and interpret the dynamic situations for making Business Management strategies**  
**PSO3- Handle responsibility with the ethical values for all actions undertaken by them**  
**PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.**

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HOD