

## Exec MBA in EMS Sem.-1 Examination

## IISe-EMS-6

## Mgmt Accounting

January-2024

Time : 2-30 Hours]

[Max. Marks : 70

**Question 1****14 marks**

What do you understand by accounting concepts? Explain in detail the concepts, which are to be observed at the reporting stage i.e. at the time of preparing the final accounts.

**OR****Question 1****14 marks**

Journalize the following transactions in the books of Mr. Anil and also prepare cash account

- Paid to Mr. X ₹ 8000 in full settlement of his account for ₹ 8185.
- Goods worth ₹ 1000 were destroyed by fire.
- Given as charity: Cash ₹ 1000, Goods worth ₹ 3000 and a sofa set ₹ 4000
- Dilber who owed ₹ 45000, became insolvent and 40 paise in a rupee was recovered from him.
- Wages due but not paid ₹ 150000.
- Goods worth ₹ 700 stolen by an employee.
- Goods worth ₹ 2000 distributed as sample.
- Received cash from Mehvish against bad debts written off last year, ₹ 1200.

**Question 2****14 marks**

The following is the Trial Balance of M/s XYZ as at 31<sup>st</sup> March 2023:

<b>Particulars</b>	<b>Debit Balance (₹)</b>	<b>Credit Balance (₹)</b>
Cash in hand	27,000	
Cash at bank	50,000	
Purchases and sales	3,30,000	3,97,900
Return inwards and outwards	6,000	1,750
Wages	30,000	
Stocks	1,02,000	
Loan @ 12% p.a. (on 1-10-2022)		50,000
Interest on loan	1,500	
Salaries	30,000	
Machinery	40,000	
Capital		1,72,250
Debtors and Creditors	75,000	80,000
Rent	5,000	
Insurance	2,400	
Loose Tools	5,000	
Provision for doubtful debts		6,000
Bad debts	4,000	
<b>Total</b>	<b>7,07,900</b>	<b>7,07,900</b>

P.T.O.

**Adjustments:**

- (i) Wages includes ₹ 5000 spent for installation of machinery. The amount was incurred on 1-4-2022.
- (ii) Provide for depreciation on machinery @ 5% p.a.
- (iii) Debtors are bad to the extent of ₹ 1000. Provision for doubtful debts is to be maintained at 5% on debtors
- (iv) Rent outstanding ₹ 1000.
- (v) Salary is paid upto 30<sup>th</sup> June 2023.
- (vi) Stock on 31<sup>st</sup> March 2023, was worth ₹ 1, 02,200.
- (vii) Loose Tools are valued at ₹ 1,500.
- (viii) Insurance is paid upto 30 June 2023.
- (ix) Auditor's Fees outstanding ₹ 1,225

OR

**Question 2****14 marks**

What are the objectives of providing depreciation? State the factors influencing the total amount of depreciation.

**Question 3****14 marks**

From the following comparative balance sheet of M/S EMBA Ltd as on 31<sup>st</sup> March 2022 and 2023, you are required to prepare a) a statement of changes in working capital and b) Funds flow Statement:

Liabilities	2022 (₹)	2023 (₹)	Assets	2022 (₹)	2023 (₹)
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserves	28,000	36,000	Buildings	80,000	72,000
P & L a/c	39,000	24,000	Machinery	74,000	72,000
Trade Creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Stocks	60,000	50,800
Provision for tax	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	<b>3,11,200</b>	<b>3,11,600</b>		<b>3,11,200</b>	<b>3,11,600</b>

Additional Information:

- i. Depreciation charged on machinery was ₹ 8000, and on buildings ₹ 8000.
- ii. Interim dividend paid on October 2022 was ₹ 15000.
- iii. Provision of ₹ 10000 was made for taxation during the year ending 31<sup>st</sup> March 2023.

OR

**Question 3**

E1166.3

**14 marks**

Describe any nine principal ratios (3 each from liquidity, solvency and profitability) which you consider significant while interpreting the published accounts of company and explain the inferences which may be drawn from their use.

**Question 4****14 marks**

The following figures are available from the books of XYZ Ltd. for the year ended 31.12.2023 and you are required to prepare a cost sheet:

Materials consumed	₹ 10,000
Wages	₹ 8,000
Factory overhead	₹ 6,000
Office & Administrative overhead	₹ 4,500
Selling overhead	₹ 2 per unit
Profit for the year = 20% on cost of sales	
Units produced and sold	3000

In the next year the factory received an order of 750 units. In this year due to inflation, the cost structure has been changed by the following way:

Price of materials increase by 10%, rate of wages increases by 20%, factory overhead decrease by 20%, selling overhead per unit reduces to ₹ 1.50.

If the company wants to earn a profit higher than 10% of profit earned in the last year, what will be the sales price of the job?

**OR****Question 4****14 marks**

From the following data calculate and comment on various labour variances:

	<b>Standard</b>		<b>Actual</b>	
	<u>Hours</u>	<u>Rate (₹)</u>	<u>Hours</u>	<u>Rate (₹)</u>
Men	20	4	30	3.80
Women	25	3	15	3.50.

**Question 5****14 marks**

*Attempt any seven out of twelve.*

**I. MCQs**

- The term "current asset" doesn't cover
  - Debtors
  - Stock
  - Car
  - Prepaid Expenses
- Provisions are
  - charged against profit
  - part of profit
  - both a & b
  - Neither a nor b
- Balance sheet is a statement of:
  - Assets and Expenses
  - Liabilities and Incomes
  - Assets and Liabilities
  - Incomes and Expenses
- Which of the following is the ratio that refer to the ability of the firm to meet the short-term obligations out of its short-term resources:
  - Equity ratio
  - Leverage ratio
  - Activity ratio
  - Profitability ratio

P.T.O.

E1166.4

- v. The process of entering all transactions from the journal to ledger is called  
a) Posting      b) Entry      c) Transfer      d) Accounting
- vi. Goodwill is  
a) Current asset      b) Fictitious asset      c) Liability      d) Expense
- vii. The assets that can be converted into cash within a short period (i.e. one year or less) are known as  
a) Current assets      b) Fixed assets      c) Intangible assets      d) Investments

**II. Answer the following questions briefly**

- a. The equity share capital and 12% preference share capital of a company consisted of ₹ 3,50,000 and ₹ 2,00,000 respectively. The face value of the share in both the cases is ₹ 20. The net profit after tax is ₹ 85,250. What is earning per share of the company?
- b. Which accounting ratio is useful in indicating the inefficient collection of debtors? How is it calculated?
- c. Do you agree that a 10% increase in production and sales can lead to more than 10% increase in profit? Explain
- d. When P/V ratio is 40% and sales value is ₹ 10,000, what is the amount of variable cost?
- e. What do you mean by standard costing?
- f. Mention any two reasons, which give rise to labour efficiency variance.

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