

**Paper name: Accounting for Managers**

**Semester: 1<sup>st</sup>**

**Assignment Questions**

1. Give a brief description of the procedure of issuing accounting standards in India.
2. State the various types of cost on the basis of Managerial Decisions.
3. Write a short note on Zero Based Budgeting.
4. “Reducing cost is an imperative of an emerging competitive environment.” Discuss.
5. Usha ltd. had the following condensed Trial balance at the end of 31 March 2012:

	₹		₹
Cash	7,500	Current Liabilities	15,000
Accounts Receivable	30,000	Long Term Notes Payable	25,500
Investments	20,000	Bonds Payable	25,000
Plant Assets	37,500	Capital Stock	75,000
Land	40,000	Retained Earnings	24,500
	1,65,000		1,65,000

During 2012 – 13, the following occurred:

- a. A track of land was purchased for ₹ 7,750 cash
- b. Bonds payable in the amount of ₹ 6,000 were retired for cash at face and book value
- c. An additional ₹ 20,000 equity shares were issued at par for cash
- d. Dividends totaling ₹ 9,375 were paid
- e. Net income for 2012 – 13 was ₹ 28,450 after allowing for depreciation of ₹ 9,500
- f. Land was purchased through issuance of ₹ 22,500 in bonds
- g. Usha ltd sold part of its investments portfolio for ₹ 12,875 cash. This transaction resulted in a gain of ₹ 1,375 for the firm.
- h. Current liabilities increased to ₹ 18,000 at 31/3/13
- i. Account receivable at 31/3/13 total ₹ 38,000
- j. The cash balance at 31/3/13 is ₹ 48,825

Prepare a statement of cash flows for 2012 – 13 with indirect method (AS -3 (Revised))

6. From the following details, prepare the balance sheet of ABC ltd:-

Stock turnover	6
Capital turnover	2
Fixed assets turnover	4
Gross profit(%)	20
Debt collection period	2months
Credit payment period	73 days
Gross profit	60,000
Closing stock was ₹ 5000 more than opening stock	

B.B.E. Internal Examination (1<sup>st</sup> Year)

Accounting for Managers

Max. Marks : 50  
Hrs.

Time: 2

NOTE: Attempt any 5 questions. All questions carry equal marks.

Q1. Write short notes on any 2 of the following:

- a) Key Features of IFRS
- b) Users of Financial Accounting Information
- c) Salient features of Accounting Standard-1

Q2. Differentiate between the following:

- a) Cost Accounting and Financial Accounting
- b) Variable and Absorption costing

Q3. Answer the following:

- a) What is Cost Control? How is it different from Cost Reduction? (3)
- b) Prepare the format of Income Statement and Position Statement as per revised schedule VI of the Companies Act 2013 (7)

Q4. Prepare Journal Entries, Ledger and Trial Balance for the following:

On April 01, 2016 Sarthak started business with Rs. 100,000 and other transactions for the month are:

2. Purchase Furniture for Cash Rs. 7,000.
8. Purchase Goods for Cash Rs. 2,000 and for Credit Rs. 1,000 from Khalid Retail Store.
14. Sold Goods to Khan Brothers Rs. 12,000 and Cash Sales Rs. 5,000.
18. Owner withdrew of worth Rs. 2,000 for personal use.
22. Paid Khalid Retail Store Rs. 500.
26. Received Rs. 10,000 from Khan Brothers.
30. Paid Salaries Expense Rs. 2,000

Q5. The accounts of Basudev Manufactures Ltd. for the year ended 31st December 1988 are given below. Prepare Cost Sheet.

	Rs.
Stock of Material on 1.1.88	6,720
Materials Purchased	1,50,000
Materials returned to suppliers	2,000
Direct Labour	50,000
Direct Expenses	20,000
Factory Expenses	15,300
Office & Administrative Expenses	8,000
Selling & Distribution Expenses	7,900
Stock of Materials on 31.12.88	7,720
Profit	10,000

Q6

The following is the trial balance of Shri Manohar Lal for the period ending on 31st December, 2017. Prepare Trading and Profit/Loss Account and Balance Sheet :

<i>Particulars</i>	₹	<i>Particulars</i>	₹
Stock	46,800	Capital	1,08,090
Sales return	8,600	Sales	2,89,600
Purchases	2,43,100	Purchase returns	5,800
Carriage inward	18,600	Sundry creditors	14,800
Rent & Tax	5,700	Bank loan 6%	20,000
Wages & Salaries	9,300	Income from investment	250
Sundry debtors	24,000	Discount received	3,690
Interest	900		
Printing & Advert.	14,600		
Cash in Bank	8,200		
Investment	5,000		
Furniture & fittings	1,800		
Discount Payable	7,340		
General expenses	3,610		
Insurance	800		
Travelling expenses	2,630		
Stationery	870		
Cash in hand	380		
Land and Building	30,000		
Drawings	10,000		
	<u>4,42,230</u>		<u>4,42,230</u>

Stock on 31st December 2017 was ₹ 78,600, 50% expenses of Printing and Advertising to be carried forward for next year. Charge depreciation 10% on furniture and 2.5% on Land and Buildings. Create bad debts reserve at 5% and discount on debtors and creditors at 2%. Unexpired insurance ₹ 200. Outstanding salary ₹ 500 and carriage ₹ 100. Interest on bank loan is to be paid.

## MCQ's

**The correct order of process of establishing the standards, is**

(A) Study of technical details, Study of existing costing system, Decision about types of standards to be used

(B) Study of existing costing system, Study of technical details, Decision about types of standards to be used

(C) Decision about types of standards to be used, Study of technical details, Study of existing costing system

(D) None of the above

**(A)**

**2- The cost that tends to remain constant irrespective of the level of activity is called**

(A) Variable cost

(B) Fixed cost

(C) Total cost

(D) All of the above

**(B)**

**3- Cost Accounting restrict itself with \_\_\_\_\_ transactions**

(A) Financial

(B) Spot

(C) Historical

(D) Administrative

**(C)**

**4- Following is (are) the method(s) of measuring labour turnover.**

(A) Replacement Method

(B) Separation Method

(C) Flux Method

(D) All of the above

**(D)**

**5-Following is (are) the example(s) of semi-variable overheads.**

- (A) Maintenance cost
- (B) Electricity
- (C) Health and Accident Insurance
- (D) All of the above

**(D)**

**6- \_\_\_\_\_ indicates the financial status of the business at given period.**

- (A) Balance sheet
- (B) Accounting ledger
- (C) General ledger
- (D) All of the above

**(A)**

**7- In Cash budget, Non operating cash inflow include(s)**

- (A) Receipt of loan/borrowings
- (B) Issue of shares
- (C) Sale of fixed assets
- (D) All of the above

**(D)**

**8-Sales Budget is a forecast expressed in**

- (A) Quantity
- (B) Money
- (C) Both (A) and (B)
- (D) None of the above

**(C)**

**9-‘LIFO’ stands for**

- A) Last In First Out
- (B) Last In First Over
- (C) Last In First On
- (D) None of the above

(A)

**10-Following is used as tool for Cost Control**

- (A) Marginal cost
- (B) Historical cost
- (C) Standard cost
- (D) All of the above

(C)

**11-Cost estimation include(s) the following expenditure(s)**

- (A) pattern making
- (B) tool making
- (C) selling expenses
- (D) all of the above

(D)

**12-To calculate the probable cost of the product, knowledge of following factors involves**

- (A) Production time required
- (B) Use of previous estimates of comparable parts
- (C) Effect of change in facilities on costing rates
- (D) All of the above

(D)

**13-Cost accounting is a specialized branch of accounting which deals with**

- (A) classification, recording, allocation and control of costs
- (B) classification, processing, allocation and directing
- (C) classification, recording, planning and control of costs
- (D) classification, recording, allocation and directing

(A)

**14-Expenditure incurred on material, labour, machinery, production and inspection are summed up to find the**

- (A) Total cost of product
- (B) Selling price of product

(C) Factory cost of product

(D) None of the above

(C)

**15-Which of the following calculate the actual cost of product**

(A) Cost estimation

(B) Costing

(C) Both (A) and (B)

(D) None of the above

(B)

**16-The cost data provide invaluable information for taking the following managerial decision(s)**

(A) To make or buy

(B) To own or hire fixed asset

(C) Determining the expansion or contraction policy

(D) All of the above

(D)

**17-Match the following**

Type of costing	Type of industry
a. Job costing	1. Utility services
b. Process costing	2. Automobile industry
c. Departmental costing	3. ship building
d. Operating costing	4. paper making

The correct answer is

(A). a-2, b-3, c-1, d-4

(B). a-3, b-4, c-2, d-1

(C). a-4, b-2, c-1, d-3

(D). a-3, b-2, c-1, d-4

(B)

**18-The method of unit costing is adopted by**

- (A) Transport services
- (B) Steel industry
- (C) Mines
- (D) Bicycle industry
- (C)

**19- \_\_\_\_ costing is a type of job costing.**

- (A) Multiple
- (B) Operating
- (C) Unit
- (D) Batch
- (D)

**20-The following is cost of direct materials**

- (A) Freight charges
- (B) grease
- (C) coolant
- (D) cotton waste
- (A)

**21-The following is cost of indirect materials**

- (A) Lubricating oil
- (B) Octroi
- (C) Import duties
- (D) Insurance
- (A)

**22-The payment made to the following is cost of direct labour.**

- (A) Machinist
- (B) Supervisor
- (C) Inspector



(D) Sweeper

(A)

**23-The payment made to the following is cost of indirect labour.**

(A) Time keeper

(B) Welder

(C) Moulder

(D) Turner

(A)

**24-Cost of preparing drawings for the manufacture of a particular product is**

(A) Cost of direct labour

(B) Cost of indirect labour

(C) Direct expenses

(D) Indirect expenses

(C)

**25-The following is also known as overhead costs or on costs.**

(A) Cost of direct labour

(B) Cost of indirect labour

(C) Direct expenses

(D) Indirect expenses

(D)

**26-Accounting provides information on**

(A) Cost and income for managers

(B) Company's tax liability for a particular year

(C) Financial conditions of an institution

(D) All of the above

(D)

**27-The long term assets that have no physical existence but are rights that have value is known as**

(A) Current assets

- (B) Fixed assets
- (C) Intangible assets
- (D) Investments
- (C)

**28-The assets that can be converted into cash within a short period (i.e. 1 year or less) are known as**

- (A) Current assets
- (B) Fixed assets
- (C) Intangible assets
- (D) Investments
- (A)

**29-Patents, Copyrights and Trademarks are**

- (A) Current assets
- (B) Fixed assets
- (C) Intangible assets
- (D) Investments
- (C)

**30-The following is not a type of liability**

- (A) Short term
- (B) Current
- (C) Fixed
- (D) Contingent
- (A)

**31-The liabilities that are payable in more than a year and are not be liquidated from current assets**

- (A) Current liabilities
- (B) Fixed liabilities
- (C) Contingent liabilities

(D) All of the above

(B)

**32-The debts, which are to be repaid within a short period (year or less) are known as**

(A) Current liabilities

(B) Fixed liabilities

(C) Contingent liabilities

(D) All of the above

(A)

**33-The sales income (Credit and Cash) of a business during a given period is called**

(A) Transactions

(B) Sales returns

(C) Turnover

(D) Purchase returns

(C)

**34-Any written evidence in support of a business transaction is called**

(A) Journal

(B) Ledger

(C) Ledger posting

(D) Voucher

(D)

**35-The accounts that records expenses, gains and losses are**

(A) Personal accounts

(B) Real accounts

(C) Nominal accounts

(D) None of the above

(C)

**36-Real accounts records**

(A) Dealings with creditors or debtors

(B) Dealings in commodities

(C) Gains and losses

(D) All of the above

(B)

**37-The measure of how efficiently the assets resources are employed by the firm is called**

(A) Liquidity ratio

(B) Leverage ratios

(C) Activity ratios

(D) Profitability ratios

(C)

**38-The following is (are) the current liability (ies)**

(A) Bills payable

(B) Outstanding expenses

(C) Bank overdraft

(D) All of the above

(D)

**39-Current ratio =**

(A) Quick assets / Current liabilities

(B) Current assets / Current liabilities

(C) Debt. / Equity

(D) Current assets / Equity

(Ans: B)

**40-Liquid or Quick assets =**

(A) Current assets – (stock + work in progress)

(B) Current assets + stock + work in progress

(C) (Current assets + stock) + work in progress

(D) (Current assets + work in progress) – stock

(Ans: A)

**41-The following is also known as External Internal Equity ratio**

- (A) Current ratio
- (B) Acid test ratio
- (C) Debt Equity ratio
- (D) Debt service coverage ratio

(Ans: C)

**42-Lower the Debt Equity ratio**

- (A) Lower the protection to creditors
- (B) Higher the protection to creditors
- (C) It does not affect creditors
- (D) None of the above

(Ans: B)

**43-A higher inventory ratio indicates**

- (A) Better inventory management
- (B) Quicker turnover
- (C) Both 'A' and 'B'
- (D) None of the above

(Ans: C)