

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2015-17)
Second Trimester Examination Jan- Feb 2016

Subject	Cost and Management Control II		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	4	Date	30/01/2016

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Ashok and Tanaji are Partners sharing Profit and Losses in the ratio 2:3 respectively. Their Trial Balance as on 31st March, 2007 is given below. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2007 and Balance Sheet as on that date after taking into account the given adjustments.

real Balance as on 31^s March, 2007

Particulars	Amt. (Rs.)	Particulars	Amt. (Rs.)
Purchases	98,000	Capital:	
Patents Right	4,000	Ashok	30,000
Building	1,00,000	Tanaji	40,000
Stock (1.04.2006)	15,000	Provident Fund	7,000
Printing and Stationery	1,750	Creditors	45,000
Sundry Debtors	35,000	10% Bank Loan taken on 1 st	12,000
Wages and Salaries	11,000	April 2006	
Audit Fees	700	Sales	1,58,000
Sundry Expenses	3,500	Reserve for Doubtful Debts	250
Furniture	8,000	Purchase Returns	3,500
Investment	10,000		
Cash	4,000		
Provident Fund Contribution	800		
Carriage Inwards	1,300		
Traveling Expenses	2,700		
	2,95,750		2,95,75

Adjustments:

(1) Closing stock is valued at the cost of Rs.15,000 while its market price is Rs.18,000.

(2) On 31st March, 2007 the stock of stationery was Rs. 500.

(3) Provide reserve for bad and doubtful debts at 5% on debtors.

(4) Depreciate building at 5% and patent rights at 10%.

(5) Interest on capitals is to be provided at 5% p.a

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) Why does balance sheet always tally?

b) The balances extracted from the books of Sankar are given below. From the prepare Trial Balance on 31st March 3007 Rs. Rs. Sankar's Capital 30,000 Sundry Creditors 4,000 Sales 30,000 Cash in hand 1,800 Purchases 20,000 Cash in Bank 6,000 Interest (Dr) 400 Bills Receivables 11,000 Sales returns 1,000 Bills Payable 7,000 Purchases Returns 800 Discount earned 800 Sundry Debtors 15,000 Wages 7,000 Commission (Dr) 1,000 Rent 800 Plant and Machinery 8,000 Telephone charges 1,000.

c) **Mr. Nirmal has the following transactions in the month of April.**
Write Journal Entries for the transactions.

- 10th April : Commenced business with a capital of 1,00,000
- 11th April : Purchased goods from Veeru for 20,000
- 13th April : Purchased Goods for Cash 15,000
- 14th April : Purchased Goods from Abhiram for cash 9,000
- 16th April : Bought Goods from Shyam on credit 12,000
- 17th April : Sold goods worth 15,000 to Tarun
- 19th April : Sold goods for cash 20,000
- 20th April : Sold goods to Utsav for cash 6,000
- 21st April : Sold goods to Pranav on credit 17,000
- 22nd April : Returned goods to Veeru 3,000
- 23rd April : Goods returned from Tarun 1,000
- 25th April : Goods taken by the proprietor for personal use 1,000
- 26th April : Bought Land for 50,000
- 27th April : Purchased machinery for cash 45,000
- 28th April : Bought computer from Intel Computers for 25,000
- 28th April : Cash sales 15,000
- 29th April : Cash purchases 22,000
- 30th April : Bought furniture for proprietor's residence and paid cash 10,000

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a) **What is double entry system.**

b) From the following trial balance extracted from the books of Thiru. Venkatachalam as on 31.12.07. Prepare (i) Trading and Profit & Loss A/c and (ii) Balance Sheet Trial Balance as on 31.12.07 Cash in hand 2,000 Capital 2,00,000 Machinery 60,000 Sales 2,54,800 Stock 50,000 Sundry Creditors 40,000 Bills receivable 1,600 Bank overdraft 22,000 Sundry debtors 50,000 Return outwards 3,000 Wages 70,000 Discount received 1,800 Land 40,000 Bills payable 1,800 Carriage inwards

2,400 Purchases 1,80,000 Salaries 24,000 Rent 4,000 Postage 1,000

- c) Base on the above problem, suggest the company the changes that they can adopt to increase its profits

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

a)

1. _____ account enables the trader to find out Gross Profit or Loss
2. _____ account enables the trader to find out the Net Profit or Loss.
3. Direct Expenses appears on _____ side of _____ account.
4. Indirect Expenses appears on _____ side of _____ account.
5. Wages and Salaries appear on _____ account

b)

6. Salaries and wages appear on _____ account.
7. Trade Expenses will appear on _____ side of P & L A/c.
8. If the Trail Balance contains both Trade Expenses and Office Expenses, The Trade Expenses Posted to _____ account and office Expenses posted to _____ account.
9. _____ shows the Financial Position of a Trader.
10. Assets – Liabilities = _____

c)

11. Assets – Capital = _____
12. Capital + Liabilities = _____
- 13 Drawings are _____ expense of the proprietor.
- 14 obligations of the firm to outsiders is _____
15. Accounting to you is _____

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Differentiate between Financial accounting and Cost accounting.
- b) Accounting as an Aid to Decision Making- Explain
- c) Explain the principals of GAAP ?

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Why shareholder's Equity is on the liability side of the balance sheet.
- b) List down the content of annual report ?
- c) State whether the following are true or false: 1. Balance Sheet is a ledger A/c 2. Land is an intangible asset 3. Patent is a tangible asset 4. Stock is a floating asset. 5. Bills payable is a long term liabilities Justify your answers.

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Prisha has not kept accurate accounting records during the financial year. She had opening inventory of \$6,700 and purchased goods costing \$84,000 during the year. At the year end she had \$5,400 left in inventory. All sales are made at a mark up on cost of 20%. What is Prisha's gross profit for the year?

- A \$13,750
- B \$17,060
- C \$16,540
- D \$20,675

- b) **Journalise the following transactions in the books of Moon and post them into the ledger for the month of August**

Aug 10th: Moon commenced business with a capital of 1,50,000
11th : Cash deposited into bank 50,000
12th : Bought equipment for 15,000
13th : Bought goods worth 20,000 from Star and payment made by cheque
14th : Sold goods to Sun for 15,000 and payment received through cheque
16th : Paid rent by cheque 5,000
17th : Took loan from Mr. Storm 25,000
18th : Received commission from Mr. Air by cheque 5,000
19th : Wages paid 15,000
20th : Withdrew from bank for personal use 3,000
21st : Withdrew from bank for office use 10,000
22nd : Bought goods for 25,000
23rd : Cash paid into bank 30,000
24th : Interest paid through cheque 2,000
25th : Gave loan to Mr.Wind 10,000
26th : Amount paid to Mr. Storm on loan account 15,000
27th : Salary paid to Manager Mr. Liquid 5,000
28th : Postage paid 1,000
29th : Received cheque from Mr. Wind on loan account 3,000
30th : Sold part of the equipment for 2,000

- c) Post the above into leader account.