



Name :

Roll No. :

Invigilator's Signature :

**CS/MBA/SEM-1 (PT & FT)/MB-106/2012-13
2012**

FUNDAMENTALS OF ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP - A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Which of the following is correct ?
 - a) Assets = Liabilities - Capital
 - b) Assets = Capital - Liabilities
 - c) Assets = Liabilities + Capital
 - d) Assets = External Equities.
- ii) Prepaid Income is an item of
 - a) Assets
 - b) Liabilities
 - c) Contingent
 - d) None of these.



- iii) The bad debt loss is shown in the
- a) Trading Account b) Profit & Loss Account
- c) Balance Sheet d) Foot Note.
- iv) Journal is a book of
- a) Original entry b) Secondary entry
- c) all cash transactions d) none of these.
- v) Cash is a
- a) Liquid Asset
- b) Fixed Asset
- c) Fictitious Assets.
- vi) Outstanding rent is a
- a) Assets b) Liabilities
- c) Capital d) External equities.
- vii) Preliminary Expenses is an item of
- a) Assets b) Liabilities
- c) Proprietor's Fund d) None of these.
- viii) Indirect materials are
- a) a Prime Cost
- b) a fixed cost
- c) an irrelevant cost
- d) a factory overhead cost.
- ix) Which of the following is a scheme of labour incentive ?
- a) Flux system b) Rowan scheme
- c) Merrick scheme d) All of these.



- x) An example of variable cost is
- a) Insurance on machinery
 - b) Manager's salary
 - c) Labour cost
 - d) Depreciation.
- xi) The contingent Liability is shown in the
- a) Trading Account
 - b) Profit & Loss Account
 - c) Balance Sheet
 - d) Foot Note.
- xii) Cash Sales is recorded in
- a) Journal
 - b) Ledger
 - c) Cash Book
 - d) Sales Day Book.

GROUP - B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Mr. X a trader had incurred a loss of Rs. 3,000 as bad debt during the year 2001 and then decided to create a Provision for Bad & Doubtful debt is 5% on good Debtors amounting to Rs. 50,000 on 31st December, 2001. During the year ended 31st December, 2002 the bad det loss was Rs. 2,000. On 31st December, 2002 his good debtors amounted to Rs. 65,000 and decided to maintain the Provision for Bad & Doubtful Debt at 4%. Prepare Bad Debt A/c and Provision for Bad & Doubtful Debt A/c for the year 2001 and 2002.



3. Distinguish between (any two) :
- Straight line and WDV method of Depreciation
 - Journal and Ledger
 - LIFO & FIFO method of Inventory valuation.
4. Write short note on (any two) :
- Conservatism Principle with two areas of application.
 - Materiality concept.
 - Redemption of Preference Share.
5. From the following data calculate the total monthly remuneration of each of the three workers A, B and C.
- Standard production per month per worker 1000 units.
 - Actual production during a month :
A — 850 units, B — 720 units, C — 960 units.
 - Piece work rate per unit of actual production 20 paise.
 - Dearness allowance — Rs. 50 per month (fixed)
 - House Rent Allowance — Rs. 20 per month (fixed)
 - Tiffin Allowance — Rs. 20 per month (fixed)
 - Additional production bonus at the rate of Rs. 5 for each percentage of actual production exceeding 80% of the standard.
6. The following information have been extracted from to records of X Ltd. :
- Months usage of materials A 250 units
Cost of placing an order B-30
Cost of material per unit B5
Carrying cost 10% of Inventory Value p.a.
Calculate Economic Order Quantity.

**GROUP - C****(Long Answer Type Questions)**Answer any *three* of the following. $3 \times 15 = 45$

7. Prepare Trading A/c, P & L A/c & Balance Sheet for the year ending 31. 3. 2012 of KK & Co. from the following TB with adjustments (All Rs. in '00).

Particulars (Dr.)	Rs.	Particulars (Cr.)	Rs.
Cash in hand	1,500	Sales	2,50,000
Cash at bank	3,000	Return outwards	2,000
Purchases	1,10,000	Capital	56,000
Return inward	1,500	Accounts payable	30,000
Wages	20,000		
Power & fuel	8,000		
Carriage outward	6,000		
Carriage inwards	5,000		
Opening inventory	61000		
Land	10,000		
Buildings	80,000		
Machinery	30,000		
Patents	15,000		
Salaries	12,000		
Sundry expenses	6,000		
Insurance	1,000		
Drawings	8,000		
Accounts receivable	15,000		
Total	3,38,000	Total	3,38,000



Adjustment :

- i) Closing inventory as on 31. 3. 2011 Rs. 20,000.
- ii) Provision for bad & doubtful receivables at 5% on debtors.
- iii) Outstanding salaries Rs. 5,000.
- iv) Outstanding wages Rs. 3,000.
- v) Depreciation @ 10% on all fixed assets except land.

Provide for Provision for Bad Debts @ 3% and Provision for Discount @ 2%.

8. Extracts of the books maintained for Chemical XZP 789 at the works of Goldmine Limited for the month of October are as follows :

<i>Date</i>	<i>Quantities Purchased</i>	<i>Quantities Issued</i>
October 1st	500 Lit @ Rs. 2·00	—
October 5th	300 Lit @ Rs. 2·10	—
October 6th	—	600 Lit
October 7th	400 Lit @ Rs. 2·20	300 Lit
October 17th	500 Lit @ Rs. 2·10	—
October 28th	—	200 Lit.

Prepare the Store Ledger for Goldmine Limited for the month of October under Weighted Average Price Method. Round-off the figure to the nearest of a rupee.

9. Ultra Modern Limited is divided into five departments of which *A* & *B* are production departments and the other three departments are service departments Power House, Stores and Repair Shop. The actual costs for a certain period are as follows :

Production Departments :

A — Rs. 85,000, *B* — Rs. 70,000.



Service Departments :

Power House — Rs. 47,350 ; Store — Rs. 15,000 ; Repair Shop — Rs. 60,500.

The expenses of service departments are distributed on a percentage basis as under :

Power Hosue — 25% to Repair Shop, 25% to Deptt. A, 50% to Deptt. B.

Store — 10% to Power House, 20% to Repair Shop, 30% to Deptt. A, 40% to Deptt. B.

Repair Shop — 20% to Power House, 30% to Deptt. A, 50% to Deptt. B.

Prepare a statement showing distribution of service department expenses to production departments using simultaneous equations method.

- 10. Calculate the normal and overtime wages payable to a workman for a certain week from the following data :**

Daily hours worked from Monday to Saturday are 8 hours, 10 hours, 9 hours, 11 hours, 9 hours and 4 hours.

Normal working hours : 8 hours per day

Normal rate : Rs. 2 per hour

Overtime Rate : Hours upto 9 in a day at single rate and hours beyond 9 in a day at double rate or upto 48 hours in a week at single rate and hours beyond 48 at double rate, whichever is more beneficial to the workman.

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11. Write short note on any *three* of the following :

- a) Deferred Revenue Expenditures
 - b) Accounting Equation
 - c) Perpetual Inventory System
 - d) Accounting Cycle.
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