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JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

TEST – 3 EXAMINATION, MAY-JUNE 2016

B.TECH VIII SEMESTER

COURSE CODE: 14B1WHS834 MAX. MARKS: 35

COURSE NAME: Accounting for Managers

COURSE CREDITS: 03 MAX. TIME: 2 HRS

Note: *All questions are compulsory. Carrying of mobile phone during examination will be treated as case of unfair means.*

Q1. Distinguish between the following: **(2*6=12 marks)**

a) Balance Sheet and Trial Balance.
b) Straight Line Method and Written Down Value Method.
c) Convention of Conservatism and Convention of Consistency.
d) Assets and Liabilities.
e) Journal and Ledger.
f) Periodic Inventory System and Perpetual Inventory System.

Q2. From the following information prepare a statement showing the total cost, cost per unit, total profit and profit per **(6 marks)**

1. Direct material consumed Rs. 4, 00,000.
2. Direct labour is 40% of direct material cost.
3. Direct expenses are 50% of direct labour cost.
4. Factory overheads are 25% of prime cost.
5. Administrative and office overheads have been absorbed @ Rs. 150 per 10 units produced.
6. Selling and distribution overheads have been applied @ Rs. 500 per 100 units sold.
7. Opening units of finished stock – 800 units @ Rs. 85.50 per unit.
8. Closing units of finished stock – 400 units.
9. Finished goods sold – 16,400 units.
10. Profit is $1/6^{th}$ of sales.

Q3. There are two plants manufacturing the same product under one corporate management which decides to merge them. Following particulars are available regarding the two plants: **(6 marks)**

	Plant I	Plant II
Capacity operation	100%	60%
Sales	Rs. 300 Lakhs	Rs. 120 Lakhs
Variable costs	Rs. 220 Lakhs	Rs. 90 Lakhs
Fixed costs	Rs. 40 Lakhs	Rs. 25 Lakhs

You are required to calculate for the consideration of the Board of Directors:

a) What would be the capacity of the merged plant for the purpose of break even?
b) What would be the profitability on working at 80% of the merged capacity?
c) What would be the sales required to give an overall profit of Rs. 65 Lakhs?

Q4. The machinery account of Ramesh & Company Ltd., showed a debit balance of Rs. 32,400 on 1st Jan, 2014, depreciation being provided @10% p.a. On 1st July, 2014, a part of machinery purchased for Rs. 10,000 on 1st Jan, 2012 was sold for Rs. 7,000 and on the same day new machinery worth Rs. 20,000 was purchased.

On 31st Dec, 2014, the company decided to change the method of depreciation from the Diminishing Balance Method to Straight Line Method w.e.f. 1st Jan, 2012, the rate of depreciation remaining the same. Prepare machinery account for the years 2012 to 2014.

(5 marks)

Q5. The Burma oil company, a well known distributor of fuel oil closes its accounts at the end of each month. **(6 marks)**
The following information is available for the month of June, 2015:

	Rs.
Sales	2,50,000
Administrative Expenses	5,000
Inventory, June 1: 50 tons @ Rs. 1,000	50,000
Purchases (including carriage inward):	
June 10, 150 tons @ Rs. 800	1,20,000
June 20, 150 tons @ Rs. 900	1,35,000
Inventory, June 30: 100 tons	

Compute the following data by FIFO, LIFO and Weighted Average method of inventory valuation:
a) Value of inventory on June 30.
b) Amount of cost of goods sold for the month of June.
c) Profit or loss for June.