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JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT
END SEMESTER EXAMINATION-2015
B.Tech. VIII Semester

COURSE CODE: **14B1WHS834** MAX. MARKS: 45
COURSE NAME: **Accounting for Managers**
COURSE CREDITS: 3 MAX. TIME: 3 HRS

***Note:** All questions are compulsory. Carrying of mobile phone during examinations will be treated as case of unfair means. Attempt all parts of a particular section at one place.*

Section A

Answer the following in two or three lines only. **(Marks: 9*1=9)**

Q1. What do you mean by grouping and marshalling of assets and liabilities?
Q2. Distinguish between direct and indirect cost.
Q3. What is meant by amortization?
Q4. Give three ways by which P/V ratio can be improved.
Q5. The ratio of variable cost to sales is 70%. The break-even point occurs at 60% of the capacity sales. Find the capacity sales when fixed costs are Rs. 90,000. Also compute profit at 75% of the capacity sales.
Q6. Why FIFO method is considered useful when prices are falling?
Q7. Why is it important to consider "Convention of Conservatism" while carrying out accounting entries?
Q8. "The Trial Balance ensures arithmetical accuracy and not accounting accuracy" – why?
Q9. How contribution is different from profit?

Section B

Q1. a) "A good system of cost accounting serves management in various areas of decision making" Comment.
b) What is a cost centre and how does it differ from a department of a factory?
(3+3= 6 marks)

Q2. a) Distinguish between LIFO Method and FIFO Method of valuing inventory.
b) What are the main objectives of Depreciation? Elucidate the factors that affect depreciation.
(3+3= 6 marks)

Section C

Q1. From the following details of stores receipts and issues of material in a manufacturing concern, find out the value of closing stock using **Weighted Average Method**: **(6 marks)**

Nov. 1	Opening stock 2,000 units @ Rs. 5.00 each.
Nov. 3	Issued 1,500 units to production.
Nov. 4	Received 4,500 units @ Rs. 6.00 each.
Nov. 8	Issued 1,600 units to production.
Nov. 9	Returned to stores 100 units by production department (from the issue of Nov. 3).
Nov. 16	Received 2,400 units @ Rs. 6.50 each.
Nov. 19	Returned to supplier 200 units out of the quantity received on Nov. 4.
Nov. 20	Received 1,000 units @ Rs. 7.00 each.

Nov. 24 Issued to production 2,100 units.
Nov. 27 Received 1,200 units @ Rs. 7.50 each.
Nov. 29 Issued to production 2,800 units.
(Use rates up to two decimal places)

Q2. A factory engaged in manufacturing buckets is working at 40% capacity and produces 10,000 buckets per annum. The present cost break-up for one bucket is as under:

	Rs. per unit
Materials	10
Labour Cost	3
Overheads	5 (60% fixed)

The selling price is Rs. 20 per bucket. If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity the selling price falls by 5% accompanied by a similar fall in the prices of material. You are required to calculate the profits at 50% and 90% capacities, and also calculate break even-point for the same capacity productions. **(6 marks)**

Q3. Machinery account of XYZ Ltd. showed a debit balance of Rs. 9,72,000 on Jan 1, 2012, depreciation on WDV @10% p.a is charged. On July 1, 2012, a part of the machinery purchased for Rs. 3,00,000 on Jan 1, 2010, was sold for Rs. 2,10,000 and on the same date a new machinery was purchased for Rs. 6,00,000. On Dec 31, 2012, the company decided to change the method of charging depreciation from WDV to Straight Line Method with effect from Jan 1, 2010, the rate of depreciation remaining the same. **(6 marks)**

Q4. The following extract of costing information relates to a commodity for the half year ending 31st December, 2014.

	Rs.		Rs.
Purchases of raw materials	1,20,000	Stock (1st July,2014):	
Works overhead	48,000	Raw materials	20,000
Direct wages	1,00,000	Work in progress	4,800
Carriage on purchases	1,440	Stock (31st Dec., 2014):	
Sales – finished products	3,00,000	Raw materials	22,240
		Work in progress	16,000

Selling and distribution overheads are Re. 1 per ton sold. 15000 units were sold during the period. The stock of finished goods was 1000 tons and 2000 tons on 1-7-2014 and 31-12-2014 respectively. The total cost of the units in hand on 1-7-2014 was Rs. 16,000. All these had been sold during the year. You are required to ascertain: a) Cost of raw material used; b) Cost of production; c) Cost of sales; d) Net profit for the period and e) Net profit per ton of the commodity. **(6 marks)**