
MITU: ACCOUNTING FOR MANAGERS (C3)

FINAL ASSIGNMENT (40 MARKS)

The answer sheets must be submitted in an editable spreadsheet (MS Excel or Google Sheets)

SECTION A: 5 MARKS

DEPRECIATION

- Machinery purchased for Rs 90,000 on 1 April 2018
- Installation Rs 2000, and commissioning Rs 3000
- Residual value Rs 10,000
- Life of Asset = 10 years

i. Calculate Depreciation on Straight Line Method for the first 3 years, showing the book value at the end of each year

ii. Calculate Depreciation on Written Down Value Method for the first 3 years, showing the book value at the end of each year

SECTION B: 5 MARKS

CVP ANALYSIS

Sales Price per unit: Rs 550

Fixed Costs: Rs 35,000

Variable Costs: Direct Material Rs 120, Direct Labour Rs 100, Variable OH Rs 150

- (i) What is the Contribution per unit?
- (ii) Calculate the Break-even Point in Units
- (iii) Calculate the Break-even Point in Value
- (iv) Calculate the Gross Profit at 500 units, 1000 units and 1500 units.

SECTION C: 5 MARKS

ACCOUNTING PRINCIPLES

Describe each of these Accounting Principles, and illustrate each with an example

- Historical Cost Principle
- Duality Principle
- Matching Principle

- Revenue Recognition / Realization Principle
- Full Disclosure Principle
- Materiality Principle
- Accounting Entity Principle
- Conservatism Principle
- Objectivity Principle
- Money Measurement Principle

Please Note:

You must explain your understanding of each accounting principle in your own words, and illustrate each principle with an example

SECTION D: 10 MARKS

FINAL ACCOUNTS

CASE STUDY:

Irrigation Equipments Limited (IIM Ahmedabad, IIMA/F&A0202)

Prepare the Journal Entries and prepare the Cash account and Bank account (other Ledger accounts are not required).

SECTION E: 5 MARKS

BUSINESS ANALYSIS

Which of these two companies would you prefer to give goods on credit to?

COMPANY A		COMPANY B	
	INR		INR
Cash on hand	24,000	Cash on hand	12200
Cash at Bank	30,725	Cash at Bank	20300
Stock	39,875	Stock	59800
Marketable Securities	11,400	Marketable Securities	13700
Accounts Payable	32,500	Accounts Payable	12650
Bank Overdraft	11,900	Bank Overdraft Rs	28950
Short term loans	11,600	Short term loans	14,400

Please explain your analysis.

SECTION F: 10 MARKS

ANALYSIS OF A TRANSACTION

Journalize the transactions, post to Ledger, and prepare the Trial Balance:

- Z starts business with cash of Rs 140,000, and equipment worth Rs 22,000

- Insurance premium purchased for office Rs 20000, for the next 24 months
- Rs 25,000 deposited into current account at ICICI bank
- Furniture purchased Rs 20,000, paid for by cheque
- Rs 2000 cash drawn from ICICI Bank for business use
- Goods purchased for cash Rs 32,000
- Sold goods worth 4000 to XYZ subject to a trade discount of 20%
- Goods sold Rs 6000 on cash, and Rs 18000 on credit to ABC
- Furniture destroyed by fire
- Sales returns from ABC Rs 4500
- Claim for furniture filed with Insurance company, but they pay only Rs 12,000
- Z withdraws cash Rs 3,000 and goods worth Rs 1500 for personal use

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