Total No. of Questions : 5]

SEAT No. :

P1943

[Total No. of Pages : 4

[4770] - 1001

M. B. A (Semester - I)

101 : ACCOUNTING FOR BUSINESS DECISIONS

(2013 Pattern)

Time : 2:30 Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) ***All questions are compulsory.***
2) ***Each question has an internal option.***
3) ***Each question carries 10 marks.***
4) ***Figures to the right indicate marks for question/sub question.***
5) ***Answers to the questions should specific and to the point.***
6) ***Use of calculator is permitted (as applicable).***

Q1) Discuss the importance of concepts and conventions in preparation of final account?

OR

"Management accounting is the presentation of accounting information in such way as to assist the management in decision making". Comment.

Q2) How does financial statement of proprietary firm differs from limited company?

OR

Define financial statement analysis. Explain in what ways such an analysis may benefit managerial personnel, owner and creditors.

Q3) Classify the following items into :

a) Factory overheads

b) Administration overheads

c) Selling and distribution overheads and

P.T.O.

d) Items excluded from cost sheet with reasons;

Sr. No.	Particulars
1	Income tax paid
2	Interest on capital
3	Warehouse Expenses
4	Cost of Mailing Literature
5	Sales Manager's Salaries
6	Insurance of Showroom
7	Sales Director's Fees
8	Sales Office Expenses
9	Rent of Sales Office
10	Depreciation of Delivery Vans
11	Interest on loan
12	Donations
13	Wealth tax
14	Subscription to Trade Journals
15	Office Lightings
16	Establishment Charges
17	Directors Travelling Expenses
18	Consultants Fees
19	Contribution to Provident Fund
20	Postage
21	Discount on shares & Debentures
22	Commission to Partners
23	Overtime Wages
24	Fuel and Power
25	Rent and Taxes
26	Insurance
27	Factory Lightings
28	Supervision
29	Brokerage
30	Preliminary Expenses Written off.

OR

Q3) From the following information for the month of January, Prepare a cost sheet to show the following components:

a) Prime cost,

b) Factory Cost,

c) Cost of production and

d) Total cost.

Particulars	**Amt. Rs.**
Direct martial	57000
Direct wages	28500
Factory rent and rates	2500
Office rent and rates	500
Plant repairs and maintenance	1000
Plant depreciation	1250
Factory heating and lighting	400
Factory manager's salary	2000
Office salaries	1600
Director's remuneration	1500
Telephone and postage	200
Legal Charge	150
Printing and stationary	100
Advertisement	1500
Salesmen's salaries	2500
Showroom rent	500
Sales	116000

Q4) From the following information compute :

a) Mix variance, b) Price variance and

c) Usage variance

	Standard			Actual		
	Quantity (Kg.)	Unit Price (Rs.)	Total (Rs.)	Quantity (Kg.)	Unit Price (Rs.)	Total (Rs.)
Martial *A*	4	1.00	4.00	2	3.50	7.00
Martial *B*	2	2.00	4.00	1	2.00	2.00
Martial *C*	2	4.00	8.00	3	3.00	9.00
Total	8	–	16.00	6	–	18.00

OR

An umbrella manufacturer makes an average Profit of Rs. 2.50 per units on a selling price of Rs. 14.30 by producing and selling 60000 units at 60% of potential capacity.

His cost of sales per unit is as follows :

Direct materials	Rs. 3.50
Direct Wages	Rs. 1.25
Factory Overhead	Rs. 6.25 (50% Fixed)
Sales Overhead	Rs. 0.80 (25% Variable)

During the current year, he intends to produce the same number but estimates that his fixed cost would go up by 10% while the rates of direct wages and direct materials will increase by 8% and 6% respectively. However, the selling price cannot be changed.

Under this situation, he obtains an offer for a further 20% of his potential capacity.

What minimum price would you recommend for acceptance of the offer to ensure the manufacturer and overall profit of Rs. 167300/-?

Q5) The manager of Repairs and Maintained Department in response to a request, submitted the following budget estimates for his department that are to be used to construct a flexible budget to be used during the coming budget year:

Details of Cost	Planned at 6000 Direct repair hours	Planned 9000 direct repair hours
Employee salaries	30000	30000
Indirect repair materials	40200	60300
Miscellaneous cost, etc.	13200	16800

a) Prepare a flexible budget for the department up to activity level of 10000 repair hours (use increments of 1000 hours).

b) What would be the budget allowance at 8500 direct repair hours?

OR

Allied Manufacturing Company has given you the following information.

	Product 'A' Rs.	Product 'B' Rs.
Fixed overhead – Rs. 10000 p.a.		
Direct material per unit	20	25
Direct labour per unit	10	15
Variable overhead (100% of direct labour)		
Selling price per unit	60	100

You are required to present a statement showing the marginal cost of each product and recommend which of the following sales mixes should be adopted:

a) 900 units of '*A*' and 600 units of '*B*'

b) 1800 units of '*A*' only.

c) 1200 units of '*B*' only.

d) 1200 units of '*A*' and 400 units of '*B*'