

Total No. of Questions : 5]

SEAT No. :

P1717

[4970]-1001

[Total No. of Pages : 10

M.B.A.

101 - ACCOUNTING FOR BUSINESS DECISIONS

(2013 Revised Pattern) (Semester - I)

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *All questions carry equal marks.*
- 3) *Use of calculators (as applicable) is allowed.*

Q1) a) Explain in detail the role of Financial Accounting, Cost Accounting and Management Accounting in a business organisation.

OR

- b) Classify and analyse costs on the basis of following:
- i) Relevant costs
 - ii) Irrelevant costs
 - iii) Differential costs

Q2) a) What is the important objectives of Financial Statements? Elaborate the various concepts and conventions of financial statements.

OR

- b) Following is the Trial Balance of Sona and Mona. They share profit and losses in the proportion of 3:2. Prepare Trading, Profit and Loss A/c for the year ending 31/3/2015 and Balance sheet on that date:

Trial Balance

| Particulars | Dr. (Rs.) | Cr. (Rs.) |
|----------------------|-----------|-----------|
| Stock as on 1/4/2014 | 45,000 | |
| Purchases and Sales | 1,12,500 | 1,87,500 |
| Drawings: | | |
| Sona | 16,500 | |
| Mona | 15,000 | |
| Returns | 3,600 | 1,500 |

P.T.O.

| | | |
|------------------------------|----------|----------|
| Wages: | | |
| Productive | 5,250 | |
| Unproductive | 900 | |
| Salaries | 9,300 | |
| Rent, Rates and Insurance | 5,100 | |
| Bad debts | 600 | |
| Discount | 1,950 | 1,500 |
| Machinery | 22,500 | |
| Building | 54,300 | |
| Sundry Debtors and Creditors | 76,500 | 45,000 |
| Cash | 1,500 | |
| Capitals: | | |
| Sona | | 52,500 |
| Mona | | 67,500 |
| Bank overdraft | | 15,000 |
| | 3,70,500 | 3,70,500 |

Adjustments:

- i) On 31st March 2015 the stock was valued at Rs. 28,000.
- ii) Outstanding productive wages Rs. 300.
- iii) Rent, Rates and Insurance include Rs. 800 paid for one year ending 30th June 2015.
- iv) Provide for doubtful debts on debtors @5%.
- v) Depreciate Building @5% and Machinery @10%.
- vi) Goods worth Rs. 1,250 were distributed as free samples for which no record has been made in the books.

Q3) a) The following is the record of receipts and issues of certain material in the factory during the week of April 2015.

1/4/15 Opening stock 50 tonnes @ Rs. 10 per tonne.

Issued 30 tonnes.

2/4/15 Received 60 tonnes @ Rs. 10.20 per tonne.

3/4/15 Issued 25 tonnes (stock verification reveals loss of one tonne)

4/4/15 Received back 10 tonnes (previously issued at Rs. 9.15 per tonne)

5/4/15 Issued 40 tonnes.

6/4/15 Received 22 tonnes @ Rs. 10.30 per tonne.

7/4/15 Issued 38 tonnes

Use LIFO method and show at what prices you will issue the material.

OR

b) A Factory has three production and two service departments. The following figures have been extracted from the financial books.

| Particulars | Amt (Rs.) |
|--------------------------------|-----------|
| Supervision | 6,000 |
| Repairs of Plant & Machine | 3,000 |
| Rent | 8,000 |
| Light | 2,000 |
| Power | 3,000 |
| Employer's contribution to ESI | 600 |
| Canteen Expenses | 1,000 |

The following further details of production departments A, B and C and service departments D & E are furnished.

| Particulars | A | B | C | D | E |
|------------------------------|--------|-------|-------|-------|-------|
| Direct Wages (Rs.) | 4,000 | 3,000 | 2,000 | 2,000 | 1,000 |
| Area of Square Feet | 2,000 | 1,000 | 500 | 500 | 100 |
| No. of employees | 50 | 40 | 20 | 20 | 10 |
| Value of Machine (Rs.) | 10,000 | 5,000 | 3,000 | 3,000 | 1,000 |
| Ligh Point (Nos) | 80 | 60 | 30 | 30 | 20 |
| Horse Power of Machines (Hp) | 200 | 100 | 50 | 50 | 20 |

Q4) a) The statement given below gives the flexible budget at 60% capacity. Prepare a tabulated statement giving budget figures at 75% capacity and 90% capacity.

- i) Direct Material Rs. 1,60,000 (100% variable)
- ii) Direct labour Rs. 40,000 (80% variable)
- iii) Indirect material and spares Rs. 48,000 (100% Variable)
- iv) Depreciation Rs. 60,000 (100% Fixed)
- v) Indirect Labour Rs. 40,000 (40% Fixed)
- vi) Rent Rs. 12,000 (100% Fixed)
- vii) Electric Power Rs. 8,000 (40% Fixed)
- viii) Repairs and Maintenance Rs. 20,000 (40% Variable)
- ix) Insurance and Machinery Rs. 12,000 (100% Fixed).

OR

b) From the following calculate

- i) Material cost variance
- ii) Material usage variance
- iii) Material price variance separately for A and B.

| Material | Std. Qty. (kg) | Price (Rs.) | Actual Qty. (kg) | Price (Rs.) |
|----------|-------------------|----------------|---------------------|----------------|
| A | 20 | 8 | 22 | 4.75 |
| B | 25 | 10 | 28 | 8.50 |
| | 45 | | 40 | |

Q5) a) The following information is given:

- i) Fixed Cost Rs. 13,000.
- ii) Variable Cost Rs. 15,000.
- iii) Total Cost Rs. 28,000.
- iv) Net Profit Rs. 2,000
- v) Net Sales Rs. 30,000

Find out:

- 1) BEP.
- 2) Profit for Sales Volume Rs. 50,000.
- 3) The volume of sales to make a net profit of Rs. 10,000.

OR

b) Rahul and Sujatha have a unit each for manufacturing T.V. sets. Details are as under.

| | Rahul (Rs.) Lakhs | Sujatha (Rs.) Lakhs |
|----------------|-------------------|---------------------|
| Sales | 300 | 120 |
| Variable Costs | 220 | 90 |
| Fixed overhead | 40 | 20 |

Rahul's unit runs at 100% capacity and Sujatha at 60% capacity. They decide to merge the two units to form Kumar Bros. Calculate

- i) Post merge P/V ratio and BEP.
- ii) Profit of the merged firm at 75% capacity.



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(2015 Pattern) (Semester - I)

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Instructions to the candidates:

- 1) *All questions are compulsory.*
- 2) *Each question carries 10 marks.*
- 3) *Use of simple calculator is allowed.*

Q1) a) Define Management Accounting? Explain the relationship between Financial, Management & Cost accounting in detail?

OR

- b) Write short Notes on: (Any 2)
- i) Dual Aspect Concept.
 - ii) Accounting Period Concept.
 - iii) Convention of Conservatism.

Q2) a) What do you mean by Financial Statements? Give the format of Financial Statements of Sole proprietorship firm?

OR

- b) Give the disclosure requirements of following items of Balance Sheet as per Schedule VI of Companies Act, 1956.
- i) Miscellaneous Expenditure.
 - ii) Secured Loans & Unsecured Loans.

Q3) a) Write Notes On:

- i) Objectives of Cost Accounting.
- ii) Elements of Cost.

OR

- b) From the following information, prepare a Cost Sheet of Radiance Co. Ltd.

| | | |
|-----------------------------------|---------------|----------|
| Sales | | 7,80,000 |
| Purchases | | 4,83,375 |
| Salaries : Office | 40,350 | |
| Selling | <u>22,950</u> | 63,300 |
| Rent & Taxes: Office | 2,700 | |
| Selling | <u>1,350</u> | 4,050 |
| Consumable Stores | | 3,850 |
| Depreciation on Plant & Machinery | | 13,950 |
| Advertising | | 4,700 |
| Indirect Materials | | 2,350 |
| Travelling expenses | | 3,000 |
| Opening Stock of Raw Material | | 1,14,375 |
| Sundry Expenses: Office | 16,500 | |
| Selling | <u>8,250</u> | 24,750 |
| Closing Stock of Raw Material | | 1,47,750 |
| Dividend on Shares | | 13,500 |
| Preliminary Expenses | | 4,500 |
| Discount on issue of Shares | | 6,000 |

Q4) a) Following transactions have taken place in respect of a material during March, 2013.

Date:

- 1 Opening balance 500 units @ Rs. 6 per unit.
- 5 Purchased 100 units @ Rs. 7 per unit
- 7 Issued 400 units
- 9 Purchased 300 units @ Rs. 8 per unit.
- 19 Issued 250 units.
- 22 Issued 50 units.
- 25 Purchased 300 units @ Rs. 7.50 per unit.
- 30 Issued 250 units.

Prepare the stores Ledger account assuming that the issues are valued on weighted Average Basis.

OR

b) Superclass Co. Ltd. has 3 production departments X, Y and Z and two service departments A & B.

The following estimated figures for a certain period have been made available:

| | Rs. |
|---------------------------|--------|
| Rent & Rates | 10,000 |
| Lighting & Electricity | 1,200 |
| Indirect Wages | 3,000 |
| Power | 3,000 |
| Depreciation of Machinery | 20,000 |
| Other expenses | 20,000 |

The following further details are also available:

| | Total | X | Y | Z | A | B |
|-------------------------|----------|--------|--------|--------|-------|-------|
| Floor space (Sq. Mt) | 10,000 | 2,000 | 2,500 | 3,000 | 2,000 | 500 |
| Light Points (Nos.) | 120 | 20 | 30 | 40 | 20 | 10 |
| Direct Wages | 20,000 | 6,000 | 4,000 | 6,000 | 3,000 | 1,000 |
| Horse Power of Machines | 300 | 120 | 60 | 100 | 20 | - |
| Cost of Machinery | 1,00,000 | 24,000 | 32,000 | 40,000 | 2,000 | 2,000 |
| Working Hours | - | 4,670 | 3,020 | 3,050 | - | - |

You are required to prepare Primary distribution summary of overheads.

Q5) a) The Directors of Steel Manufacturing Co. gives the following information.

Sales - (1,00,000 units) - Rs. 1,00,000

Variable Costs - Rs. 40,000

Fixed Costs - Rs. 50,000

i) Find out P/V Ratio, Break Even Point & Margin of Safety.

ii) In case of 20% increase in Physical sales volume, calculate P/V Ratio, Break Even Point & Margin of Safety.

OR

b) Prepare a cash budget for the month of May, June & July, 2011 on the basis of the following information:

| Month | Credit Sales | Credit Purchases | Wages | Manufacturing Expenses | Office Expenses | Selling Expenses |
|--------|--------------|------------------|--------|------------------------|-----------------|------------------|
| March | 60,000 | 36,000 | 9,000 | 4,000 | 2,000 | 4,000 |
| April | 62,000 | 38,000 | 8,000 | 3,000 | 1,500 | 5,000 |
| May | 64,000 | 33,000 | 10,000 | 4,500 | 2,500 | 4,500 |
| June | 58,000 | 35,000 | 8,500 | 3,500 | 2,000 | 3,500 |
| July | 56,000 | 39,000 | 9,500 | 4,000 | 1,000 | 4,500 |
| August | 60,000 | 34,000 | 8,000 | 3,000 | 1,500 | 4,500 |

- i) Cash Balance on 1st May 2009, 8,000 Rs.
- ii) Plant costing Rs. 16,000 is due for delivery in July, payable 10% on delivery & the balance after 3 months.
- iii) Advance tax of Rs. 8,000 each is payable in March & June.
- iv) Period of credit allowed by Suppliers is 2 months & to customers is 1 month.
- v) Lag in Payment of Manufacturing expenses is ½ month.
- vi) Lag in payment of office & selling expenses - 1 month.

