

Total No. of Questions : 5]

SEAT No. :

P2366

[4670]-101

[Total No. of Pages : 4

M.B.A.

101 : ACCOUNTING FOR BUSINESS DECISIONS

(2013 Pattern) (Semester - I) (CBCS)

Time : 2½ 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 be specific and to the point.*
- 6) *Use of calculator is permitted (as applicable).*

Q1) a) “Management Accounting provides immense help in management decision making” Elaborate. **[10]**

OR

b) Explain the basic accounting concepts and conventions in financial accounting. **[10]**

Q2) a) How would you analyze the financial position of a company from the point of view of, **[10]**

- i) investor.
- ii) creditor; and
- iii) financial executive of the company.

OR

b) Briefly Explain the guidelines of Schedule VI of the companies Act, 1956 for the following items with regard to the general instructions for preparation of Balance Sheet. **[10]**

- i) Delivery Vehicle,
- ii) Accounts Payable,
- iii) Prepaid Insurance,
- iv) Income tax payable and
- v) Trademark.

P.T.O.

Q3) a) “Cost Accounting System is neither unnecessary nor expensive, rather it is profitable investment”. Comment. **[10]**

OR

- b) i) “A good system of costing serve as a means of control over expenditure and helps to secure economy in manufacture”. Discuss. **[5]**
- ii) Classify the following items into Factory Overheads, Administration Overheads and Selling & Distribution Overheads. **[5]**

Loose tools	Income Tax	Postage & Telegram
Rent, Rate & Taxes	Land & Building	Delivery Charges
Indirect Material	Packing Expenses	Director’s Fees
Warehouse Rent	Welfare Expenses	Overtime Wages
Advertising	General Expenses	Collection Charges
Property Tax on Building	Carriage Outward	Dividend paid
Labour Expenses	Bad debts	Unproductive Wages

Q4) a) B Co. Ltd. uses a periodic inventory system. It has maintained the following records of purchases and sales of an item: **[10]**

Jan. 1 Opening stock of Inventory 120 units @Rs. 18.00

Mar. 3 Purchases 30 units @ Rs,18.50

May 22 Sold 80 units

June 1 Purchases 60 units @Rs. 19.20

Aug. 8 Sold 80 units

Oct. 18 Purchases 40 units @Rs. 21.00

Oct. 24 Spoilage 20 units

You are required compute the cost of ending inventory and cost of goods sold using:

- i) Last in first out method and
ii) Weighted Average method.

OR

- b) The Modern Company is having four departments A, B & C are producing departments and D is servicing department. [10]

The actual costs for a period are as follows;

Rent	Rs. 2,000
Repairs	Rs. 1,200
Depreciation	Rs. 900
Supervision charges	Rs. 3,000
Lighting	Rs. 200
Insurance of Stock	Rs. 1,000
Employees liability insurance	Rs. 300
Power	Rs. 1,800

The following data is also available in respect of four departments:

Particulars	A	B	C	D
Area Sq. Ft.	150	110	90	50
No. of light points	15	11	9	3
No. of workers	24	16	12	8
Total Wages (Rs.)	8,000	6,000	4,000	2,000
Value of Plant (Rs.)	24,000	18,000	12,000	6,000
Value of Stock (Rs.)	15,000	9,000	6,000	---
H.P. of Machine	12	9	6	3

Apportion the costs of the various departments on the most equitable basis.

- Q5) a)** Himmatlal Co. Ltd., Pune provides the following information for the year 2014-15. [10]

Sales - 15,000 units

Fixed Cost Rs. 34,000

Sales Value Rs. 1,50,000

Variable Cost Rs. 6 per unit

You are required to calculate,

- i) P/V Ratio, BEP in Rs. and Margin of Safety.
- ii) Also calculate and comment on the effect of the following:
 - 1) Decrease of 10% in selling price.
 - 2) Increase of 10% in variable cost.

OR

- b) A newly started company wishes to prepare cash budget from January. Prepare a cash budget for the first six months from the following estimated revenue and expenses: [10]

Month	Total Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Production Overheads (Rs.)	Selling & Distribution Overheads (Rs.)
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,500	1,000
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

Cash balance on 1st January was Rs. 10,000. A new machinery is to be installed at Rs. 20,000 on credit, to be repaid by two equal installments in March & April.

Sales commission @5% on total sales is to be paid within a month following actual sales.

Rs. 10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtainable with the 2nd call.

Period of credit allowed by suppliers - 2 months.

Period of credit allowed by customers - 1 months

Delay in payment of wages $\frac{1}{2}$ month & overheads 1 month.

Assume cash sales to 50% of total sales.

