

Total No. of Questions : 5]

SEAT No. :

P3799

[5265]-101

[Total No. of Pages : 9

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) *Each question has an internal option.*
- 3) *Each question carries 10 marks.*
- 4) *Figures to the right indicate marks.*
- 5) *Use of simple calculator is allowed.*

Q1) a) Explain the classification of cost as per elementwise along with suitable example.

OR

b) Explain in brief the role of management accounting in global business.

Q2) a) From the following trial balance and additional information, prepare trading and profit and loss A/c for the year ended 31st March 2014 and a Balance Sheet as on that date:

Trial Balance as on 31st March 2014

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Cash in hand	2,400	Capital	2,00,000
Sales Return	200	Bills Payable	40,000
Purchases	2,40,000	Sundry Creditors	48,000
Opening stock	25,000	Sales	3,00,200
Sundry Debtors	1,10,000	Bad debts recovered	800
Plant & Machinery	1,20,000	Bank overdraft	2,500
Furniture	40,000	Outstanding Rent	2,000
Bills Receivable	30,000	Commission	4,000
Rent & Taxes (office)	4,000	Interest	1,500
Insurance	3,000	Interest Received in advance	1,000
Outstanding Commission	2,000		
Prepaid Insurance	1,500		
Wages	21,000		
Carriage Inward	900		
	6,00,000		6,00,000

P.T.O.

Additional Information.

- i) Closing stock on 31st March 2014 Rs. 1,25,000 .
- ii) Purchases include goods Rs. 5,000 withdrawn by proprietor for personal use.
- iii) Depreciation to be charged at 10% on plant & machinery.
- iv) Further bad debts of Rs. 5,000 to be written off.
- v) Reserve for discount on debtors & creditors to be created at 2%.

OR

- b) From the undernoted Trial balance of M/S xyz as on 31st March 2015, prepare a trading and profit & loss Account for the year ended 31st March 2015 and a Balance Sheet as on that date.

Trial Balance

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Cash in hand	1,200	Capital	80,000
Purchases	1,20,000	4% Bank loan	20,000
Opening stock	35,000	Bills Payable	22,000
Sundry Debtors	50,000	Sundry creditors	24,000
Plant & Machinery	60,000	Sales	2,00,000
Furniture	15,000	Bad debts reserve	1,200
Bills Receivable	20,000		
Rent & Taxes	10,000		
Wages	16,000		
Salaries	20,000		
	3,47,200		3,47,200

Additional information:

- i) Closing Stock Rs. 40,000
- ii) Provide outstanding liabilities: Rent & Taxes-Rs. 2,000, Wages-Rs. 3,000, Salaries - Rs. 4,000.
- iii) Depreciation on plant & machinery at 5%, on furniture at 10%.
- iv) Write off Rs. 500 as bad debts.
- v) Create bad debts reserve at 2.5% on sundry debtors.

- Q3) a) Prepare the cost sheet to show the total cost incurred to manufacture product X by m/s ABC ltd. for the month of July 2016.

Particulars	Amount (Rs.)
Stock of Raw Materials on 1-7-2016	3,000
Raw Material Purchased	28,000
Stock of Raw materials on 31-7-2016	4,500
Wages (Direct)	7,000
Depreciation on plant	1,500
Factory Rent & Rates	3,000
Office Rent	500
General expenses	400
Discount on sales	300
Advertisement	600
Income tax paid	2,000

The number of units produced during July 2016, was 3,000.

The stock of finished goods on 1-7-2016 was Rs. 2,800

The stock of finished goods on 31-7-2016 was Rs. 5,184

OR

- b) The stock on January, 2016 was 5,000 Nos. valued at 1.10 each. The following purchases & issues subsequently made. Prepare stores ledger A/c showing how the value of the issues would be recorded under LIFO method and what value would you place on stock as on 31st January 2016.

<u>Date</u>	<u>Qty.</u>	<u>Particulars</u>
<u>2016</u>		
Jan. 5	1,000	Purchased at Rs. 1.20 each
Jan. 11	2,000	Issued
Jan. 13	1,500	Purchased at Rs. 1.30 each
Jan. 18	2,400	Issued
Jan. 20	1,000	Issued
Jan. 24	1,000	Purchased at Rs. 1.40 each
Jan. 27	1,500	Purchased at Rs. 1.30 each
Jan. 28	2,000	Issued

- Q4) a) i)** Write note on “Flexible Budget”.
- ii) From the following information calculate
- 1) Material price variance.
 - 2) Material usage variance.
 - 3) Material Mix variance.

Material	Standard	Actual
A	90 units @ Rs. 12	100 units @ Rs. 12
B	60 units @ Rs. 15	50 units @ Rs. 16

OR

- b) i) Explain standard costing in brief. Discuss the use of standard costing in cost control.
- ii) For production of 10,000 electrical Irons the following are budgeted expenses:

<u>Particulars</u>	<u>Per unit (Rs.)</u>
Direct materials	60
Direct labour	30
Variable overheads (Production)	25
Fixed overheads (Rs. 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	15
Administrative expenses (Rs. 50,000 fixed for all levels of production)	5
Distribution expenses (20% fixed)	5
Total cost of sales per unit	<u>160</u>

Prepare a flexible budget for production of 6,000 & 7,000 Irons showing distinctly total cost.

- Q5) a) i)** Explain Break even point in detail.
- ii) M/s. R. Ltd. has prepared the following budget estimates for the year 2016.

Sales units	15,000
Fixed cost	Rs. 34,000
Sales value	Rs. 1,50,000
Variable cost	Rs. 6 per unit

You are required to find out

- 1) P/V Ratio.
- 2) Break even point
- 3) Margin of safety

OR

- b) i) Explain the use of marginal costing in optimizing product mix.
- ii) From the following particulars, calculate the sales required to earn a profit of Rs. 1,20,000.

Sales	Rs. 6,00,000
Variable costs	Rs. 3,75,000
Fixed costs	Rs. 1,80,000

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- 1) *All questions are compulsory.*
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Q1) a) What is meant by Management Accounting? Explain the role of Management Accounting in today's business context.

OR

b) Explain the Accounting concepts with suitable example (any five).

Q2) a) Define financial statements. Explain the objectives and importance of financial statements.

OR

b) Explain the following financial statements in detail (any two).

- i) Balance sheet.
- ii) Income statement.
- iii) Cash flow statement.

Q3) a) From the following information, prepare the cost sheet of M/s xyz Ltd. for the month of January 2015.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Stock of Raw material on 1/1/2015	50,000	Factory Rent, Rates & Taxes	30,000
Stock of Raw Material on 31/1/2015	45,000	Bad debts	5,000
Raw material purchased	3,00,000	General expenses	10,000
Office Rent, Rates & Taxes	15,000	Advertisement	6,000
Wages	80,000	Depreciation on plant	20,000
Income tax paid	15,000	Sales	6,00,000

OR

- b) Classify the following items into:
- i) Factory overhead.
 - ii) Administration overhead.
 - iii) Selling & distribution overhead.
 - iv) Items excluded from cost sheet.

Sr. No.	Particulars	Sr. No.	Particulars
1	Indirect material	11	Office Rent
2	Audit fees	12	Postage & Telegram
3	Salaries	13	Printing & stationery
4	Bad debts	14	Travelling expenses
5	Carriage outward	15	Warehouse expenses
6	Donations	16	Delivery van charges
7	Power & fuel	17	Factory lighting
8	Interest on capital	18	Office furniture
9	Advertisement	19	Drawing office expenses
10	Repairs & maintenance of machinery	20	Depreciation on plant

- Q4)** a) From the following information of M/s ABC Ltd. for the month of August 2015. Prepare a store ledger account by adopting FIFO method of pricing of issues of material.

Date	Particulars	Qty.	Rate
1	Opening balance	200	6
2	Purchases	300	5
4	Issues	250	
5	Purchases	200	6
10	Issues	150	
18	Issues	200	
21	Purchases	200	4
26	Issues	250	
28	Purchases	250	5
31	Return to vendor, purchased on 28/1/2015	20	

OR

- b) M. Machines Ltd. have three production departments (A, B & C) and two service departments (D & E). From the following figure extracted from the records of the company, show the distribution of overheads.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Indirect materials	15,000	Rent, Rates & Taxes	10,000
Indirect wages	10,000	Electric power for machinery	15,000
Depreciation on machinery	25,000	Electric power for lighting	5,000
Depreciation on Building	5,000	General expenses	15,000

Items	Total	A	B	C	D	E
Direct materials (Rs.)	60,000	20,000	10,000	19,000	6,000	5,000
Direct wages (Rs.)	40,000	15,000	15,000	4,000	2,000	4,000
Value of machinery (Rs.)	2,50,000	60,000	1,00,000	40,000	25,000	25,000
Floor Area (sq. ft.)	50,000	15,000	10,000	10,000	5,000	10,000
Horse power of machines	150	50	60	30	5	5
No. of light points	50	15	10	10	5	10
Labour Hours	15,000	5,000	5,000	2,000	1,000	2,000

- Q5) a) Draw up a flexible budget for overhead expenses on the basis of the following data at 70%, 80% and 90% plant capacity.

Particulars	Capacity level 80 % Rs.
Variable overheads	
Indirect labour	12,000
Stores including spares	4,000
Semi variable overheads	
Power (30% fixed, 70% variable)	20,000
Repairs & maintenance (60% fixed, 40% variable)	2,000
Fixed overheads	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total overheads	62,000

OR

b) M/s LML Ltd. have furnished the following information.

Selling price Rs. 8/- per unit

Variable cost Rs. 5/- per unit

Fixed cost Rs. 45,000

Sales 25,000 units

Calculate :

- i) Contribution.
- ii) P/V Ratio.
- iii) BEP in units
- iv) BEP in sales
- v) Margin of safety in units

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