

Total No. of Questions :5]

SEAT No. :

P2263

[5465]-101

[Total No. of Pages : 9

M.B.A. - I

101 : ACCOUNTING FOR BUSINESS DECISIONS

(Revised) (2013 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 simple calculator is allowed.*

Q1) a) Explain along with examples classification of costs according to Functions and variability. **[10]**

OR

b) Distinguish between Financial Accounting and cost Accounting. **[10]**

Q2) From the following trail Balance of Mrs. Abhilasha who is sole proprietor prepare trading and profit and Loss Account for the year ended 31st Mar. 2017 and Balance Sheet as on the same date. **[10]**

Trail Balance

Particulars (Dr.)	Amt.	Particulars (Cr.)	Amt.
Cash in hand	6,000	Bank Loan	20,000
Sundry Debtors	23,300	Sundry Creditors	15,000
Bills Receivables	10,000	Sales	65,800
Opening Stock	16,000	Purchase Returns	3,700
Purchases	37,900	Bills Payable	8,000
Sales Returns	800	Discount Received	2,500
Salaries	11,000	Capital	55,000
Wages	2,000		
Advertisement	3,200		
Discount allowed	1,000		
Machinery	40,000		
Carriage Inward	2,500		
Insurance	1,800		
Drawings	2,500		
Octroi Duty	800		
Furniture	8,000		
Office Rent	3,200		
	1,70,000		1,70,000

P.T.O.

Adjustments

- i) Closing Stock of goods on 31st March 2017 was valued at Rs. 21,000/-
- ii) Depreciate Furniture by 5% and Machinery by 10% P.a.
- iii) Outstanding salary is Rs. 1,000/- and wages Rs. 500/-
- iv) Insurance prepaid Rs. 300/-.

OR

From the following Trail Balance of Mr. Omega who is sole proprietor prepare Trading and Profit and loss Account for the year ended 31st March 2017 and the Balancesheet as on the same date. [10]

Trail Balance			
Particulars (Dr.)	Rs.	Particulars (Cr.)	Rs.
Bills Receivables	3,000	Capital	45,000
Sundry Debtors	15,000	Sales	1,40,000
Drawings	6,000	Creditors	15,000
Salaries	7,500	Bills Payable	2,000
Wages	4,600	Reserve for Doubtful Debts	400
Purchases	92,700	Dividend Received	2,400
Opening Stock	11,500	Purchase Returns	200
Postage and Telegram	2,200		
Insurance	2,400		
Printing and Stationery	3,600		
Carriage Inward	900		
Furniture	9,500		
Loose Tools	7,000		
Plant and Machinery	15,000		
Investment	10,000		
Office Rent (Paid For 10 Months)	6,000		
Cash in hand	8,100		
	2,05,000		2,05,000

Adjustments:-

- i) Closing stock was valued at Rs. 24,500 while its market price is Rs. 25,400/-
- ii) Depreciate plant and Machinery by 10% p.a. and loose tools were depreciated by Rs. 350/-
- iii) Insurance is prepaid Rs. 1,200/-
- iv) Create reserve for doubtful debts at 5% on sundry Debtors.
- v) Office Rent as mentioned above is paid only for 10 months.

Q3) M.M. Ltd has 3 production Departments, namely A, B and C and 2 Service Departments, namely D and E. Following figures are extracted from the records of the Said company. [10]

Particulars	Rs.
Indirect Material	15,000
Indirect wages	10,000
Depreciation on Machinery	25,000
Depreciation on Building	5,000
Rent	10,000
Electric Power of Machinery	15,000
Electric Power of Lighting	500
General Expenses in relation to Labour hours	15,000

Other Information.

Particulars	A	B	C	D	E
	Rs.	Rs.	Rs.	Rs.	Rs.
Direct Material	20,000	10,000	19,000	6,000	5,000
Direct Wages	15,000	15,000	4,000	2,000	4,000
Value of Machine	60,000	1,00,000	40,000	25,000	25,000
Floor Area (in Sq.Ft)	15,000	10,000	10,000	5,000	10,000
H.P. of Machines	50	60	30	5	5
No. of Light Points	15	10	10	5	10
Labour Hours	5,000	5,000	2,000	1,000	2,000

Prepare a statement showing allocation and apportionment of overheads.

OR

Write up a stores ledger of XYZ Ltd. as per LIFO Method. Following are the details of various transactions. [10]

Sr.No	Date	Particulars	Quantity	Rate P.U. (Rs.)
1	2.4.17	Purchased Units	40,000	Rs. 4 P.U.
2	20.4.17	Purchased Units	5,000	Rs. 5 P.U.
3	5.5.17	Issued Units to Production	20,000	-----
4	10.5.17	Purchased Units	60,000	Rs. 6 P.U.
5	12.5.17	Issued Units to Production	40,000	-----
6	2.6.17	Issued Units to production	10,000	-----
7	15.6.17	Issued Units to production	10,000	-----
8	16.6.17	Purchased Units	45,000	Rs. 5.50 P.U.
9	20.6.17	Issued Units to production	30,000	-----

- Q4)** a) What are the advantages of Preparation of Budget? [5]
 b) The following data are available in a particular manufacturing company for yearly period. [5]

Sr. No.	Particulars	Amt (Rs. in lacs)
1)	Fixed Expenses	
	a) Wages and Salaries	9.50
	b) Rent	6.60
	c) Depreciation	7.40
	d) Sundry Admin expenses	6.50
2)	Semivariable expenses (at 50% capacity)	
	a) Repairs and Maintenance	3.50
	b) Indirect Labour	7.90
	c) Sales department's salary	3.80
	d) Sundry administrative salaries	2.80
3)	Variable expenses (at 50% Capacity)	
	a) Direct Material	21.70
	b) Direct labour	20.40
	c) Other expenses	7.90
		Total cost 98.00

Prepare a Flexible Budget at 60% and 75% capacity considering Following information.

- Assume that Fixed expenses remain constant for all levels of production.
- The semi variable expenses will remain constant in between 45% and 65% capacity and these expenses will increase by 10% in between 65% and 80% capacity.
- Sales at various levels are

Sales in capacity	Rs in lacs
60% capacity	120
75% capacity	150

You are also required to Findout profit at 60% and 75% capacity.

OR

- Write a short note on Labour variances. [5]
- Findout Material Price and Material usage variance from the following.[5]

Particulars	Standard			Actual		
	Qty (kg.)	Pric (Rs.)	Value (Rs.)	Qty (kg.)	Price (Rs.)	Value (Rs.)
Material A	220	4	880	200	4.50	900
Material B	80	5	400	100	4.80	480
	300		1280	300		1380

Q5) a) Write a short note on Break even point. [5]

b) The sales turnover and profits during two years were as follows [5]

year	Sales (Rs.)	Profit (Rs.)
2016	1,40,000	15,000
2017	1,60,000	20,000

Calculate i) P/V Ratio

ii) Break even Point in (Rs.)

iii) Sales to earn profit of Rs. 40,000

OR

a) Write a short note on C.V.P. analysis. [5]

b) From the following details of XYZ Ltd. Calculate P/v Ratio, BEP and Margin of safety. [5]

i) Sales = 15,000 units

ii) Fixed expenses = Rs. 34,000

iii) Total sales value = Rs. 1,50,000

iv) Variable cost = Rs. 6 per unit.



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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) Write short notes on (any two) [10]**
- i) Management Accounting.
 - ii) Accounting conventions.
 - iii) Concepts of financial Accounting.

OR

- b) “ Management Accounting is concerned with accounting information which is useful to management” Explain this statement. [10]

- Q2) a) Explain various financial statements of proprietary organisations. [10]**

OR

- b) Discuss the nature & objectives of financial statements. [10]

- Q3) a) Define cost Accounting & state the advantages of cost Accounting.[10]**

OR

- b) Prepare a cost sheet from the following information. [10]

Particulars	Amount.
Cost of Direct material	2,00,000
Sales	4,00,000
Direct wages	1,00,000
Office materials.	5,000
Cost of special patterns	40,000
Postage & telegrams	2,000
Factory rent & Insurance	5,000

Outstanding chargeable Expenses.	2,000
Carriage outward	2,500
Printing & stationary	500
Interest on loan	2,150
Factory indirect wages	3,000
Selling on cost	4,000
Travelling salesman salary	4,000
Factory indirect material	1,000
Royalties	8,000
General works overheads	2,000
Bad debts written off	1,000

- Q4) a)** The stock in hand of a material as on 1.1.18 was. 500 units. @ Rs. 10 per unit. From the following transactions of purchase and issues of a company, prepare a stores ledger A/c for the period 1.1.18 to 31/3/18 under FIFO method. **[10]**

Purchases

Date	No. of Units	Rate per unit.
6th Jan	100	11
20th Jan	700	12
27th Jan	400	13
13th Feb	1,000	14
20th Feb	500	15
17th Mar	400	16

Issues

Date	No. of Units
9th Jan.	500
22nd Jan	500
30th Jan	500
15th Feb	500
22nd Feb	500
11th Mar	500
30th Mar. (Missing)	20

OR
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- b) Blue star ltd. is a manufacturing company having three production Departments A, B, & C and two service departments X & Y. The following is the budget for Dec. 2017. [10]

	Total Rs.	A Rs.	B Rs.	C Rs.	X Rs.	Y Rs.
Direct material		1000	2000	4000	2000	1000
Direct wages		5000	2000	8000	1000	2000
Factory Rent	4000					
Power	2500					
Depreciation	1000					
Other overheads	9000					
<u>Additional information :-</u>						
Area (Sq.Ft)		500	250	500	250	500
Capital value of assets (Rs is lacs)		20	40	20	20	10
Machine hours		1000	2000	4000	1000	1000
Horse power of machines		50	80	80	15	25

A technical assessment of the apportionment of expenses of service departments is as under.

		A %	B %	C %	X %	Y %
Service Departments	X	45	15	30	-	10
	Y	60	35	-	5	-

You are required to prepare.

- i) A statement showing distribution of overheads to various departments.
- ii) Statement showing redistribution of service department expenses to production departments.

Q5) a) M/s Allied gives following details in respect of a unit of a particular product. [10]

<u>Particulars</u>	<u>Rs.</u>
Selling Price	200
Direct material	50
Direct labour	40
Variable Expenses	30

Number of units produced and sold in a month of August 2017 are 1000.
Fixed overheads in a month are Rs. 30,000.

You are required to calculate for August 2017.

- P/v Ratio
- Break even point (in units)
- Margin of safety (in units)

OR

b) S & T company proposes to manufacture mostly for stock during the period July to September. From the following data, prepare a cash budget indicating the extent of overdraft facilities the company will require from the bank at the end of each month. [10]

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
May	1,80,000	1,24,800	12,000
June	1,92,000	1,44,000	14,000
July	1,08,000	2,43,000	11,000
August	1,74,000	2,46,000	10,000
September	1,26,000	2,68,000	15,000

- 50% of credit sales are realised in the month following the sales and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase.
- Cash at Bank (estimated) on 1st July Rs. 25,000/-

