

Total No. of Questions : 5]

SEAT No. :

P1421

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[Total No. of Pages : 7

M.B.A. - I

101 : ACCOUNTING FOR BUSINESS DECISIONS

(Semester - I) (2016 Pattern)

Time : 2.15 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/subquestion.*
- 5) *Use of simple calculator is permitted.*

Q1) Explain any five concepts used in Financial Accounting. [10]

OR

What do you mean by 'Business Decisions' and explain briefly importance of Business Decisions. [10]

Q2) Following is the Trial Balance of Mr. Sam's proprietary firm. Prepare Trading and Profit & Loss Account and Balance sheet as on 31st March 2017.

Dr.

Cr.

Particulars	(Rs.)	Particulars	(Rs.)
Plant & Machinery	78,000	Capital	2,00,000
Furniture	28,000	Sales	1,47,000
Purchases	60,000	Purchase Returns	750
Sales Returns	3,000	Discount	800
Opening stock	30,000	Provision for Bad debts	525
Discount	425	Creditors	30,100
Debtors	1,45,000		
Salaries	7,550		
Wages	10,000		
Office Expenses	1,200		
Rent	2,000		
Advertisement Expenses	2,000		
Cash	12,000		
Total	3,79,175	Total	3,79,175

P.T.O.

Adjustments:

- i) Closing stock was valued at Rs. 54,220.
- ii) Provision for bad debts is to be made on debtors at Rs. 500.
- iii) Allow interest on capital at 5% p.a.
- iv) Depreciate plant and Machinery at 10% p.a.
- v) Mr. Sam, a proprietary has taken goods worth Rs. 5,000 for personal use.
- vi) Goods worth Rs. 10,000 were distributed as free samples. [10]

OR

From the following Trial Balance extracted from the books of Shri Sai, Prepare Trading and Profit & Loss Account for the year ended 31st March 2017 and Balance sheet as on the same date

Particulars	Dr. (Rs.)	Cr. (Rs.)
Sundry Creditors		46,000
Rent	1,200	
Cash at Bank	3,000	
Cash in hand	1,400	
Opening stock	16,000	
Bad debts	1,000	
Discounts	400	1,000
Purchases and sales	1,10,000	1,68,000
Carriage outward	3,600	
Plant and Machinery	20,000	
Sales Returns	8,000	
Purchase Returns		4,000

Particulars	Dr. (Rs.)	Cr. (Rs.)
Carriage Inward	1,000	
Furniture and fixtures	12,000	
Insurance and office Expenses	3,000	
Salaries	6,000	
Bills Receivables	12,000	
Drawings	12,000	
Wages	12,000	
Provision for Doubtful Debts		2,000
Capital		50,000
Sundry Debtors	40,000	
Commission	8,400	
	2,71,000	2,71,000

Adjustments:

- i) Depreciate plant and Machinery at 10% and fixtures & Furniture at 5%.
- ii) Insurance prepaid Rs. 200.
- iii) Outstanding salary Rs. 1,000 and outstanding Rent Rs. 200.
- iv) Maintain R.D.D. at 6% on Debtors.
- v) Closing stock Rs. 20,000.

[10]

Q3) a) Explain in brief classification of costs as per variability.

[5]

b) From the following information prepare cost sheet.

Particulars	Rs.
Direct material consumed	1,39,000
Direct wages	55,500
Factory overheads	29,200
Administrative overheads	34,875
Opening stock of WIP	5,000
Closing stock of WIP	4,000
Opening stock of Finished Goods	7,500
Closing stock of Finished Goods	5,700
Selling and Distribution overheads	30,150
Sales	3,75,000

Find out :

- i) Prime cost
- ii) Works cost
- iii) Cost of production
- iv) Cost of Goods sold
- v) Profit

[5]

OR

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- a) What are the objectives of Cost Accounting. [5]
 b) From the following information prepare cost sheet.

Particulars	Rs.
Opening stock of Raw Material	1,14,300
Closing stock of Raw Material	1,32,900
Purchases of Raw Material	6,32,000
Productive wages	2,30,000
Factory overheads	1,10,500
Administrative overheads	46,000
Opening stock of Finished Goods	44,000
Closing stock of Finished Goods	56,000
Selling and distribution overheads	34,000
Sales	15,30,000

Find out

- i) Prime cost
 ii) Works cost
 iii) Cost of production
 iv) Cost of Goods sold
 v) Profit

[5]

Q4) From the following information of S.P. Ltd, write up a stores ledger as per FIFO method for the month of January 2017 and ascertain the value of closing stock.

Particulars	Date	Quantity	Rate P.U. (Rs.)
Purchases	4 th January	300	2.70
Issues	5 th January	250	-
Issues	8 th January	200	-
Purchases	9 th January	200	2.90
Purchases	20 th January	300	3.00
Issues	25 th January	150	-
Purchases	27 th January	100	3.30
Issues	28 th January	100	-

Other information:

- a) On 1st January, there was an opening balance of 300 units at Rs. 2.50 P.U.
 b) On 30th January, a shortage of 10 units was found at the time of stock verification. [10]

OR

The Sunrise Ltd. has three production departments A, B and C and two Service departments D and E. You are required to prepare statement showing apportionment of overheads.

Following is the Summary of overheads.

Particulars	Rs.
Rent and Rates	5,000
General Lighting	600
Indirect wages	1,500
Power	1,500
Depreciation of Machinery	10,000
Supervision	3,000
Canteen Expenses	7,000

The following other details are available.

Particulars	Production Dept.			Service Dept.	
	A	B	C	D	E
Floor Space (sq. ft)	2000	2500	3000	2000	500
Light points	10	15	20	10	5
Direct wages (Rs.)	3000	2000	3000	1500	500
H.P. of Machines	60	30	40	10	10
Value of Machinery (Rs.)	60,000	80,000	1,00,000	5,000	5,000
No. of workers	20	10	10	5	5

[10]

Q5) The expenses for budgeted production of 10,000 units in a factory are given below

Particulars	Per Unit (Rs.)
Direct Material	70.00
Direct Labour	25.00
Direct variable Expenses	5.00
Variable Factory overheads	20.00
Fixed factory overheads (Total Rs. 1,00,000)	10.00
Selling overheads (10% fixed)	13.00
Distribution overheads (20% fixed)	7.00
Administration overheads (Total Rs. 50,000)	5.00
Total Cost P.U.	155.00

Prepare a Flexible Budget of 6,000 units and 8,000 units. Assume that administration expenses are rigid for all the levels of production. [10]

OR

Following information about material is extracted from a manufacturing company.

a) Standard Mix for 100 units is as under:

Material 'A' = 110 kg @ Rs. 4.50 per kg

Material 'B' = 90 kg @ Rs. 5.40 per kg

b) Actual Mix for 450 units is as under:

Material 'A' = 500 kg @ Rs. 5.00 per kg

Material 'B' = 400 kg @ Rs. 5.50 per kg

Calculate :

- i) Material cost variance
- ii) Material price variance
- iii) Material Mix variance
- iv) Material Usage variance

[10]
