

Total No. of Questions : 5]

SEAT No. :

**P4719**

**[5659]-1001**

[Total No. of Pages : 8

**M.B.A. - I**

**101 : ACCOUNTING FOR BUSINESS DECISIONS  
(2016 Pattern) (Semester - I)**

*Time : 2¼ 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 questions/sub questions.*
- 5) *Use of simple calculator is permitted.*

**Q1)** Explain GAAP. Explain any three accounting concepts and two accounting conventions with suitable examples. **[10]**

OR

“Management Accounting is a midway between financial accounting and cost accounting.” Explain. **[10]**

**Q2)** The following trial balance was extracted from the books of Mr. Mukund as on 31<sup>st</sup> March 2019. Prepare Final Accounts after taking into consideration the adjustments given below. **[10]**

Particulars	Dr.	Cr.
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	
Discount	400	1,000
Purchases and sales	1,10,000	1,68,000

**P.T.O.**

Carriage on sales	3,600	
Plant & machinery	20,000	
Sales return	8,000	
Purchase returns		4,000
Carriage on purchases	1,000	
Furniture & fixtures	12,000	
Insurance & office expenses	3,000	
Salaries	6,000	
Bills receivable	12,000	
Drawings	12,000	
Wages	12,000	
Provision for doubtful debts		2,000
Capital		50,000
Sundry debtors	40,000	
Commission	8,400	
Total	2,71,000	2,71,000

Additional information:

- Closing stock was valued at Rs. 20,000
- Insurance prepaid Rs. 200
- Depreciate machinery @ 10% p.a. and furniture & fixtures @ 5% p.a.
- Provision for bad debts is to be kept at of 6% on Debtors.
- Outstanding salary Rs. 1,000 and outstanding rent Rs. 200

OR

The following trial balance was extracted from the books of M/s Laxmi Traders as on 31.12.2018. Prepare trading and P & L a/c and balance sheet. [10]

Particulars	Debit Rs.	Credit Rs.
Factory Rent	4,000	
Bills Receivable	5,300	
Bills Payable		4,200
Insurance	1,200	
Furniture	10,000	
Machinery	28,000	
Office rent	2,000	
Manufacturing wages	21,500	
Provision for doubtful debts		1,000
Manufacturing expenses	2,500	
General expenses	4,400	
Capital		60,000
Drawings	7,200	
Stock on 1 <sup>st</sup> January	20,500	
Purchases	68,000	
Carriage inward	1,500	
Sales		1,40,500
Sundry debtors	23,500	
Sundry creditors		14,300
Cash in hand	500	
Cash at bank	2,200	
Carriage outwards	1,700	
Salaries	16,000	
	2,20,000	2,20,000

Adjustments:

- Stock on 31<sup>st</sup> December 2018 was valued at cost Rs. 27,000.
- Unexpired insurance Rs. 300
- Depreciate Machinery at 5% and Furniture at 10%
- Write off bad debts Rs. 500 and maintain reserve for Bad and doubtful debts @ 5% on sundry debtors.
- On 2<sup>nd</sup> December 2018, a fire broke out and destroyed the stock of the value of Rs. 11,000 and the insurance company has admitted the claim to the extent of Rs. 5,000.

- Q3) a)** Explain in brief classification of cost on the basis of elements of cost. [5]
- b)** From the following information Calculate Material consumed, Prime Cost, Works Cost, Cost of Production and Total cost. [5]

Particulars	Amount
Stock of finished goods on 1 <sup>st</sup> January 2019	16,720
Bad debts written off	910
Purchase of raw material	25,900
Travelers' salary and commission	1,078
Depreciation on office furniture	42
Rent, rates, taxes (factory)	1,190
Productive wages	17,640
Director's fees	840
General expenses	476
Gas and water (factory)	168
Travelling expenses	294
Sales	70,000
Manager's salary (2/3 factory, 1/3 office)	1,500
Depreciation on plant & machinery	1,820
Discount allowed	406
Repairs to plant & machinery	623
Carriage outward	602
Direct expenses	1,001
Rent, rates, taxes (office)	280
Gas and water (office)	56
Stock of material as on 31 <sup>st</sup> January 2019	8,792

OR

- a) Explain various Cost Accounting objectives. [5]
- b) From the following cost records of Reliance India Ltd. prepare cost sheet and show Prime Cost, Factory Cost, Cost of Production, Cost of Sales and Profit [5]

Particulars	Amount
Stock of Raw Material on 1 <sup>st</sup> April 2019	40,000
Stock of Raw Material on 30 <sup>th</sup> April 2019	50,000
Direct wages	3,00,000
Indirect labour	50,000
Lubricants	10,000
Insurance on plant	3,000
Sales commission	60,000
Work in progress on 1 <sup>st</sup> April	10,000
Work in progress on 30 <sup>th</sup> April	14,000
Purchases of raw material	4,00,000
Administration expenses	1,00,000
Power	30,000
Salesman's salary	1,00,000
Dep. of Plant & Machinery	50,000
Factory rent	60,000
Carriage outward	20,000
Property taxes on factory building	11,000
Opening stock of finished goods	1,00,000
Closing stock of finished goods	1,50,000
Sales	12,00,000

**Q4)** The following transactions occur in the purchase and issue of a material: [10]

- January 19 Purchase 100 Units @ Rs. 5 Each  
 February 4 Purchase 25 Units @ Rs. 5.25 Each  
 February 12 Purchase 50 Units @ Rs. 5.50 Each  
 February 14 Issued 80 Units  
 March 16 Purchase 50 Units @ Rs. 5.50 Each  
 March 20 Issued 80 Units  
 March 27 Purchase 50 Units @ Rs. 5.75 Each

Complete the stock account showing the balance on March 31<sup>st</sup>, if no other transaction had happened after March 27<sup>th</sup>. State clearly your method of pricing the issues, why this method has been adopted and the price and value of closing stock.

OR

The following data were obtained from the books of Light Engineering Company for the half year ended 30<sup>th</sup> September 2018.

Particulars	Production Department			Service Department	
	A	B	C	X	Y
Direct wages	Rs. 7,000	6,000	5,000	1,000	1,000
Direct materials	Rs. 3,000	2,500	2,000	1,500	1,000
Employees	Nos. 200	150	150	50	50
Electricity	KWH 8,000	6,000	6,000	2,000	3,000
Light points	Nos. 10	15	15	5	5
Asset values	Rs. 50,000	30,000	20,000	10,000	10,000
Area occupied	Sq. meters 800	600	600	200	200

The expenses for six months are:

Stores overheads Rs. 400	Depreciation Rs. 6,000
Motive power Rs. 1,500	Repairs & Maintenance Rs. 1,200
Electric lights Rs. 200	General Overheads Rs. 10,000
Labour Welfare Rs. 3,000	Rent and taxes Rs. 600

Prepare Primary Overhead distribution summary for the departments showing clearly the basis of apportionment.

Q5) The sales turnover and profit during two years are as follows:

[10]

Year Ended	Sales	Total cost
March 2018	32,20,000	29,80,000
March 2019	34,50,000	31,40,000

You are required to calculate:

- P/V ratio
- Fixed cost
- Breakeven point
- Fixed cost % to sales
- Margin of safety for both the periods

OR

The expenses for the budgeted production of 10000 units in a factory are furnished below:

Particulars	Per Unit (Rs.)
Materials	70
Labour	25
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Variable overheads (Direct)	5
Selling overheads (10% fixed)	43
Distribution expenses (20% fixed)	7
Administration expenses (Rs. 50,000)	5
Total cost per unit	155

Prepare a budget for production of 8000 units and 6000 units and also calculate cost per unit at both the levels. Assume that administrative expenses are fixed for all levels of production.

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