

MBA 1st Semester Examination, 2023

MBA

(Accounting for Managerial Decisions)

PAPER – MBA-104

Full Marks : 80

Time : 3 hours

The figures in the right hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

GROUP—A

Answer any **eight** questions : 5 × 8

1. What do you mean by the term 'Accounting' ?
Distinguish between accounting and
booking. 1 + 4

2. Classify the following under the three types of accounts (Real, Nominal or Personal) :

- (a) Drawings
- (b) Cash in hand
- (c) Capital
- (d) Machinery
- (e) Bank Overdraft
- (f) Depreciation
- (g) Wages
- (h) Building
- (i) Bad debt
- (j) Carriage inward

3. The following transactions relate to a business concern of Anjali & Co. for the month of March 2023. Journalize the following transactions in the books of Anjali & Co :

March		Rs.
2	Commenced business with Cash	2,50,000
4	Purchased furniture for cash	20,000
6	Cash purchase	14,500
9	Rent for two years paid in advance	2,400
15	Drawings by the proprietor for household expenses	400
19	Cash sales	50,000
29	Cash withdrawn from Bank	2,700

4. From the following information, you are required to calculate the depreciation amount and prepare a Machinery account for two years under SLM :

Cost of the Machine as on 1.1.2021	Rs. 1,50,000
Erection Charges	Rs. 10,000
Estimated useful life	5 years
Estimated Scarp Value	Rs. 40,000

5. Why do we prepare a trial balance ? Discuss briefly.
6. Identify the different types of errors not detected in preparing the trial balance.
7. Distinguish between Direct cost and Indirect cost.
8. 'ABC costing is a more refined system of charging overhead costs to products than traditional method', Illustrate your answer.
9. The following is a summary of the receipts and issues of materials in a factory during the month of March 2023.

Date	Particulars	Qty.	Rate per unit Rs.
1	Received	2000	9
5	Received	500	10
8	Issued	1500	-

Date	Particulars	Qty.	Rate per unit Rs.
10	Received	400	13
12	Issued	1200	—
23	Received	300	11
31	Issued	400	—

Prepare a statement showing the pricing of issues on the basis of FIFO method.

10. State the advantages and disadvantage of the LIFO method of store ledger.

11. From the following information calculate economic order quantity (EOQ) :

Annual requirement = 3,600 units

Ordering cost = Rs. 9 per order

Carrying cost = 15% of per-unit cost

Per unit cost = Rs. 4.

12. From the following balance a son 31st December, 2023, prepare profit and loss account :

Particulars	Rs.
Gross profit	50,000
Salaries	15,000
Office rent paid	10,000
Advertisement	8,000
Rent received	2,000
Discount received	3,000
Carriage outwards	2,500
Fire insurance premium	6,500

Adjustments :

- (i) Rent accrued but not yet received
Rs. 1000.
- (ii) Fire insurance premium prepaid to the
extent of Rs. 1,500
- (iii) Provide manager's commission at 5%
on net profits before charging such
commission.

GROUP-B

Answer any **four** questions : 10 × 4

13. Prepare Trial Balance from the following balances of Mr. Amit as on 31.12.2023 :

	Rs.		Rs.
Capital	420,000	Cash in hand	25,000
		Building	1,15,000
Cash at Bank	84,700	Machinery	60,000
		Sundry Creditors	68,000
Furniture	11,000	Rent	48,000
Car	68,000		
Opening stock	86,000	Commission paid	1,400
		Rates and Taxes	2,600
Purchases	94,000	Bad Debts	3,200
		Sales	1,96,000
Insurance	2,400	General Expenses	800
		Sundry debtors	16,200
Reserve for doubtful debts	7,300	Salaries	94,000
		Closing Stock	12,000
Unearned Revenue	16,000	Interest received	5,000

14. From the following Trial Balance of Kushal & Company prepare Trading and Profit & Loss Account for the year ended March 31, 2023 and Balance sheet as at March 31, 2023.

<i>Particulars</i>	Dr.(Rs.)	Cr.(Rs.)
Head of accounts		
Stock on April.1,2022	24,200	—
Cash in hand	4,000	—
Cash at bank	12,900	—
Leasehold Premises (lease for five years commencing from April 1, 2022)	20,000	—
Machinery	30,000	—
Furniture	15,000	—
Buildings	60,000	—
Drawings(taken on October 1, 2022)	5,000	—
Capital	—	1,60,000
Purchases and Sales	96,000	1,45,000

<i>Particulars</i>	Dr.(Rs.)	Cr.(Rs.)
Debtors and Creditors	50,000	40,000
Returns	3,000	4,300
Freight	6,000	—
Wages	17,500	—
Trade Expenses	4,750	—
Salaries	12,000	—
Printing and Stationery	1,800	—
Bad Debts	4,000	—
Provision for Bad Debt	—	4,000
Rent received	—	3,100
10% Loan (taken on October 1, 2022)	—	10,000
Interest on Loan	250	—

You are required to make the following adjustments :

- (a) Stock on March 31, 2023 was valued at Rs. 45,600.
- (b) Write off Rs. 2,000 as bad debts and make a provision for doubtful debts at 5% on sundry debtors.

- (c) Charge depreciation on Machinery at 10% and on Building at 2.5%.
- (d) Calculate interest on capital and drawings at 6% per annum.
- (e) The Manager is entitled to a commission of 5% on the net profit before charging such commission.

15. Calculate the earnings of a worker from the following information :

- (a) Time Rate Method
- (b) Piece Rate Method
- (c) Halsey Plan and
- (d) Rowan Plan

Information given :

Standard Time—30 hours

Time taken — 20 hours

Hourly Production — 1.5 units.

Hourly rate of wages is Re. 1.5 per hour plus a dearness allowance @ 60 paise per hour worked.

16. The following particulars have been obtained from the cost records of Amul and Co. for the year 2023.

Materials used in manufacturing	1,10,000
Materials used in primary packing	20,000
Materials used in selling the product	3,000
Materials used in the factory	1,500
Productive Wages	30,000
Factory Supervision expenses	4,000
Materials used for office	2,500
Chargeable expensed	10,000
Indirect expenses-factory	2,000
Administration expenses	3,000
Depreciation of factory building	3,500
Depreciation on office building	1,500
Freight on materials purchased	5,000
Depreciation on delivery van	1,000
Salary paid to the driver of delivery van	3,600
Advertisement	2000
Bad Debt	1,500

Assume that all products manufactured during the year have been sold to earn a profit of 15% on selling price. Form the following information calculate :

- (a) The cost of materials consumes
- (b) Prime cost
- (c) Works cost
- (d) Cost of production
- (e) Cost of sales
- (f) Selling price.

17. What do you mean by inventory ? Discuss briefly, the ABC system and VED analysis of inventory control techniques with suitable examples.

18. Discuss the different methods of absorption of

- (a) Factory Overheads
 - (b) Office & Administration Overheads
 - (c) Selling & Distribution Overheads.
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