

MBA 1st Semester Examination, 2024

MBA

(Accounting for Managerial Decisions)

PAPER — MBA-104

Full Marks : 100

Time : 3 hours

Answer **all** questions

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. Journalize the following transactions in the book of Mahesh & Co. as on 31st March, 2024 :

(2)

March 1 : Started business with cash of Rs. 50,000, Furniture of Rs. 25,000, and Bank of Rs.20,000

March 7 : Purchased goods from Mr. Bhatta Rs. 50,000

March 10 : Sold goods for cash Rs. 70,000

March 15 : Paid to Mr. Bhatta for full settlement and received a discount of Rs. 1,000

March 23 : Goods sold of Rs. 25,000 to M/S Arbind & Co.

March 25 : Paid for postage Rs. 1200

March 30 : Received a cheque for Rs. 24,500 from M/S Arbind & Co for full-settlement.

March 31 : Deposited into Bank Rs. 7,000.

2. Discuss with suitable example the concept of 'Golden Rules' of accounting.

3. A company requires 1250 units per month of a specific item. Order cost Rs. 50 per order. The carrying cost is 15% per year, while unit cost is Rs. 10. Determine EOQ and minimum total variable cost from the above information.
4. Compute the earnings of workers A and B under Straight Piece Rate system and Taylor's Differential Piece Rate system from the following particulars :
- Normal rate per hour-Rs.180
Standard time per unit 20 seconds
Differentials to be applied are :
80% of the piece rate below the standard ;
120% of the piece rate at or above standard.
A produced 1,300 units and B produced 1,500 units per day of 8 hours.
5. "A trial balance cannot detect all errors"—
Justify your answer highlighting different errors.

6. From the following information you are required to calculate depreciation rate under Reducing Balance Method and prepare a Machinery account for first three years :

Cost of the Machine

as on 1.1.2015	Rs. 1,45,000
Erection Charges	Rs. 5,000
Estimated useful life	8 years
Estimated Scarp Value	Rs. 10,000

7. Compute factory cost from the following particulars :

	Rs.
Material consumed	60,000
Productive wages	20,000
Direct Expenses	5,000
Consumable stores	2,000
Oil grease/Lubricating	500
Salary of a factory manager	6,000
Unproductive wages	1,000
Factory rent	2,000
Repair and Depreciation on Machine	600

8. What do you mean by Just-in-Time inventory control system? Do you think this method of inventory control is useful for Indian organization? Justify your answer. 2 + 3
9. Compute the net profit from the following information obtained from the book of M/S Srijani and Co as on 31st March, 2024.

Particulars	₹	Particulars	₹
Gross Profit	1,00,000	Interest received	6,000
Rent paid	22,000	Bad debts	2,000
Salaries	10,000	Provision for	
Commission (Cr.)	12,000	bad debts(opening)	4,000
Discount received	2,000	Sundry debtors	40,000
Insurance premium		Building	80,000
paid	8,000		

Adjustments :

- (i) Outstanding salaries amounted to Rs. 4,000

- (ii) Rent paid for 11 months
- (iii) Interest due but not received to Rs. 2,000
- (iv) Prepaid insurance amounted to Rs. 2,000
- (v) Depreciate buildings by 10%
- (vi) Additional bad debts amounted to Rs. 3,000 and make a provision for bad debts @ 5% on sundry debtors.
- (vii) Commission received in advance amounted to Rs. 2,000.

10. Distinguish between Allocation and Apportionment of overheads.

11. You are provided with the following information of Pavey Inc. for the month of October, 2024. Compute

- (i) Ending Inventory and
- (ii) Cost of Goods Sold using FIFO method.

(7)

<u>Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Cost or Selling (Rs.)</u>
October-1	Beginning Inventory	60	25
October-9	Purchase	120	26
October-11	Sale	100	35
October-17	Purchase	70	27
October-22	Sale	60	40
October-25	Purchase	80	28
October-29	Sale	110	40

12. Compute the B.E.P. in amount and in units from the following information :

Sales @ ₹ 25 per unit

Variable Cost @ ₹ 15 per unit

Fixed Cost ₹ 30,000

Produced Units-1200 units.

GROUP—B

Answer any four questions : 10 × 4

13. What are the assumptions to determine economic order quantity? Prove that EOQ is the best way to determine economic lot size for ordering.

14. Prepare a Trial Balance from the following balances taken from the books of Sukla & Co. as on March 31, 2024.

	Rs		Rs.
Capital	1,80,000	Discount Received	360
Stock(1-4-23)	49,200	Bills payable	12,270
Sales	2,43,600	Sundry Creditors	31,110
Gas & Water	2,520	Returns Outwards	19,200
Land & Building	60,000	Bank Charges	3,000
Machinery	55,470	Debtors	1,07,400
Plant	30,810	Carriage	3,370
Insurance	3,180	Salaries	19,640
Drawing	14,550	Trade Expenses	2,970
Commission(Dr.)	4,410	Cash	2,400
Bank	15,780	Purchases	96,480
Rates & Taxes	2,520	Furniture	3,750
Returns Inward	5,970	Bills Receivable	4,410
Rent Received	1,290		

15. On April 1, 2022 Ganga Bros. purchased two machines for Rs. 75,000 each. Depreciation at the rate of 10% on diminishing balance method was provided. On March 31, 2024, one machine was sold for Rs. 55,000. An improved model with a cost of Rs. 80,000 was purchased on the same day. You are required to show the Machinery Account for consecutive three years assuming the month April is beginning of financial year.
16. The following particulars have been obtained from the cost records of Amul and Co. for the year 2023. You are requiring to prepare statement of cost of Amul and Co.

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 factor	1,500
Productive Wages	30,000
Factory Supervision expenses	4,000
Material used for office	2,500
Chargeable expenses	10,000
Indirect expenses-factory	2,000
Administration expenses	3,000
Depreciation on 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	2,000
Bad Debt	1,500

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

17. Compute the total earnings and effective rate of earnings per hour of three operators under Halsey Premium Plan and Rowan System, from the following particulars. The standard time fixed for producing an article is 40 hours. The rate of wages is Rs. 25 per hour. The actual time taken by three operators are as follows :

A : 36 hours

B : 34 hours

C : 38 hours

18. Nitin Manufacturing Concern furnishes the following information :

Standard :	Material for 70 kg finished products	100 kg.
	Price of material	Rs. 1 per kg.
Actual :	Output	2,10,000 kg
	Material used	2,80,000 kg
	Cost of Materials	Rs.2,52,000

(12)

Compute :

- (a) Material usage variance,
- (b) Material price variance,
- (c) Material cost variance.

[Internal Assessment – 20 Marks]
