School of Management and Business Studies

JamiaHamdard

MBA(General) Semester-I

Financial and Management Accounting (Paper No-MBA FG 103)

Time: 3hrs Maximum Marks:75

Attempt any 5 Question, Each question carries equal marks

Q.1 Answer the following questions, each question carries equal marks

a) Explain with example what do you understand by cost centre and cost unit
b) What are fictitious assets?
c) Outstanding expenses are recorded in the books of account because of the principle of conservatism. True or False. Justify.
d) Why all the fixed assets are recorded at the purchase price and not its current market value?
e) Describe the convention of full disclosure

Q.2 From the following information, prepare a cost sheet for the month ended on December 31, 2017.

Raw materials purchased(1000 kg)	30,000	Rent and taxes (office)	500
Productive wages	35,000	Water supply	1,200
Direct expenses	3,000	Factory insurance	1,100
Unproductive wages	10,500	Office insurance	500
Factory rent and taxes	2,200	Legal expenses	400
Factory lighting	1,500	Rent of warehouse	300
Factory heating	4,400	**Depreciation--**	
Haulage	3,000	--Plant and machinery	2,000
Director's fees (works)	1,000	--Office building	1,000
Directors fees (office)	2,000	--Delivery vans	200
Factory cleaning	500	Bad debt	100
Sundry office expenses	200	Advertising	300
Travelling Expenses	800	Sales department salaries	1,500
Factory stationery	750	Up keeping of delivery vans	700
Office stationery	900	Bank charges	50
Loose tools written off	600	Commission on sales	1,500

Stock on 1st December 2017:	Stock on 31st December 2017:
Raw Material (300 kg) - Rs. 8400	Raw material – 100 kgs
Finished goods (200 kg) – Rs. 22000	Finished goods- 150 kgs

Units produced during the month is 1000kg. Purchase price of the raw material remains unchanged throughout the month. If profit is 20% on cost, then calculate the total sales during the month.

Q.3 Coleman Company owns a special machine that produces a component which the company uses as raw material for production of Product K. The company uses 1,800 units of this component in production each year. The costs of making one unit of this component are

Direct material	Rs. 7
Variable manufacturing overhead	6
Direct labor	4
Fixed manufacturing overhead	5

The fixed overhead costs are unavoidable, and the fixed cost per unit is based on the present annual usage of 1,800 units of the component. An outside supplier has offered to sell Coleman this component for Rs.18 per unit and can supply all the units it needs.

A. If Coleman buys the component from the outside supplier instead of making it, how much will net income change? Should Coleman make or buy the component?
B. Suppose Coleman could rent the machine to another company for Rs.5,000 per year. How would your response change to part A?

Q.4a) Find the variable cost per unit and the profit earned if the company sold 12000 units in the year, from the following details:

Fixed Cost-Rs.6,00,000 BEP (Volume)- 8,000 units Selling Price-Rs.120 per unit

b) ABC Ltd. has a variable cost of Rs. 75 per unit and fixed cost of Rs.4,00,000. If the selling Price is Rs.100 per unit, how much should be the sales to earn a profit of 10% of sales.

Q.5Pass journal entries for the followings transaction in the books of Radhe& Co.

1. Raghu started business with cash Rs.80,000, goods Rs.40,000 and furniture Rs.20,000.
2. Sold goods to Shyam of the list price Rs.20,000 at trade discount of 10%.
3. Paid rent Rs.800, Trade expenses Rs.400and Travelling expenses Rs.500.
4. Paid into bank for opening a current account Rs.25,000.
5. Bought goods from Kamal for Rs.20,000 at a trade discount of 10% and Cash discount of 2%. Paid 60% amount immediately.
6. Received from Shyam full amount at 5% discount.
7. Salary due to clerk Rs.10,000.
8. Charge interest on drawings Rs.800.
9. Received Rs.4,000 from Suhas, which were written off as bad debt in previous year.
10. Total rent paid this year Rs.40,000, @ Rs.3,000 per month.
11. Provide interest on capital @ 6%.
12. Goods costing Rs.1,000 given as charity, Rs.2,000 used by proprietor for his personal use, Rs. 2,000 distributed as free samples.
13. Loan repaid Rs.20,000, being Rs.12,000 as interest and Rs.8,000 as principal amount.

Q.6 Explain briefly meaning and objectives of budget and budgetary control.
Q.7 XYZ Ltd. produces a product K. Standard cost per kg of output is as under:

Material	Quantity(in kg)	Price(in Rs. Per kg)
A	800	2.50
B	200	4.00
C	200	1.00

Actual cost for production of 200 units of output is as follows:

A- 1,58,000 kg @ 2.40 per kg
B- 42,000 kg @ 3.85 per kg
C- 36,000 kg @ 1.1 per kg

Calculate Direct material price variance, usage variance and cost variance for material A, B and C.

Q.8 Answer the following questions.

a) What are the factors that will be considered while taking the decision to make or buy a product?
b) State the advantages and limitations of marginal costing.
c) Financial Statement does not reflect true value of a business. Comment
d) What do you mean by break even analysis explain it with help of an example
e) Explain incremental cost with the help of an example