Jamia Hamdard
School of Management and Business Studies
Department of Management **Roll No...**
Odd Semester Examination - January 2023
MBA-I Semester
MBA-FG-103 & Financial and Management Accounting

Duration: 3 Hour Max.Marks -60

(12X5=60)

Note: Attempt any Five Questions, All questions carry equal marks

Q.1 From the following details prepare cost sheet for M/S Wilcon Enterprise for the period ended on December 2022.

Particulars	Amount (Rs.)
Opening stock of Finished goods (5000 units) (Completely sold during the year)	45000
Opening stock of Raw materials	3100
Raw materials purchased	2,60,000
Closing stock of Raw Material	1000
Direct Wages	1,05,000
Chargeable expenses	20,000
Productive labour	12,000
Factory overhead	100% of Direct wages
Administration overhead	Rs. 1 per unit produced
Selling and Distribution overhead	Rs. 1 per unit sold
Closing stock of finished goods (10000 units)	
Profit	10% of Selling Price
Sales (45000 units)	

Q.2

i) From the following data prepare a flexible budget for the overhead expenses and determine the overhead rate at 60%, 70% and 90% plan capacity:
(8 marks)

Particulars	Plan capacity of 80% (Amount in Rs)
Variable Overheads	
Indirect Labour	12,000
Direct Labour	16,000
Stores and Spares	4000
Semi Variable overheads	
Power (30% Fixed)	20,000
Repairs and Maintenance (80% Fixed)	2000

Electricity (25% Fixed)	1500
Fixed Overheads	
Depreciation	11,000
Insurance	3000
Salaries	10,000
Total	79,500

ii) What are the limitations of Budgetary Control? (4 marks)

Q.3 From the following details compute the direct material cost variance, usage variance and price variance, if the actual output is 2000 units from the following details

Particulars	STANDARD		ACTUAL	
	Quantity	Price	Quantity	Price
Material A	10 kg per unit	2.00	22,000	3
Material B	20 kg per unit	3.00	36,000	2.70
Material C	15 kg per unit	4.00	32500	4.10

Q.4 From the following transaction pass the journal entries and prepare the Ledger for the same.

Jan 1. Harish started business with cash Rs. 10000
2. Bought goods from Manohar Rs. 5000
3. Purchase furniture for cash Rs. 800
4. Sold goods to Charanjeet Rs. 1600
5. Paid Manohar Rs. 3000
6. Sold goods Ram Rs. 2000
7. Received from Charanjeet Rs. 1540 and allowed him discount Rs. 60
8. Paid wages Rs. 80
9. Bought goods for cash Rs. 600
10. Sold goods to Ramesh Rs. 3400
11. Purchase goods from Purshotam Ra. 2600
12. Paid Manohar in settlement Rs. 1900 and discount allowed by him Rs. 100

Q.5 i) ABC Ltd. Company makes and sells 12,000 pairs of running shoes each year. The cost of making one pair of these shoes is

Direct material	Rs. 11
Variable manufacturing overhead	5
Direct labor	4
Fixed manufacturing overhead	7

The fixed overhead costs are unavoidable. The company allocates fixed overhead costs based on its annual capacity of 15,000 pairs it is able to make. An overseas company recently offered to buy 3,000 pairs of shoes at Rs.21 per pair. Regular customers buy shoes from ABC Ltd. at Rs.30 per pair.

How much is incremental income if the company accepts the special order? Should the company accept it? (6 marks)

ii) You are planning to open a new outlet in Saket, for exclusively selling cookies. You are planning to run the outlet to sell a total of 4,00,000 cookies. You have to purchase a new industrial oven for baking the cookies. There are two models of industrial ovens available in the market, the details of which are as follows:

	Oven A	Oven B
Capacity	600 cookies per day	350 cookies per day
Variable cost per day	Rs. 1440	Rs. 1260

If the cost of Oven A is Rs. 12,00,000 and the cost of Oven B is Rs. 7,50,000. Suggest the management which oven should they go for? (Make any assumptions if the information is not sufficient) (6 marks)

Q.6 Answer all the questions, each carries equal marks

i) What is the difference between management accounting and financial accounting?

ii) What do you understand by the term Break even point, explain with the help of an example

iii) Explain Matching concept with the help of an example

iv) What is Contingent Liability?

Q.7 Answer the following:

i) Following is the details of Alpha Inc. which sells a product Z.

Selling Price – Rs. 200 per unit and variable cost is Rs. 100 per unit while the fixed cost is Rs. 500,000. Due to current market conditions the variable cost increases by 10%. What should be the sales to earn a desired profit of 20% on sales? What will be the profit is sales is Rs. 12,00,000 (6 MARKS)

ii) PQR Ltd. Produces a product. The margin of safety value is Rs.4, 00,000 and sales is Rs.10, 00,000 and fixed cost is Rs.3, 00,000. You are required to calculate the sales to earn a profit of 20% on sales. If the variable cost increases by 10%, calculate the new breakeven point value. (6 MARKS)

Q.8 Answer the following:

i) A company produces two products, Gamma and Omega. Gamma sells for Rs.10 per unit and Omega sells for Rs.12.50 per unit. Variable costs are Rs.7 per unit of Gamma and Rs.8

per unit of Omega. The company has a capacity of 5,000 machine hours per month. Gamma uses 1 machine hour per unit, and Omega uses 3 machine hours per unit.

1. Compute the contribution margin per machine hour for each product.
2. Assume demand for Gamma is limited to 3,800 units per month. How many units of Gamma and Omega should the company produce, and what will be the total contribution margin from this sales mix? (8 marks)

ii) Explain any 4 concepts/principles of Accounting (4 marks)