Roll No.

Department of Management
School of Management and Business Studies
Jamia Hamdard
MBA -Semester I
Odd Semester Examination - December 2025

Subject Name: Financial and Management Accounting **Max. Marks: 60**

Subject Code: MBA-FG-103 **Time: 2.5 Hours**

Attempt any Five Questions. All questions carry equal marks. **(12 x 5 = 60)**

Q.1 Answer the following questions. Each question carries equal marks
A) Fictitious assets are recorded in the books due to the materiality concept. True or False. Comment
B) Explain realization concept with help of an example
C) Financial statement does not show the true value of the business. Comment
D) Bad debt reserve is created as per the consistency concept of accounting. True or False. Comment

Q.2 Reynolds Ltd manufactures ball point pen. The company is currently selling the pen at Rs. 18 per pen, and it is able to sell 50,000 pens per month. If the company reduce the price to Rs. 15 per pen the company would be able to sell 80,000 pens per month and if it further reduces the price to Rs. 12 per pen it will be able to sell 1,00,000 pens per month. If the fixed cost for manufacturing of pen is Rs. 4,00,000 per month. Then suggest the company at which price should it sell its pen to earn the maximum amount of profit. The details of the cost are as follows:

Particulars	Cost per unit
Direct Material	Rs. 3
Variable overheads	Rs. 2
Direct Labour	100% of Direct Material

Q.3 Pinnacle Ltd, has given the following data.

Standard Output- 100 units	Actual Output- 80 units
Standard Price- Rs. 2 per kg	Actual Price- 2.5 per kg
Standard Quantity- 3 kg per unit	Actual Quantity- 250 kg
Standard time – 4 hrs per unit	Actual time- 500 hrs
Standard rate- Rs. 10 per hour	Actual Rate- Rs. 12 per hour

Calculate direct material cost, price and usage variance and also direct labour cost, efficiency and rate variance.

Q.4 For production of 10,000 at 100% capacity of Electrical Automatic Irons, the following are budgeted expenses. Prepare a budget for production of 6000irons, 8500 irons and budget if production is at 70% of the capacity.

Particulars	Amount (Rs.)
Direct Materials	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs.1,50,000)	15
Variable Expenses (Direct)	5
Selling Expenses(10%Fixed)	5
Administrative Expenses (10% Fixed)	5
Distribution Expenses (20% Fixed)	5
Total cost of Sale per unit	150

Q.5 ABC 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 Rs. 20000 and what will be profit if sales is Rs.10,00,000. Also calculate the new break even point If the variable cost increases by 10%.

Q.6 Following is the details of Radha & Co. for the year ended on 31st December 2017.

Advertising and selling cost is 40 paise per tonne sold. 3,000 tonnes of the commodity were sold during the year. If profit is 25% on sales prepare a Cost Sheet for the year ended on 31st December 2017.

Particulars	Amt Rs.	Particulars	Amt Rs.
Purchases of raw materials	6000	**Stock (31-12-2017)**	
Direct wages	5000	-Raw materials	1100
Rent, rates and insurance	2000	-Finished products (400 tonnes)	----
Bank charges	100	Cost of factory supervision	400
Stock (1-1-2017) :		Legal charges	300
-Raw materials	1000	Printing and Stationery	100
-Finished products (200 tonnes)	800	Chargeable expense	1000
Consumable stores	3000	Director's Salary	2000
Traveling Expenses	2000	Warehouse Rent	1200
Telephone charges	1500	Upkeeping of Delivery vans	1400
Salesman commission	700	Loose tools written off	500

Q.7 Answer the following questions, each question carries equal marks:

a) State the factors that you will consider while taking the Make or Buy decision for a product in your organization.
b) State how management accounting is different from financial accounting
c) Explain any four accounting principles with example.
d) What do you understand by relevant and irrelevant cost for decision making?

Q.8 Prepare a Journal and pass the following entry in the same.

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.