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PG/1st Sem/MBA/25

2025

**MBA 1st Semester Examination**

**MBA**

**Paper : MBAC404X0**

**[Accounting for Managerial Decisions]**

Full Marks : 100

Time : Three Hours

*The figures in the margin indicate full marks.  
Candidates are required to give their answers  
in their own words as far as practicable.*

**Group - A**

Answer any *eight* questions :  $5 \times 8 = 40$

1. Explain the Accrual Concept and its importance in accounting.
2. Pass the necessary journal entries in the books of Reshi Raj.
  - (a) On 1 April 2025, Cash Purchases ₹ 20,000 and opened a Bank Account by depositing ₹ 50,000.
  - (b) On 4 April 2025, Sold goods to Rama at the list price of ₹ 60,000 at a trade discount of 10%.
  - (c) On 11 April 2025, Vinod sold goods to us worth ₹ 30,000 at a 10% discount.

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- (d) On 18 April 2025, Returned goods to Vinod at the list price of ₹ 2,000.
- (e) On 22 April 2025, Paid cash to Vinod ₹ 24,000 in full settlement.
- (f) On 25 April 2025, Rama returned goods of list price ₹ 10,000.
- (g) On 28 April 2025, Rama paid ₹ 43,000 in full settlement of his account.
- (h) On 30 April 2025, cash withdrawn ₹ 5,000 for personal use.

3. From the following information supplied by Mr. Chuni Lal, prepare a Balance Sheet of Mr. Chuni Lal as on 31st March, 2025 :

Capital	50,000
Furniture	15,000
Debtors	25,000
Creditors	30,000
Plant and Machinery	58,000
Investments	5,000
Cash in hand	1,000
Cash at Bank	1,000
Stock at the end	10,000
Bank Overdraft	8,000
Bank Loan	20,000
Net Profit	10,000
Drawings	3,000



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4. Distinguish between Straight Line Method and Written Down Value Method of depreciation with a hypothetical example.
5. Using the information provided by Joy and Brothers, compute the value of closing inventory, based on the FIFO inventory valuation methods :

Date	Purchases	Date	Sales
1-Aug	120 units @ Rs.120	6-Aug	100 units
8-Aug	50 units @ Rs.125	10-Aug	55 units
16-Aug	20 units @ Rs.140	25-Aug	40 units
20-Aug	30 units @ Rs.150		

6. Calculate 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 ₹ 24

Standard time per unit 30 seconds

Differentials to be applied of piece rate below standard of piece rate at or above standard. Worker A produces 800 units per day and Worker B produces 1,000 units per day. Daily working hours assumed to be 8. Taylor's Differential Piece Rate is 80% of piece rate for output below standard and 120% of piece rate for output at or above standard.

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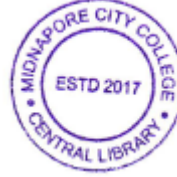


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7. The company Martin & Ltd. works 50 weeks in a year. For a certain part of a finish product, included in the assembly of several parts, there is an annual demand of 10,000 units. This part may be obtained from either an outside supplier or a subsidiary company. The following data relating to the part are given :

Statements	From Outside Supplier (Rs.)	From Subsidiary Company (Rs.)
Purchase price/unit	12	13
Cost of placing order	10	10
Cost of receiving an order	20	15
Storage and all carrying costs, including capital cost per unit per annum	2	2

- (a) What purchase quantity from which source would you recommend?
- (b) What would be the minimum total cost? 3+2
8. 'Even if the trial balance agrees, certain types of errors may still remain undetected' — discuss any three types of errors that the trial balance cannot detect.
9. In a factory guaranteed wages at the rate of ₹ 18 per hour are paid in a 48-hour week. By time and motion study it is estimated that to manufacture one unit of a particular product 20 minutes are taken, the time allowed is increased by 25%. During the week A produced 180 units of the product. Calculate his wages under the following methods :
- (a) Halsey premium Bonus.
- (b) Rowan Premium Bonus. 2.5+2.5



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10. The following data are obtained from the records of the Y Ltd. :

	1st Year	2nd Year
Sales	80,000	90,000
Profit	10,000	14,000

Calculate B.E.P. in ₹.

11. The standard and actual figures of product A are as below :

	Standard	Actual
Material Quantity	160	145
Material price per unit	Rs.1.5	Rs.1.25

Calculate :

- (a) Material Cost Variance  
(b) Material Usage Variance  
(c) Material Price Variance 2+2+1
12. Write a short note on International Financial Reporting Standards (IFRS).

**Group - B**

Answer any *four* questions : 10×4=40

13. A manufacturing company purchased on 1st January, 2022 a second-hand plant for ₹ 60,000 and immediately spent ₹ 40,000 on overhauling it. On 1st July 2022,

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additional machinery costing ₹ 50,000 was purchased. On 1st July 2024, the plant purchased on 1st January, 2022 became obsolete and was sold for ₹ 20,000. On that date, a new machinery was purchased at a cost of ₹ 1,20,000.

Depreciation was provided for annually on 31st December at the rate of 10% p.a. on the original cost of the asset. In 2025, however, the company changed this method of providing depreciation and adopted the method of writing off 15% on the diminishing value (the change is not to be made with retrospective effect). Show the Machinery Account as it would appear in the books of the company for the years 2022 to 2025.

14. Following are the closing balances in the ledger of Mahesh for the year ended June 30, 2025 :

Debit Balances	Rs.	Credit Balances	Rs.
Opening Stock	12,600	Capital	60,000
Purchases	45,000	Sales	1,00,000
Sales Returns	500	Purchases Returns	1,000
Wages	7,500	Provision for Bad Debts	2,000
Carriage on Purchases	1,100	12% Bank Loan	20,000
Duty Charges	800	Sundry Creditors	11,560
Salaries	5,200	Rent Received	3,000
Taxes	1,700	Discount	1,440
Advertising	2,800		
Drawings	5,000		
Bills Receivable	3,500		
Debtors	52,000		
Cash in hand	1,500		



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Debit Balances	Rs.	Credit Balances	Rs.
Building	28,000		
Furniture	10,000		
Machinery	15,000		
Printing and Stationery	4,400		
Interest on Bank Loan	2,400		
	<u>1,99,000</u>		<u>1,99,000</u>

Prepare Trading and Profit & Loss Account for the year ended June 30, 2025 and Balance Sheet as on that date after taking into account the following information :

- The stock on June 30, 2025 was valued at ₹ 26,800.
  - The proprietor had taken away goods worth ₹ 3,000 for personal use. This has not been recorded in books.
  - Depreciate Machinery at 20%.
  - Provision for Bad Debts required is ₹ 1,500.
  - Provide for Manager's Commission at 10% on the net profit after charging such commission.
15. Discuss the importance of inventory control in cost accounting. Explain the techniques of ABC and VED analysis.
16. A factory has 3 production departments (P1, P2, P3) and 2 service departments (S1 and S2). The following overheads and other information are extracted from the books for the month of January 2025 :

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Expense	Amount (₹)
Rent	6,000
Repair	3,600
Depreciation	2,700
Lighting	600
Supervision	9,000
Fire Insurance for stock	3,000
ESI contribution	900
Power	5,400

Particulars	P <sub>1</sub>	P <sub>2</sub>	P <sub>3</sub>	S <sub>1</sub>	S <sub>2</sub>
Area Sq ft	400	300	270	150	80
No. of Workers	54	48	36	24	18
Wages	18,000	15,000	12,000	9,000	6,000
Value of Plant	72,000	54,000	48,000	6,000	
Stock of Value	45,000	27,000	18,000		
Horse Power of Plant	600	400	300	150	50

Allocate or apportion the overheads among the various departments on suitable basis and redistribution of service departments cost to production department in the ratio of 3:1:1 and 2:1:2 to P<sub>1</sub>, P<sub>2</sub> and P<sub>3</sub> respectively.

17. Bright Furniture Ltd. provided following trading results :

Year	Units	Total Cost ₹	Sales ₹
2024	10000	80,000	1,00,000
2025	12000	90,000	1,20,000

Find Margin of Safety (MOS) and profit on the basis of M.O.S. for the year 2024 and 2025.

18. What is Budget? Write the features of Budgetary Control. Discuss the advantages and limitations of Cash Budget. 2+3+5

**Internal Assessment : 20 marks**