



ASSIGNMENT

DRIVE	SPRING 2014
PROGRAM	MBADS/ MBAFLEX/ MBAHCSN3/ MBAN2/ PGDBAN2
SEMESTER	1
SUBJECT CODE & NAME	MB0041 & FINANCIAL AND MANAGEMENT ACCOUNTING
BK ID	B1624
CREDIT & MARKS	4 Credits, 60 marks

Q.No	Questions	Marks	Total Marks																				
1	Accounting is an art of recording, classifying and summarizing in a significant manner and in terms of money transactions and events. Explain the accounting process and write the objectives of accounting.																						
A	Explanation of accounting process Objectives of accounting	8 2	10																				
2	Journal is a book of original entry and only one journal is maintained if the business is very small in size and the transactions are limited. Give the meaning of a subsidiary book. List and explain all the types of subsidiary books.																						
A	Explanation of subsidiary books Explanation of all types of subsidiary books	3 7	10																				
3	For the following balances extracted from a trial balance, prepare a trading account.																						
	<table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Particulars</th> <th>Amount in Rs.</th> </tr> </thead> <tbody> <tr> <td>Stock on 1-1-2004</td> <td style="text-align: right;">70700</td> </tr> <tr> <td>Returns inwards</td> <td style="text-align: right;">3000</td> </tr> <tr> <td>Returns outwards</td> <td style="text-align: right;">3000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">102000</td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">56000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">45000</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">5000</td> </tr> <tr> <td>Carriage outwards</td> <td style="text-align: right;">4000</td> </tr> <tr> <td>Import duty on materials received from abroad</td> <td style="text-align: right;">6000</td> </tr> </tbody> </table>	Particulars	Amount in Rs.	Stock on 1-1-2004	70700	Returns inwards	3000	Returns outwards	3000	Purchases	102000	Debtors	56000	Creditors	45000	Carriage inwards	5000	Carriage outwards	4000	Import duty on materials received from abroad	6000		
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A	Preparation of trading account	10	10																		
4	<p>Write short notes on :</p> <p>a) Cost Management System(CMS)</p> <p>b) Value added</p>																				
A	Explanation of CMS	5	10																		
	Value Added	5																			
5	<p>Ajay industries manufactures a product X. On 1st January, 2007, there were 5000 units of finished product in stock.</p> <p>Work-in-progress Rs.57,400</p> <p>Raw materials Rs.1,16,200</p> <p>The information available from cost records for the year ended 31st December, 2007 is as follows:</p> <table border="1"> <tbody> <tr> <td>Direct material</td> <td>9,06,900</td> </tr> <tr> <td>Direct labour</td> <td>3,26,400</td> </tr> <tr> <td>Freight on R M purchased</td> <td>55,700</td> </tr> <tr> <td>Indirect labour</td> <td>1,21,600</td> </tr> <tr> <td>Other factory overhead</td> <td>3,17,300</td> </tr> <tr> <td>Stock of raw materials on 31st Dec 2007</td> <td>96,400</td> </tr> <tr> <td>Work-in-progress on 31st Dec 2007</td> <td>78,200</td> </tr> <tr> <td>Sales (1,50,000 units)</td> <td>30,00,000</td> </tr> <tr> <td>Indirect materials</td> <td>2,13,900</td> </tr> </tbody> </table> <p>There are 15000 units of finished stock in hand on 31st December 2007. Prepare a statement of cost and profit assuming that opening stock of finished goods is to be valued at the same cost per unit as the finished stock at the end of the period.</p>			Direct material	9,06,900	Direct labour	3,26,400	Freight on R M purchased	55,700	Indirect labour	1,21,600	Other factory overhead	3,17,300	Stock of raw materials on 31 st Dec 2007	96,400	Work-in-progress on 31 st Dec 2007	78,200	Sales (1,50,000 units)	30,00,000	Indirect materials	2,13,900
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A	Preparation of statement of cost and profit	10	10																		

6	Assume a company is considering dropping product B from its line because accounting statement shows that product B is being sold at a loss.				
	Product	Income Statement			
		A	B	C	Total
	Sales revenue	50,000	7,500	12,500	70,000
	Cost of sales:				
	D. material	7,500	1,000	1,500	10,000
	D. labour	15,000	2,000	2,500	19,500
	Indirect manufacturing cost (50% of Direct labour)	7,500	1,000	1,250	9,750
	Total	30,000	4,000	5,250	39,250
	Gross margin on sales	20,000	3,500	7,250	30,750
	Selling and Admn	12,500	4,500	4,000	21,000
	Net income	7,500	(1,000)	3,250	9,750
Additional information:					
a) Factory overhead cost is made up of fixed cost of Rs. 5850 and variable cost of Rs. 3900.					
b) Variable cost by products are: A – Rs. 3000, B – Rs. 400, and C – Rs. 500.					
c) Fixed costs and expense will not be changed if product B is eliminated.					
d) Variable selling and administrative expenses to the extent of Rs. 11000 can be traced to the product: A - Rs.7,500, B - Rs.1500, and C - Rs. 2000.					
e) Fixed selling and administration expense are Rs. 10000.					
A	Preparation of income statement	8			
	Conclusion with interpretation	2	10		

*A-Answer

Note – Answer all questions. Kindly note that answers for 10 marks questions should be approximately of 400 words. Each question is followed by evaluation scheme.

