

## MBA Sem.-1 (IBFT/DM) Examination

IBFT/DM-104

FA

Time : 2-30 Hours]

February-2025

[Max. Marks : 70

**Instructions:**

- Question no 1 to 5 carry 14 marks each.
- Question no. 1 is compulsory.
- In question 5, attempt any2.

- Question 1** Journalise the following and prepare cash ledger 14
1. Started business with cash Rs 20,00,000
  2. Purchase Machinery of Rs 60,000 on cash
  3. Purchase goods of Rs 1,00,000
  4. Purchase furniture of Rs 70,000
  5. Provide depreciation @ 10% on Building
  6. Sales goods for Rs 80,000 to Mr. Ramesh
  7. Paid rent of Rs 5,000
  8. Withdraw cash of Rs 20,000 for personal use
  9. Interest paid Rs 14,000
  10. Mr. Ramesh return goods of Rs 2,000 as it was found defective
  11. Interest of capital Rs 25,000
- Question 2** Explain the recognition criteria for tangible assets as per the relevant accounting standard. Discuss the principles for determining the cost of a tangible asset and how subsequent expenditures are accounted for. Provide examples where applicable. 14
- OR**
- Question 2 (A)** Y Ltd. owns machinery with a carrying amount of ₹120 lakhs as of 31.3.2021. The remaining useful life of the machinery is 4 years, and the residual value at the end of its useful life is ₹10 lakhs. The estimated future cash flows from the machinery for the next 4 years are as follows: 07
- For the year ended on Estimated cash flow (₹ in lakhs)
- |           |    |
|-----------|----|
| 31.3.2022 | 40 |
| 31.3.2023 | 30 |
| 31.3.2024 | 25 |
| 31.3.2025 | 15 |
- Calculate the "value in use" of the machinery if the discount rate is 8%, and also compute the recoverable amount if the net selling price of the machinery on 31.3.2021 is ₹85 lakhs.
- Question 2 (B)** Mr. Shubham purchased 500 equity shares of Rs. 100 each in Suzlon energy Ltd. 07

(P.T.O)

for Rs. 62,500 inclusive of brokerage and stamp duty. Some years later the company resolved to capitalise its profits and to issue to the holders of equity shares, one equity bonus share for every share held by them. Prior to capitalisation, the shares were quoted at Rs. 175 per share. After the capitalisation, the shares were quoted at Rs. 92.50 per share. Mr. Shubham. Sold the bonus shares and received at Rs. 90 per share.

Prepare the Investment Account in Shubham's books on average cost basis.

**Question 3 (A)** Write short note on cost volume profit analysis 07

**Question 3 (B)** During the current year, AB Ltd showed a profit of Rs 1,80,000 on a sale of Rs 30,00,000. The variable expenses were Rs 21,00,000. You are required to calculate 07

1. The break-even sales at present
2. The break-even sales if variable cost increase by 5 per cent
3. The break-even sale to maintain the profit at present, if the the selling price is reduced by 5 percent.

OR

**Question 3 (B)** A company is operating at 80 % capacity, has following particulars 07

Sales	64,00,000
Direct materials	20,00,000
Direct labour	8,00,000
Variable overhead	4,00,000
Fixed overhead	26,00,000

An export order has been received that would utilize half of the capacity of the factory. The order cannot be split, i.e., it has either to be taken in full and executed at 10% below the normal domestic sales or rejected totally.

1. Reject the order and continue with the domestic sales only?
2. Should company accept the order?

**Question 4 (A)** Endo Furniture Manufacturing Company requires you to Prepare the Master Budget for the next year from the following information: [07]

Sales:	
Wooden Tables	Rs. 7,00,000
Metal Chairs	Rs. 3,00,000
Direct Material Cost	50% of sales
Direct Wages	30 workers @ ₹200 per month
Factory Overheads:	
Indirect Labour-Supervisor	Rs. 600 per month
Foreman	Rs. 500 per month
Stores and Spares	3% of sales
Depreciation on Machinery	₹15,000
Power and Utilities	₹5,000
Repairs and Maintenance	₹10,000
Other Sundry Expenses	15% on direct wages
Administrative, Selling, and Distribution Expenses:	₹50,000 per year

**Question 4 (B)** Explain the essentials of budget. [07]

**Question 5** Write any 2 short notes out of the following:

1. Reversal of Impairment
2. Flexible budget
3. GAAP & IFRS