



MBA DEGREE EXAMINATIONS: JUNE 2015

(Regulation 2012)

First Semester

MASTER OF BUSINESS ADMINISTRATION

MBA619: Financial Cost and Management Accounting

Time: Three Hours

Maximum Marks: 100

Case Study:-

PART A (1 x 20 = 20 Marks)

1. Sales turnover and profit during two periods for Michigan LLC was as follows.

Period 1 : Sales Rs. 20 lakh, Profit Rs. 2 lakh

Period 2: Sales Rs. 30 lakh, Profit Rs. 4 lakh

Calculate

- P/V ratio
- Sales required to earn a profit of Rs. 5 lakh.
- Profit when sales is Rs. 10 lakh.
- BEP
- Margin of safety

Answer all the Questions:-

PART B (10 x 2 = 20 Marks)

2. Define financial accounting.
3. Recall the limitations of financial accounting.
4. Outline the objectives of cost accounting.
5. Cite examples of sunk cost.
6. List the common types of financial analysis.
7. Compare 'return on investment' and 'turnover ratio'.
8. Contrast forecast and budget.
9. Generalize the importance of a master budget.
10. List the use of absorption costing.
11. Differentiate marginal and differential costing.

PART C (4 x 15 = 60 Marks)

12. a) Categorize the various accounting concepts practiced in the science of accounting.

(OR)

- b) (i) Discuss the financial accounting conventions. (8)
(ii) Interpret the role of International accounting standards committee in accounting standards. (7)

13. a) Determine the principal elements of total cost with reference to accounting.

(OR)

- b) The following information has been obtained from the records of east india company for the period between july 1 to july 31, 2014. Prepare a statement of cost.

- Cost of raw materials on July 1, 2014 – Rs. 30,000
- Purchase of raw materials during the month – Rs. 4,50,000
- Wages paid – Rs. 2,30,000
- Factory overheads – Rs. 92,000
- Cost of work in progress on July 1, 2014 – Rs. 12,000
- Cost of raw materials on July 31, 2014 – Rs. 15,000
- Cost of stock of finished goods on July 1, 2014 – Rs. 60,000
- Cost of stock of finished goods on July 31, 2014 – Rs. 55,000
- Selling and distribution overheads – Rs. 20,000
- Sales – Rs. 9,00,000
- Administration overheads – Rs. 30,000

14. a) Illustrate with a suitable example the different techniques involved in the financial statement analysis.

(OR)

- b) (i) From the following data compute the fixed assets ratio and liquidity ratio. (10)

Share capital Rs. 1,00,000	Furniture – Rs. 25,000
Reserves – Rs. 50,000	Trade debtors – Rs. 50,000
14% debentures – Rs. 1,00,000	Cash balance – Rs. 30,000
Trade creditors – Rs. 50,000	Bill payable – Rs. 10,000
Plant and machinery – 1,00,000	Stock – Rs. 40,000
Land and buildings – Rs. 1,00,000	

(ii) Infer the merits and demerits of ratio analysis. (5)

15. a) Broadly classify budgets and extend their roles with reference to different industrial applications.

(OR)

b) (i) Dramatize the shortcomings of traditional budgeting over zero based budgeting. (5)

(ii) Review the steps involved in zero based budgeting. (10)
