



**MBA DEGREE EXAMINATIONS: NOV/DEC 2023**

(Regulation 2021)

First Semester

**MASTER OF BUSINESS ADMINISTRATION**

P21MBC1102: Accounting for Management

**COURSE OUTCOMES**

**CO1:** Outline the basic concepts of accounting for management.

**CO2:** Interpret financial statements for decision making.

**CO3:** Construct different types of cost and budget statements.

**Time: Two Hours**

**Maximum Marks: 50**

**PART A (5Q x 10 Marks = 50 Marks)**

- 1 a) Compare and Contrast Financial, Cost and Management Accounting. CO1 [K<sub>2</sub>]  
(OR)
- 1 b) From the following balances extracted from the books of M/s Rajendra Kumar Gupta & Co., simplify for a Trading and Profit and Loss Account and a Balance Sheet. CO1 [K<sub>4</sub>]

Particulars	Amount in ₹	Particulars	Amount in ₹
Opening Stock	1250	Plant and Machinery	6230
Sales	11800	Return Outwards	1380
Depreciation	667	Cash in Hand	895
Commission (Cr.)	211	Salaries	750
Insurance	380	Debtors	1905
Carriage Inwards	300	Discount (Dr.)	328
Furniture	670	Bills Receivable	2730
Printing Charges	481	Wages	1589
Carriage Outwards	200	Return Inwards	1659
Capital	9228	Bank Overdraft	4000
Creditors	1780	Purchases	8679
Bills Payable	541	Petty Cash in Hand	47
		Bad Debts	180

The value of stock on 31<sup>st</sup> December was ₹3700.

- 2 a) Explain the various ratios that are likely to help the management of a manufacturing firm in forming an opinion on the solvency position of business. CO2 [K<sub>2</sub>]

(OR)

- 2 b) From the following data, examine the following, CO2 [K<sub>4</sub>]  
 i. Gross Profit ratio ii. Net Profit Ratio iii. Return on total assets iv. Inventory turnover v. working capital turnover vi. Net worth to debt.

	Rs.		Rs.
Sales	25,20,000	Fixed assets	14,40,000
Cost of sales	19,20,000	Net worth	15,00,000
Net profit	3,60,000	Debt	9,00,000
Inventory	8,00,000	Current Liabilities	6,00,000
Other Current Assets	7,60,000		

- 3 a) Explain the elements of cost in detail with suitable examples. CO3 [K<sub>2</sub>]

(OR)

- 3 b) From the following estimate a cost sheet showing cost per unit and profit for the period: CO3 [K<sub>5</sub>]

Raw Materials Consumed	Rs.80,000
Direct Wages	Rs.48,000
Machine Hours Worked	8,000 hours
Machine Hour Rate	Rs.4
Office Overhead	10% of factory cost
Selling Overhead	Rs.1.50 per unit
Units Produced	4,000
Units Sold	3,600 at Rs.50 each

- 4 a) Explain in detail the different techniques or applications of Marginal Costing. CO3 [K<sub>2</sub>]

(OR)

- 4 b) The following data are available in a manufacturing company for a yearly period: CO3 [K<sub>2</sub>]

Particulars	Per Unit Rs.
Materials	50
Labor	20
Variable Overheads	15
Fixed Overheads (Rs.50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% fixed)	6
Distribution expenses (10% fixed)	5
Total Cost of Sales per unit	116

Show a flexible budget to produce 7,000 units.

- 5 a) Explain the merits and demerits of budgetary control system. CO3 [K<sub>2</sub>]

(OR)

- 5 b) A company wishes to arrange overdraft facilities with bankers during the period April to June of a particular year, when it will be manufacturing mostly for stock. Estimate the cash budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month. CO3 [K<sub>5</sub>]

Month	Sales Rs.	Purchases Rs.	Wages Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

50% of the credit sales are realized in the month following the sales and the remaining sales in second month following:

Creditors are paid in the following month of purchase.

Cash at bank on 1<sup>st</sup> April Rs.25,000.

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