



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/Project Management.

CO2: Interpret financial statements for decision making.

CO3: Construct different types of cost and budget statements.

Time: Three Hours

Maximum Marks: 100

PART A (Case Study) (1Q x 20 Marks = 20 Marks) Compulsory

- 1 Following balances were extracted from the books of Mr. Ganesh on December 31st. CO1 [K3]

Particulars	Amount in ₹	Particulars	Amount in ₹
Capital	15,000	Loan Borrowed	20000
Drawings	4800	Stock on Jan 01 st	7500
Machinery	20000	Purchases	60000
Furniture	1500	Sales	90000
Sundry Debtors	20000	Office Rent	1000
Sundry Creditors	12900	Insurance	240
Interest (Dr)	1250	Discount Allowed	1000
Wages	10000	Discount Earned	500
Salaries	7500	General Expenses	1200
Carriage Inwards	500	Cash on hand	150
Purchase Returns	1000	Bank Balance	1260
Sales returns	1500		

The Following adjustments are to be made:

- Closing stock is valued at ₹10000.
- Outstanding rent ₹100 and salaries ₹900
- Insurance Prepaid ₹40 and interest on loans outstanding ₹250.
- Provide depreciation 10% on machinery and 6% on furniture.

Construct an Income Statement and Balance Sheet as on December 31st.

PART B (5Q x 4 Marks = 20 Marks) Compulsory

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| 2 | Compare the differences between single entry system and double entry system of bookkeeping. | CO1 [K ₂] |
| 3 | Outline the advantages of cash flow statements. | CO1 [K ₂] |
| 4 | Infer about Fixed cost and variable cost with examples | CO2 [K ₂] |
| 5 | Summarize the term Margin of safety | CO2 [K ₂] |
| 6 | List the limitations of standard costing. | CO2 [K ₁] |

Part – C (6Qx10 Marks = 60 marks) Answer Any 3 Questions

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| 7 | a | Explain the basic accounting concepts? Assess their implications?
(OR) | CO1 [K ₂] |
| 7 | b | From the following balances extracted at the close of trading period ended on March 31 st . Solve the financial position of the firm by preparing Profit and Loss Account as on that date: | CO1 [K ₃] |

Particulars	Amount in ₹	Particulars	Amount in ₹
Gross Profit	90000	Discount (Dr.)	1000
Carriage Outward	5000	Apprentice Premium (Cr.)	3000
Salaries	11000	Advertisement	1000
Rent and Taxes	4000	Travelling Expenses	750
Fire Insurance Premium	3000	Sundry Trade Expenses	500
Bad Debts	2500		

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|---|---|---|-----------------------|
| 8 | a | From the following particulars pertaining to assets and liabilities of a company solve the following ratios to understand their financial position, | CO2 [K ₃] |
|---|---|---|-----------------------|
1. Debt Equity Ratio
 2. Fixed Assets Ratio
 3. Current Ratio
 4. Liquid Ratio and
 5. Comment on the financial position of the firm

Liabilities	₹	Assets	₹
Equity Capital	100000	Fixed Assets	180,000
15% Preference Shares	50,000	Inventory	25000
12% Debentures	50,000	Debtors	55000
Retained Earnings	20,000	Bills Receivables	3000
Creditors	45,000	Bank	2000
	265000		265000

(OR)

8 b Ratio analysis is a tool to examine the health of a business with a view to make the financial results more intelligible. Explain. CO2 [K5]

9 a Briefly Explain about the elements of cost. CO2 [K2]

(OR)

9 b In a factory 10000 units of product A were manufactured in the month of July 2023, From the following particulars solve cost per unit of the product by preparing a cost sheet. CO2 [K3]

Opening stock of Raw Materials	₹2500
Purchase of Raw materials	₹27500
Closing stock of Raw Materials	₹5000
Direct Wages	₹12500
Factory Overhead	₹20,000
Administration Overhead	₹10000

10 a What do you understand by the term Cost Volume Profit Relationship? Explain why this relationship is important in Business Management. CO2 [K2]

(OR)

10 b You are given the following data for the year 2022 , CO2 [K3]

Variable cost	₹600,000
Fixed cost	₹400,000
Net Profit	₹200,000
Sales	₹1200,000

Solve the following:

1. P/V Ratio
2. Break Even Point
3. Profit when sales amounted to ₹1400,000
4. Sales required to earn a profit of ₹600,000

11 a Compare & Contrast between Budgetary Control and Standard Costing CO3 [K2]

(OR)

- 11 b From the following particulars compute and simplify for the following CO3 [K4]
1. Material Cost Variance
 2. Material Price Variance
 3. Material Usage Variance

Quantity of materials purchased = 3000 units

Value of materials purchased = ₹9000

Standard quantity of materials required per tonne of output of 30units

Standard rate of material ₹250 per unit

Opening stock of material = Nil

Closing stock of material = 500 units

Output during the period = 80 tonnes

- 12 a Budgetary control means worrying before work rather than after – CO3 [K5]
Explain this statement.

(OR)

- 12 b A company expects to have ₹37500 cash in hand on 01.04.2023 and requires you to prepare an estimate of cash position during the three months April to June 2023. The Following information is supplied to you. CO3 [K5]

Months	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

Other Information:

1. The period of credit allowed by suppliers is 2 months
2. 20% sales is for cash and period of credit allowed to customers for credit sale is one month
3. Delay on payment of all expenses is 1 month
4. Income tax of ₹57500 is due to be paid on June 15.
5. The company is to pay dividends to shareholders and bonus to workers which is ₹15000 and ₹22500 respectively in the month of April
6. Plant has been ordered and is expected to be received and paid in May, it will cost ₹120,000.
