



**MBA DEGREE EXAMINATIONS: NOV / DEC 2024**

(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: Three Hours**

**Maximum Marks: 100**

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

1. The following is the summarized profit and Loss account and Balance Sheet of Eureka Ltd., for the year ending March 31, 2023

CO2 [K4]

<b>Profit and Loss Account</b>			
	Amount( Rs.)		Amount(Rs.)
To Opening stock	99,500	By Sales	8,50,000
To Purchases	5,45,250	By Closing Stock	1,49,000
To wages	14,250		
To Gross Profit	3,40,000		
	<b>9,99,000</b>		<b>9,99,000</b>
To Operating Expenses:		By Gross Profit b/d	3,40,000
Administrative Expenses	1,50,000	By Interest	3,000
Selling Expenses	30,000	By Profit on sale of Investments	6,000
Finance Charges	15,000		
To non- operating Expenses:			
Loss on sale of assets	4,000		
To Net Profit	1,50,000		
	<b>3,49,000</b>		<b>3,49,000</b>

<b>Balance Sheet</b>			
	Amount(Rs.)		Amount(Rs.)
<b>Share Capital</b>	2,00,000	Buildings	1,50,000
<b>Reserves</b>	90,000	Machinery	80,000
<b>Profit and Loss A/C</b>	60,000	Stock	1,49,000
<b>Current Liabilities</b>	1,30,000	Debtors	71,000
		Cash	30,000
	<b>4,80,000</b>		<b>4,80,000</b>

Calculate and Analyse the following ratios

- Current Ratio
- Stock turn Over Ratio
- Liquid Ratio
- Operating Ratio
- Return on Net capital employed

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

- At the beginning of the year, a business had assets of ₹200,000, liabilities of ₹75,000, and owner's equity of ₹125,000. During the year, the business's assets increased by ₹50,000 and its liabilities decreased by ₹10,000. What is the owner's equity at the end of the year? CO1 [K<sub>5</sub>]
- Distinguish between the Trial balance and the balance sheet. CO1 [K<sub>4</sub>]
- What is P/V Ratio. CO3 [K<sub>5</sub>]
- If a company's budgeted sales are ₹200,000 and its actual sales are ₹180,000, Estimate the sales variance. CO3 [K<sub>5</sub>]
- Explain about Flexible Budgeting. CO3 [K<sub>5</sub>]

**Part – C (6Qx10 Marks = 60 marks)**

- Compare and Contrast Financial, Cost and Management Accounting. CO1 [K<sub>5</sub>]

(OR)
- Explain about the double entry system and its significance in accounting. CO1 [K<sub>5</sub>]
- Explain the purpose and components of a Balance Sheet. CO2 [K<sub>5</sub>]

(OR)
- ABC Manufacturing has the following data for the year ending December 31, 2023:  
Sales revenue: ₹500,000  
Cost of goods sold (COGS): ₹300,000  
Operating expenses:  
Selling expenses: ₹50,000  
Administrative expenses: ₹30,000  
Interest expense: ₹10,000  
Income tax rate: 20%  
Construct an income statement for ABC Manufacturing. CO2 [K<sub>6</sub>]

9. a) Examine the relationship between solvency, liquidity and profitability. CO2 [K<sub>5</sub>]  
(OR)
9. b) Given: CO2 [K<sub>5</sub>]  
Current Ratio = 2.6  
Liquid Ratio = 1.4  
Working Capital = ₹100,000  
Determine 1. Current Assets, 2. Current Liabilities, 3. Liquid Assets and 4. Stock.
10. a) Write a detailed note on behaviour of costs in relation to changes in the CO3 [K<sub>5</sub>]  
volume of output.  
(OR)
10. b) DEF Corp. manufactures electronic devices and has provided the CO3 [K<sub>5</sub>]  
following data for the quarter ending March 31, 2023:  
  
Direct materials purchased: ₹200,000  
Direct labor: ₹150,000  
Factory overheads: ₹100,000  
Opening stock of raw materials: ₹50,000  
Closing stock of raw materials: ₹40,000  
Opening stock of work in progress: ₹20,000  
Closing stock of work in progress: ₹30,000  
Opening stock of finished goods: ₹60,000  
Closing stock of finished goods: ₹50,000  
Selling and distribution expenses: ₹35,000  
Administrative expenses: ₹25,000  
Prepare a cost sheet for DEF Corp. for the quarter ending March 31, 2023.
11. a) Explain the advantages and limitations of marginal costing? CO3 [K<sub>5</sub>]  
(OR)
11. b) From the following data, CO3 [K<sub>5</sub>]  
Fixed expense = ₹4000  
Breakeven point = ₹10,000  
Calculate,  
a. P/V ratio  
b. Profit when sales are ₹20,000 and  
c. New breakeven point if selling price is reduced by 20%
12. a) What do you understand by the term budget? What are the CO3 [K<sub>5</sub>]  
characteristics of a good budget?  
(OR)
12. b) A company is expecting to have Rs. 25,000 cash in hand on 1st April CO3 [K<sub>5</sub>]  
2023 and it requires you to prepare an estimate of cash position in  
respect of three months from April to June 2023, from the information  
given below:
- |  | Sales Rs. | Purchase Rs. | Wages Rs. | Expenses Rs. |
|--|-----------|--------------|-----------|--------------|
|  |           |              |           |              |

Feb	70,000	40,000	8000	6000
March	80000	50,000	8,000	7,000
April	92000	52,000	9,000	7000
May	1,00,000	60,000	10000	8,000
June	1.20,000	55,000	12,000	9,000

Additional Information:

- (a) Period of credit allowed by suppliers - two months.
- (b) 25 % of sales are for cash and the period of credit allowed to customers for credit sale one month.
- (c) Delay in payment of wages and expenses one month.
- (d) Income Tax Rs. 25,000 is to be paid in June 2023.

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