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Question Paper Code : 12041

M.B.A. DEGREE EXAMINATIONS, JANUARY 2022.

First Semester

BA 4104 – ACCOUNTING FOR DECISION MAKING

(Regulations 2021)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. How does accounting differ from book-keeping?
2. What is meant by Generally Accepted Accounting Principles (GAAP)?
3. Define Dupont analysis.
4. List the different methods of Financial statement analysis.
5. How can Costs be classified?
6. What is Target costing?
7. Define Marginal costing.
8. What is meant by Angle of incidence?
9. What is Flexible budget?
10. Define Standard cost.

PART B — (5 × 13 = 65 marks)

11. (a) (i) Explain the basic assumptions of accounting. (8)
(ii) Distinguish between Journal and Ledger. (5)

Or

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- (b) Following are the Trial balance extracts of a company as on 31st March. Pass necessary journal entries and show the relevant account. (13)

	Debit (Rs)	Credit (Rs)
Sundry Creditors	—	4,02,000
Discount	—	2,000
Reserve Discount on Creditors	3,600	—

Additional information:

- (i) Additional discount received from creditors after closing the accounts Rs.2,000.
- (ii) Maintain a reserve for discount on creditors @ 3%.
12. (a) Discuss the procedure for the preparation of Funds flow statement. (13)

Or

- (b) From the following details, find out (i) Sales, (ii) Debtors, (iii) Creditors, and (iv) Closing stock. (13)

Stock turnover - 8 months

Debtors turnover - 3 months

Creditors turnover - 2 months

Gross profit ratio - 25%

Gross profit is Rs.2,00,000. Bills receivable Rs.12,500. Bills payable Rs.5,000. Closing stock is Rs.5,000 more than the opening stock.

13. (a) (i) Explain the advantages and disadvantages of Activity based costing. (5)
- (ii) Discuss the methods employed in costing joint products and by-products. (8)

Or

- (b) Prepare Process account, Normal loss and Abnormal loss accounts by showing the value of normal and abnormal loss from the following information.

1,200 kg of materials was charged to Process B at Rs.4 per kg. The direct labour cost accounted for Rs.400 and other departmental expenses to Rs. 1,520. The normal loss is 10% of input and the production was 1,000 kg transferred to finished stock. Assume that the process scrap itself is saleable at Rs.4 per kg.

14. (a) "Marginal costing is a valuable aid for managerial decisions" - Discuss. (13)

Or

- (b) From the following information, calculate (i) Contribution, (ii) BEP in units, (iii) Margin of Safety, (iv) Profit, (v) Volume of sales to earn a profit of Rs. 12,000. (13)

Total Sales	Rs.30,000
Total Variable costs	Rs.15,000
Total Fixed costs	Rs. 9,000
Units sold - 10,000 units	

15. (a) (i) Explain the various steps involved in framing a budgetary control system. (8)
- (ii) Write a note on Accounting disclosure practices in India. (5)

Or

- (b) The standard and actual of materials used in manufacturing of a product are as follows: (13)

Material	Standard	Actual
X	120 units of Rs.10 per unit	160 units of Rs.8 per unit
Y	80 units of Rs.20 per unit	140 units of Rs.16 per unit

Reconcile actual material cost with standard material cost.

PART C — (1 × 15 = 15 marks)

16. (a) Prepare Funds flow statement for a company from the following information for the year ended 31st December. (15)

Liabilities	2019	2020	Assets	2019	2020
Share capital	8,00,000	10,00,000	Fixed assets	6,00,000	6,20,000
Debentures	1,00,000	3,00,000	Investments	—	80,000
Reserves	5,00,000	7,00,000	Cash	12,00,000	13,00,000
Creditors	12,00,000	10,00,000	Inventories	7,00,000	8,00,000
			Debtors	1,00,000	2,00,000
	<u>26,00,000</u>	<u>30,00,000</u>		<u>26,00,000</u>	<u>30,00,000</u>

Additional information:

- (i) The net profit after adjustments in respect of provision for dividends, taxation was Rs.20,000 for the year.
- (ii) There was addition to fixed assets during the year amounting to Rs.80,000 and depreciation for the year was Rs.60,000.

Or

- (b) A company producing 80,000 units of Product A working at 80% capacity receives an order from a foreign dealer for 20,000 units at Rs. 100 per unit although the local price is Rs. 180 per unit. (15)

Material	Rs. 20
Labour: Skilled (fixed)	10
Unskilled	10
Variable expenses	10
Fixed expenses	<u>20</u>
Total	<u>70</u> per unit

Advise the management whether to accept the order or not. If there is temporary fall in demand what will be the minimum price to be charged?