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Question Paper Code : 55099

M.B.A. DEGREE EXAMINATIONS, NOVEMBER/DECEMBER 2025.

First Semester

MB 25101 — ACCOUNTING FOR DECISION MAKING

(Regulations 2025)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is Generally Accepted Accounting Principles (GAAP)?
2. Pass journal entries for the following:
 - (a) Started business with cash Rs. 2,50,000
 - (b) Sold goods on credit to Kumar & Co. Rs. 50,000
3. Write the meaning of Common Size Statements.
4. The following information is available:
 - Current Assets: Rs. 9,00,000
 - Inventory: Rs. 3,00,000
 - Current Liabilities: Rs. 4,50,000Calculate: Quick Ratio
5. What is a Joint Product?
6. Differentiate between Direct and Indirect costs.
7. Name any two examples of fixed cost.
8.
 - Total contribution Rs. 3,00,000
 - Sales 1000 units at Rs. 500 per unitCalculate Profit Volume Ratio.
9. Define variance and give any two types of variances.
10. Why sales budget is considered the primary budget?

PART B — (5 × 13 = 65 marks)

11. (a) From the following trail balance. You are required to prepare Trading, Profit and Loss account and Balance sheet.

Particulars	Debit Rs.	Credit Rs.
Machinery	70,000	
Building	75,000	
Cash	15,000	
Furniture	12,000	
Purchases	35,000	
Debtors	28,000	
Capital		1,50,000
Sales		95,000
Creditors		32,000
Wages	8,000	
Rent	5,000	
Drawings	10,000	
Bank overdraft		16,000
Bills receivable	15,000	
Stock	20,000	
	2,93,000	2,93,000

Adjustments:

- (i) Closing stock Rs. 35,000
- (ii) Prepaid rent Rs. 1,000
- (iii) Outstanding wages Rs. 1,500

Or

- (b) Explain the scope of Financial Accounting, Cost Accounting and Management Accounting in modern business organizations.
12. (a) (i) Given:

Net Sales = Rs. 25,00,000

Cost of Goods sold = Rs. 18,00,000

Operating Expenses = Rs. 4,00,000

Net Profit = Rs. 2,00,000

Calculate:

- (1) Gross Profit Ratio (2)
- (2) Operating Ratio (2)
- (3) Net Profit Ratio (2)
- (4) Interpret whether profitability is healthy. (2)

- (ii) Prepare a Comparative Balance Sheet with % analysis and comment: (5)

Particulars	2024 (Rs.)	2025 (Rs.)
Equity	6,00,000	8,00,000
Fixed Assets	9,00,000	12,00,000
Current Assets	4,50,000	6,00,000
Current liabilities	3,00,000	4,50,000

Or

- (b) Explain the difference between cash flow and fund flow statement.

13. (a) "Process costing ensures better control in continuous production industries." Analyze this statement with examples and explain challenges in process cost accumulation.

Or

- (b) (i) A company takes up a job order with the following details: (7)

- Direct Materials: Rs. 35,000
- Direct Wages: Rs. 20,000
- Factory Overheads: 60% of Direct Wages
- Administrative Overheads: 10% of Works Cost

Prepare a Job Cost Sheet and calculate the Total Cost of the job.

- (ii) In a chemical industry, products P and Q are produced from a joint process. (6)

- Total Joint Cost = Rs. 3,60,000
- Output: P 4,000 units, Q = 2,000 units
- Selling Price per unit: P = Rs. 120, Q = Rs. 150

Apportion the joint cost using sales value method.

14. (a) A gear manufacturing unit in a workshop operates with the following cost data for the financial year 2024-25:

- Total sales revenue = INR 12,50,000
- Total cost = INR 8,00,000
- Variable costs = 55% of Total cost

Calculate the following:

- (i) Profit Volume Ratio (2)
- (ii) Break-even sales (3)
- (iii) Profit (2)
- (iv) Margin of safety (3)
- (v) Margin of safety as a percentage of sales. (3)

Or

- (b) What is Make or Buy decision? Explain the factors and illustrate the decision process using a numerical example.
15. (a) (i) Summarize the ethical responsibility of accountants in financial reporting. (5)
- (ii) A company has the following standards for material X: (8)
 - Standard quantity: 5 kg @ Rs. 20 per kgActual results for January:
 - Quantity used: 27,000 kg
 - Price paid: Rs. 22 per kg
 - Output: 5,000 unitsCompute:
 - (1) Material cost variance
 - (2) Material price variance
 - (3) Material usage variance
 - (4) Interpret what each variance indicates.

Or

- (b) (i) Discuss the role of analytics in detecting financial irregularities. (5)
- (ii) Mention the benefits and challenges faced by Indian companies in IFRS adoption. (8)

PART C — (1 × 15 = 15 marks)

16. (a) Explain different cost classifications for the purpose of control and decision-making with suitable examples.

Or

- (b) Explain the role of marginal costing in multiproduct decision-making. Illustrate by solving a sales mix optimization problem with limiting factor.