

**C-4026**

**Sub. Code**

**31011**

**M.B.A. DEGREE EXAMINATION**

**INDUSTRY INTEGRATED**

**APRIL 2021 EXAMINATION**

**&**

**APRIL 2020 ARREAR EXAMINATION**

**First Semester**

**ACCOUNTING FOR DECISION MAKING**

**(2017 onwards)**

Duration : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 2 = 20)

Answer **all** questions.

1. What are the objectives of Management Accounting?
2. List out the functions of management accounting.
3. What do you understand by balance sheet?
4. What is a cash flow statement?
5. What is meant by performance measurement?
6. What is the meant of "ROI"?
7. What are the types of budget?
8. What do you understand by overhead?

9. What is meant by cost behaviour?  
10. Define zero base budget.

**Part B**

(5 × 5 = 25)

Answer **all** questions.

11. (a) What are the objectives of international accounting standards committee?

Or

- (b) Explain the limitations of financial accounting.

12. (a) Describe the steps the preparation of 'cash flow statement'.

Or

- (b) "Liquidity and profitability are the irreconcilable goals of a firm" – Explain.

13. (a) Explain the significance of performance in management accounting.

Or

- (b) Describe the importance of Balanced Scorecard.

14. (a) Define budgeting and explain the different types of budget.

Or

- (b) Explain overhead and sales variances with analysis.

15. (a) Explain the decision making scenarios using marginal costing.

Or

- (b) "Variability of costs is the foundation on which the technique of marginal costing is built up" – Explain.

**Part C**

(3 × 10 = 30)

Answer **all** questions, choosing either (a) or (b).

16. (a) “Accounting is the Language of business” –  
Elucidate.

Or

- (b) Two components A and B are used as follows :

Minimum usage : 150 units per week each

Maximum usage : 450 units per week each

Normal usage : 300 units per week each

Reordering quantity : A — 1200 units

B — 1000 units

Reordering period : A — 2 to 4 weeks

B — 3 to 6 weeks

Calculate for each component :

(i) Reordering level

(ii) Maximum level

(iii) Minimum level

(iv) Average stock level.

17. (a) “Management accounting provides immense help in  
management decision making”. Discuss.

Or

- (b) From the following details prepare statement of  
proprietary funds with as many details as possible :

(i) Stock velocity : 6

(ii) Capital turnover ratio : 2

(iii) Fixed assets turnover ratio : 4

(iv) Gross profit turnover ratio : 20 per cent

(v) Debtors velocity : 2 months

(vi) Creditors velocity : 73 days

The Gross Profit was Rs. 60,000. Reserves and surplus amount to Rs. 20,000. Closing stock was Rs. 5,000 in excess of opening stock.

18. (a) Explain significance of understanding financial statements.

Or

- (b) A company at present operating at 80% capacity produces and sells 40,000 units. Given below are the expenses per unit.

	Per unit
	Rs.
Direct Material	15
Direct Labour	10
Factory overhead (30% fixed)	5
Office overhead (60% variable)	3
Selling and distribution overhead (50% fixed)	2
Selling Price	45

Prepare a budget at 60% capacity and 90% capacity.