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Question Paper Code	13337
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**MBA - DEGREE EXAMINATIONS, NOV / DEC 2024 (JAN – 2025)**

First Semester

**Master of Business Administration**

**24MBT101 - ACCOUNTING FOR DECISION MAKING**

Regulations - 2024

Duration: 3 Hours

Max. Marks: 100

**PART - A (10 × 2 = 20 Marks)**  
Answer ALL Questions

	Marks	K- Level	CO
1. Define Accounting.	2	K1	CO1
2. Name two main components of a Balance Sheet.	2	K2	CO1
3. Define Company Accounts.	2	K1	CO2
4. What is meant by "Subscribed Capital"?	2	K1	CO2
5. Define ratio analysis.	2	K1	CO3
6. Differentiate between fund flow from cash flow.	2	K2	CO3
7. What are the primary elements of cost in manufacturing?	2	K2	CO4
8. List one advantage and one limitation of Activity-Based Costing.	2	K2	CO4
9. Define budget.	2	K1	CO5
10. What do you mean by zero based budgeting?	2	K1	CO5

**PART - B (5 × 13 = 65 Marks)**  
Answer ALL Questions

11. a) i) Enter the following transactions in Journal of Khan as on 31-8-2024.	6	K4	CO1
1. Khan Started his business with a capital of Rs.1,50,000			
2. Purchased furniture Rs.10,000			
3. Cash Purchase Rs.20,000			
4. Open a bank account with SBI Rs.60,000			
5. Goods purchased from Salman Rs.25,000			
6. Sold goods for cash Rs.30,000			
7. Paid Rent Rs.2,000			
ii) From the following Trial Balance (containing errors), prepare a correct trial balance.	7	K4	CO1

Particulars	Debit (Rs)	Credit (Rs)
Purchases	60,000	
Reserves	20,000	
Sales		1,00,000
Purchase Returns	1,000	
Sales Returns		2,000
Opening Stock	30,000	
Closing Stock		40,000
Expenses		20,000
Outstanding Expenses	2,000	
Bank Balance	5,000	
Assets	50,000	
Debtors		80,000
Creditors		30,000
Capital	94,000	
Suspense Account (Due to Difference)	10,000	
<b>Total</b>	2,72,000	2,72,000

OR

- b) Prepare trading and profit & loss account for the year ended 31<sup>st</sup> March, 2019 and a balance sheet as on that date from the following trial balance. 13 K4 CO1

Particulars	Rs	Particulars	Rs
Opening Stock	75,000	Capital	6,50,000
Purchases	5,55,000	Sales	11,70,000
General Expenses	55,000	Provision for Bad debts	30,000
Bills Receivable	50,000	Bills Payable	40,000
Drawings	41,500	Creditors	74,000
Salaries	1,40,000	Loan	2,00,000
Insurance	31,700	Reserve	1,36,000
Debtors	76,350		
Office Rent	37,000		
Printing and Stationery	20,000		
Wages	93,000		
Furniture	1,30,000		
Cash	77,950		
Machinery	7,70,000		
Trade Charges	27,000		
Carriage inwards	29,000		
Carriage outwards	32,000		
Factory Rent	35,000		
Discount	24,500		
<b>Total</b>	<b>23,00,000</b>		<b>23,00,000</b>

Closing stock is valued as Rs.97,000.

12. a) Analyze the impact of issuing shares at a discount on a company's financial statements and shareholder equity. 13 K4 CO2

OR

- b) Ramesh Ltd. was incorporated on May 1st, 2022 to take over business of Victory Enterprises, as a going concern from 1-1-2022. The Profit and Loss account for the year ending 31-12-2022 was as follows: 13 K4 CO2

Particulars	Amounts	Particulars	Amounts
To Rent and Taxes	14,000	By Gross Profit	3,10,000
To Insurance	6,000		
To Electricity Charges	4,800		
To Salaries	82,000		
To Director's Fees	6,000		
To Auditor's Fees	3,200		
To Commission	12,000		
To Advertisement	8,000		
To Office expenses	7,000		
To Carriage	6,000		
To Bank charges	3,000		
To Preliminary exps	13,000		
To Bad Debts	4,000		
To Interest on loan	6,000		
To Net Profit	1,35,000		
<b>Total</b>	<b>3,10,000</b>	<b>Total</b>	<b>3,10,000</b>

The total turnover for year ended 31st Dec. 2022 was ₹ 10,00,000 divided into ₹ 3,00,000 upto 1st May and ₹ 7,00,000 for the remaining period. Ascertain the profits earned prior to and post incorporation periods.

13. a) The following balance sheets are given:

13 K4 CO3

Liabilities	2014 Rs	2015 Rs	Assets	2014 Rs	2015 Rs
Equity Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Preference Capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserves	40,000	70,000	Plant	80,000	2,00,000
P & L A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivables	20,000	30,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>	<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>

You are required to prepare

1. Comparative Balance Sheet 2. Common Size Balance Sheet

**OR**

- b) Following are summarized balance sheets of X Ltd. as on 31<sup>st</sup> December, 2014 and 2015.

13 K4 CO3

Liabilities	2014 (Rs)	2015 (Rs)	Assets	2014 (Rs)	2015 (Rs)
Equity Capital	2,00,000	2,50,000	Bank	35,000	16,000
12% Debentures	1,00,000	80,000	Stock	40,000	75,000
10% Preference Share	50,000	80,000	Bills Receivables	20,000	50,000
Public Deposits	20,000	30,000	Debtors	70,000	1,00,000
Loans	50,000	80,000	Machinery	75,000	60,000
Reserves	20,000	25,000	Furniture	10,000	8,000
P & L A/c	50,000	60,000	Land	1,70,000	2,80,000
Provision for Depreciation on Machinery	10,000	15,000	Buildings	1,40,000	99,000
Proposed Dividend	20,000	25,000	Goodwill	30,000	25,000
Creditors	40,000	50,000			
Bills Payable	30,000	18,000			
<b>Total</b>	<b>5,90,000</b>	<b>7,13,000</b>	<b>Total</b>	<b>5,90,000</b>	<b>7,13,000</b>

**Additional Information:**

- Depreciation charged during 2015 was Rs.4,000 on Furniture, Rs.12,000 on Machinery and Rs.20,000 on Buildings.
  - Redemption of debentures was made at 10% premium.
  - Part of Machinery was sold for Rs.15,000 at a loss of Rs.4,000
  - During 2015 interim dividend was paid Rs.10,000 and income tax was paid Rs.5,000
- You are required to prepare statement of changes in working capital and fund flow statement.

14. a) Explain how you would prepare a cost sheet using unit costing, and analyze the impact of each element of cost on the final cost.

13 K4 CO4

**OR**

- b) A company is considering a new production process. Use Activity-Based Costing to allocate costs and determine if the process is more cost-effective than existing methods.

13 K4 CO4

15. a) Apply the concept of budgetary control to analyze the impact of fluctuating market prices on an industry's financial health. 13 K4 CO5

**OR**

- b) Prepare a cash budget from the following data for 3 months ending 31<sup>st</sup> March 2020. 13 K4 CO5

Months	Sales Rs	Purchase Rs	Wages Rs	Other Expenses Rs
November 2019	7,00,000	30,000	1,30,000	2,10,000
December 2019	9,00,000	4,40,000	1,70,000	2,40,000
January 2020	11,00,000	6,50,000	1,90,000	2,60,000
February 2020	12,00,000	7,00,000	2,00,000	2,70,000
March 2020	14,00,000	7,90,000	2,20,000	2,90,000

**Additional Information**

- Corporate tax due on 31<sup>st</sup> March Rs.2,20,000
- Interest to be received for investment Rs.50,000 monthly
- Cash in hand on 1<sup>st</sup> November 2019 Rs.1,70,000
- Dividend of Rs.1,50,000 to be paid during March.
- 40% of the sales amount received in the month of sales, discount allowed 5%. The balance amount is received equally in the following two months.
- Lag in payment of purchase 2 months.
- 30% of wages remain arrears and will be paid in the following month.
- Other expenses are paid in the following month.

**PART - C (1 × 15 = 15 Marks)**

**(Compulsory)**

16. a) Prepare Trading and Profit & Loss Account for the year ended 31st March 2021 and a balance sheet as on that date from the following balance of N & Co. 15 K5 CO1

Particulars	Rs	Particulars	Rs
Purchase	7,70,000	Machinery	13,50,000
Furniture	3,50,000	Travelling Expenses	27,000
Bad Debts	17,000	Debtors	74,000
Carriage inwards	10,500	Stock as on 01.04.2020	90,000
Return inwards	15,300	Return outwards	17,700
Sales	15,00,000	Creditors	79,500
Salaries	1,70,000	Interest Paid	54,000
Commission Paid	25,000	Rent Paid	60,000
Discount Received	27,600	Wages	97,000
Carriage outwards	23,000	Insurance	45,000
Bank loan	4,50,000	Cash in Hand	1,55,000
Capital	13,28,000	Drawings	70,000

**Adjustment:**

- Interest prepaid is Rs.7,400
- Wages outstanding Rs.5,000; Rent paid in advance Rs.4,000
- Interest on Bank loan is @ 10 % p.a
- Provide depreciation for Machinery and furniture @ 4% p.a
- Provide doubtful debts @ 10 % on debtors
- Closing stock was valued as Rs.1,35,000