

Code No: 21BA1T3

I MBA - I Semester Supplementary Examinations DECEMBER - 2024

ACCOUNTING FOR MANAGERS

Duration: 3 Hours

Max. Marks: 70

Note: 1. This question paper contains three Parts-A, Part-B and Part-C.

2. Part-A contains 8 short answer questions. Answer any **Five** Questions.
Each Question carries 2 Marks.3. Part-B contains 5 essay questions with an internal choice from each unit.
Each Question carries 10 marks.

4. Part-C contains one Case Study for 10 Marks.

5. All parts of Question paper must be answered in one place

PART - A

1. a)	List the main features of a Double-Entry System.
1. b)	Explain why the Double-Entry System is considered more reliable than the Single-Entry System.
1. c)	Describe how the Trial Balance is used in the preparation of financial statements.
1. d)	Identify the terms "Income Statement" and "Balance Sheet."
1. e)	List the key differences between Horizontal and Vertical Analysis.
1. f)	Describe how Financial Accounting helps in decision-making for external stakeholders.
1. g)	Define the term "Break-Even Point."
1. h)	Summarize the significance of corrective actions in the Budgetary Control process.

PART – B

			BL	CO	Max. Marks
<u>UNIT – I</u>					
2.	a)	Compare and contrast the suitability of the Single-Entry and Double-Entry systems for small businesses.			5 M
	b)	Evaluate the importance of the Double-Entry System for maintaining financial accuracy in large organizations.			5 M

OR			
3.	a)	Differentiate between Financial Accounting and Management Accounting.	5 M
	b)	Assess the impact of not having a proper Financial Accounting System in a business.	5 M
<u>UNIT – II</u>			
4.	a)	Differentiate between the items listed under "Current Liabilities" and "Non-Current Liabilities."	5 M
	b)	Evaluate the significance of a Balance Sheet for investors and creditors.	5 M
OR			
5.	a)	Evaluate the importance of adhering to accounting principles when preparing financial statements.	5 M
	b)	<p>A business provides the following data for the year ended December 31, 2023:</p> <ul style="list-style-type: none"> -Revenues (Sales): Rs.50,000 -Cost of Goods Sold (COGS): Rs.30,000 -Operating Expenses: <ul style="list-style-type: none"> o Salaries: Rs.5,000 o Rent: Rs.2,000 o Utilities: Rs.1,000 -Other Incomes: Rs.3,000 <p>Prepare the Profit and Loss Account.</p>	5 M
<u>UNIT-III</u>			
6.	a)	Analyze the limitations of using horizontal analysis in a company undergoing seasonal variations.	5 M
	b)	Evaluate the effectiveness of horizontal analysis in assessing a company's financial performance over time.	5 M
OR			
7.	a)	<p>A company has the following data:</p> <p>Current Assets= Rs.150,000, Inventory= Rs.50,000, Current Liabilities=Rs.100,000.</p>	5 M

		Calculate the quick ratio and explain its significance.	
	b)	Justify the use of Ratio Analysis as a tool for making investment decisions.	5 M
<u>UNIT – IV</u>			
8.	a)	Calculate the break-even point in units for a company with fixed costs of Rs.20,000 a selling price of Rs.50 per unit, and a variable cost of Rs.30 per unit.	5 M
	b)	Evaluate the limitations of CVP analysis in real-world decision-making.	5 M
OR			
9.	a)	Evaluate the effectiveness of Marginal Costing in decision-making for pricing and production.	5 M
	b)	Differentiate between the income statements prepared under marginal costing and absorption costing.	5 M
<u>UNIT – V</u>			
10.	a)	Assess the limitations of Budgetary Control in dynamic and unpredictable market conditions.	5 M
	b)	A manufacturing company prepared a budget for 1,000 units of production: -Direct Materials: Rs.5 per unit -Direct Labor: Rs.10 per unit -Fixed Overheads: Rs.4,000 If the company ends up producing 1,500 units, prepare a flexible budget.	5 M
OR			
11.	a)	Examine the advantages and disadvantages of using Zero-Based Budgeting in comparison to traditional incremental budgeting.	5 M
	b)	Evaluate the benefits of adopting a comprehensive master budget for strategic planning.	5 M

PART –C

			BL	CO	Max. Marks
12.	<p>Aero Café, a small coffee shop in downtown Springfield, decided to implement a budgetary control system to improve its financial performance. The café established a budget for monthly operations, which included fixed costs such as rent and salaries, and variable costs like coffee supplies and utilities. The owner, Sarah, carefully analysed past financial data and set realistic budget goals. She also prepared monthly budget reports to compare actual expenses and revenues against the budgeted figures. In doing so, Sarah aimed to identify any variances, address inefficiencies, and make informed business decisions.</p> <p>After three months of implementing the budgetary control system, Sarah noticed some interesting trends. While revenues increased due to good marketing efforts, she found that the cost of coffee supplies had risen unexpectedly by 15%. Sarah made some strategic decisions, such as negotiating with suppliers for better prices and finding local suppliers to reduce costs. These actions helped her bring expenses under control while maintaining profitability.</p> <p>Questions:</p> <ol style="list-style-type: none"> 1. What is the main objective of implementing a budgetary control system in Aero Café? 2. How did Sarah identify and address the unexpected increase in the cost of coffee supplies? 3. Why is comparing actual expenses with budgeted figures important in budgetary control? 				10 M