

# P P SAVANI UNIVERSITY

First Semester of MBA Examination  
December 2022

SLMB7210 Accounting for Decision Making

21.12.2022, Wednesday Time: 09:00 a.m. To 11:30 a.m. Maximum Marks: 60

## Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheet.
3. Use of scientific calculator is **NOT** allowed.

## SECTION - I

- Q - 1 Answer the Following: ANY FIVE
- |       |  |      |    |     |
|-------|--|------|----|-----|
| (i)   | Explain current ratio.                         | [10] | CO | BTL |
| (ii)  | Explain quick ratio.                           |      | 3  | 1   |
| (iii) | What is gross profit ratio?                    |      | 3  | 1   |
| (iv)  | Discuss ROCE.                                  |      | 3  | 2   |
| (v)   | What is MOS?                                   |      | 3  | 4   |
| (vi)  | What is an equation of BEP?                    |      | 4  | 2   |
| (vii) | Write a full form of CVP analysis and explain. |      | 4  | 2   |
- Q - 2 Following are the Key Financial Ratios of the State Bank of India Ltd. (Banking Sector) you are required to draw the conclusion from it. [10]
- |  |  |  |  |  |   |   |
|--|--|--|--|--|---|---|
|  |  |  |  |  | 3 | 6 |
|--|--|--|--|--|---|---|

Ratio	March 2021	March 2020	March 2019	March 2018	March 2017
EPS (Rs.)	22.87	16.23	0.97	-7.67	13.43
Dividend / Share (Rs.)	4.00	0.00	0.00	0.00	2.60
Net NPA (%)	1.50	2.23	3.00	6.00	4.00
ROCE (Times)	1.64	1.79	1.80	1.81	1.99
ROA Ratio	0.45	0.36	0.02	-0.18	0.38

OR

- Q - 2 (a) Discuss various types of ratios and its usage. [05] 3 4
- Q - 2 (b) Write a note on DuPont Analysis. [05] 3 4
- Q - 3 (a) Following is the information is available: [05] 4 6

Margin of Safety Ratio 20%

P/V Ratio 40%

Fixed Cost Rs. 1,50,000

Find out: Sales at BEP, Actual Total Sales for the year, and Profit for the Year, Variable costs for the year.

**Q - 3 (b)** Following is the information is available: [05] 4 6

Fixed Expenses	Rs. 25,000
Variable Expenses	Rs. 20 p.u.
Selling Price	Rs. 30 p.u.

Calculate the following: BEP in Units, Sales volume to earn a profit of Rs. 25,000, What additional units would be necessary to increase the profit by Rs. 10,000?

**OR**

**Q - 3 (a)** Write in detail about the utilization of CVP analysis. [05] 4 4

**Q - 3 (b)** What is equilibrium line in BEP analysis? - Explain. [05] 4 4

**SECTION - II**

**Q - 1** Answer the Following: **ANY FIVE** [10]

- (i) What do you mean by cost? 1 2
- (ii) Explain absorption costing 1 1
- (iii) What is semi-variable cost? 1 2
- (iv) Discuss variable cost. 1 4
- (v) What are the main objectives of preparing budget? 2 2
- (vi) What is ZBB? 2 2
- (vii) What is performance based budget? 2 2

**Q - 2** From the following particulars, prepare a cost sheet for the year ending 31.03.2022: [10] 1 6  
Amount is in INR

	1.4.2021	31.3.2022	
Stock of materials	22,750	26,300	
Stock of work-in-progress	18,200	15,700	
Stock of finished goods	37,600	34,500	
Purchase of raw materials	6,20,000	Carriage inward	21,400
Factory manager salary	25,000	Depre. of plant and machinery	7,100
Office rent, rates and ins.	14,600	Salesman travelling expenses	21,900
Carriage outward	13,800	Debenture interest	16,500
Directors fee	24,000	General manager salary	25,000
Transfer to general reserve	20,000	Wages	3,70,000
Power expenses	1,15,000	office salaries	28,000
General expenses	17,300	Dividend paid	35,000
Warehouse expenses	29,000	Income tax	41,000
Goodwill written off	10,000	Bank charges	6,000
Printing and stationery	12,500	Sales for the year	16,00,000

**OR**

**Q - 2 (a)** Write a short note on marginal costing. [05] 1 4



**Q - 2 (b)** Draw the pro-forma of cost sheet. [05] 1 3

**Q - 3** The budgeted output of a industry specializing in the production of a one product at the optimum capacity of 6,400 units per annum amounts to Rs. 1,76,048 as detailed below: [10] 2 6

Particulars	Rs.	Rs.
Fixed costs		20,688
Variable costs:		
Power	1,440	
Repairs etc.	1,700	
Miscellaneous	540	
Direct material	49,280	
Direct Labour	1,02,400	1,55,360
Total cost		1,76,048

The company decides to have a flexible budget with a production target of 3,200 and 4,800 units (the actual quantity proposed to be produced being left to a later date before commencement of the budget period).

Prepare a flexible budget for production levels of 50% and 75%. Assuming, selling price per unit is maintained at Rs. 40 as at present; indicate the effect on net profit.

Administrative, selling and distribution expenses continue at Rs.3,600.

OR

**Q - 3 (a)** Discuss various types of budget also discuss its advantages and limitations. [10] 2 5

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CO : Course Outcome Number

BTL : Blooms Taxonomy Level

Level of Bloom's Revised Taxonomy in Assessment

1: Remember	2: Understand	3: Apply
4: Analyze	5: Evaluate	6: Create