23 AN 102: ACCOUNTING FOR MANAGERS

Course Code	**23 AN 102**	Course Delivery Method	Classroom / Blended Mode
Credits	04	CIA Marks	30
No. of Lecture Hours / Week	05	Semester End Exam Marks	70
Total Number of Lecture Hours	75	Total Marks	100
Course Focus	**E**mployability	**E**ntrepreneurship	**S**kill Development.

COURSE OUTCOMES: By the end of the course, students will be able:

CO-1 To explain fundamental accounting concepts along with the elements of financial statements and basic accounting vocabulary.
CO-2 To explain and use the accounting equation in basis financial analysis and explain how the equation is related to financial statements with ratio analysis.
CO-3 To understand the meaning and various costs along with the application of decisions in cost management.
CO-4 To understand the meaning of budget – budgeting and budgeting control and explain the utility – concept and preparation of different types of budgets.
CO-5 To acquaint with the knowledge on the capital budgeting techniques and their application in business organizations.

COURSE CONTENT

Unit-I: Introduction to Accounting: Objectives, Nature, and Scope; Generally Accepted Accounting Principles (GAAP); Financial Accounting, Cost Accounting, Management Accounting; Single entry and double entry systems of accounting; Accounting cycle, Journal, Ledger, Trial Balance, Final Accounts. (Closing stock and Depreciation Adjustments only) **(15Hours)**

Unit-II: Analysis of Financial Statements: Common size Analysis, Comparative Statements and Trend Analysis; Inter – firm comparison, Industry Analysis; **Ratio Analysis**: Types of Ratios- DuPont Analysis - Advantages and Limitations of Ratio Analysis. **(15Hours)**

Unit-III: Marginal costing and Breaking-even Analysis: Concept of Marginal Cost, Cost – Volume – Profit Analysis (CVP Analysis); Break-Even Analysis, Assumptions and Practical Applications of Break-Even Analysis, Decisions regarding Sales-mix, Make or Buy Decisions. **(15Hours)**

Unit-IV: Budgets and Budgetary Control: Meaning of Budget, Budget Control, Budget manual, Preparation, and monitoring procedures; Types of Budgets: Zero based Budget, Flexible budget, Sales Budget, Production Budget, Cash Budget, Capital Expenditure Budget, and Master budget. **(15Hours)**

Unit-V: Time Value & Capital Budgeting: Concept of Time Value of Money; Capital Budgeting Process, Nature, Scope, Significance; Techniques of Capital Budgeting: Traditional (ARR & Pay Back Period) and DCF Methods (NPV, IRR & Profitability Index); Risks in Capital Budgeting **(15Hours)**

PRACTICAL COMPONENT:

- Collecting Annual reports of the companies and analysing the financial statements using different techniques and presenting the same in the class.
- Analysing the companies' cash flow statements and presenting the same in the class.
- Identify the sustainability report of a company and study the contents.

REFERENCES:

1. **I.M.Pandey,** Management Accounting, 3rd revised edition, 1994 Vikas Publishing House.
2. **Dr. S.N Maheshwari**, Financial Accounting, CA. Sharad K. Maheshwari & Dr. Suneel K. Maheshwari, 4th edition 2018, Vikas Publishing House.
3. **Dr. N.P. Srinivasan** and Dr. M. Sakthivel Murugan - Accounting for Management Revised Edition 2010 - S. Chand
4. Robert **S. Kaplan** and Anthony A. Atkinson, Advanced Management Accounting 3rd edition, 1998 (PHI), New Delhi.
5. **Dr. M.S.V. Prasad G. Syamala Rao - Mohammed Jafrulla -K. Gowri Shankar Mrs. S. Vani - ** Accounting for Managers, 1st edition 2016, Himalaya Publishing House.

MODEL QUESTION PAPER
M.B.A. ANALYTICS (REGULAR) DEGREE EXAMINATION
First Semester
23 AN 102: ACCOUNTING FOR MANAGERS

Duration: 3 Hours **Maximum Marks: 70**

SECTION – A

Answer the Following Questions **5X4=20Marks**

1. (A)What is Going concern concept? (CO1)(L1)

   (OR)

   (B)Define Single entry system. (CO1) (L1)

2. (A) Illustrate the Absolute liquid Ratio. (CO2) (L2)

(OR)

(B)Classify the financial statements? (CO2) (L2)

3. (A)Define Marginal cost and Marginal costing? (CO3) (L1)

(OR)

(B)What are the assumptions of BEP Analysis? (CO3) (L1)

4. (A) What is budgetary control? (CO4) (L1)

(OR)

(B)Illustrate the Production budget. (CO4) (L1)

5. (A)What are the risks in Capital Budgeting? (CO5) (L1)

(OR)

(B) List out any four characteristics of financial reporting. (CO5) (L1)

SECTION – B

Answer ALL the following **5X8=40Marks**

1. **(A)** Define Financial Accounting. Distinguish between Cost Accounting and Financial Accounting. (CO1) (L4)

(OR)

(B) The following is Trial Balance of M/s Deepak Traders as on 31-3-2023.Analyze the profitability by preparing Balance sheet on 31-3-2023. (CO1) (L4)

Particulars	Debit Balance (Rs.)	Credit Balance (Rs.)
Capital		1,00,000
Drawings	18,000	
Buildings	15,000	
Furniture	7,500	
Motor van	25,000	
Loan to Harry	15,000	
Interest	450	
Sales		1,00,000
Purchases	75,000	
Stock on 1-4-2023	25,000	
Establishment expenses	15,000	
Freight inward	2,000	
Freight outward	1,050	
Bank overdraft		25,000
Commission received.		7,500
Sundry debtors	28,000	
Bank balance	20,500	
Sundry Creditors		15,000
Total	2,47,500	2,47,500

Adjustments:

i. Closing Stock valued at Rs. 25,000
ii. Depreciate building by 10% and furniture by 5%

iii. Provide a Reserve for Bad debts @ 5%
iv. Provide for discount on debtors and creditors @ 3%.

2. **(A)**Define financial statement. Briefly explain the elements of financial statements. (CO2) (L2)

(OR)

(B) Interpret the trend percentages from the following figures of Z Ltd. Taking 2018 as the base. (CO2) (L2)

Year	Sales	Stock	Profit before tax (in lakhs)
2018	1881	709	321
2019	2340	781	435
2020	2655	816	458
2021	3021	944	527
2022	3768	1154	672

3. **(A)** Enumerate the limitations of using the marginal costing technique. (CO3) (L4)

(OR)

(B) MM manufacturer's ltd. has supplied the following information in respect of one of its products. . (CO3) (L4)

Total fixed cost - Rs.18,000
Total variable cost - Rs.30,000
Total sales - Rs.60,000
Units sold - 20,000

Find out:

(i) Contribution per unit (ii) Break Even Point
(iii) Margin of safety (iv) Profit and
(v) Volume of sales to earn a profit of Rs.24,000

4. **(A)** What is Budget? Bring out the differences between Fixed and Flexible Budget. (CO4) (L3)

(OR)

(B) S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2023 to December 2023. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.
(CO4) (L3)

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000

October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

Further information:

(a) 50% of credit sales are realized in the month following the sales and remaining 50% in the second following.

(b) Creditors are paid in the month following the month of purchase

(c) Estimated cash as on 1-10-2023 is Rs.50,000.

5. **(A)**What is Internal rate of Return? Compare IRR with NPV. (CO5) (L3)

(OR)

6. (B)A hospital is considering to purchase a diagnostic machine costing ` 80,000. The projected life of the machine is 8 years and has an expected salvage value of ` 6,000 at the end of 8 years. The annual operating cost of the machine is ` 7,500. It is expected to generate revenues of ` 40,000 per year for eight years. Presently, the hospital is outsourcing the diagnostic work and is earning commission income of ` 12,000 per annum, net of taxes. (CO5) (L3)

Required: Whether it would be profitable for the hospital to purchase the machine? Give your recommendation under:

a) Net Present Value method

b) Profitability Index method

PV factors at 10% are given below:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
0.909	0.826	0.751	0.683	0.621	0.564	0.513	0.467

SECTION – C

CASE STUDY (Compulsory) **1X10=10Marks**

7. Following information is given by a company from its books of accounts as on March 31, 2023 (CO3) (L3)

Particulars	**(Rs.)**
Inventory	1,00,000
Total Current Assets	1,60,000
Shareholders' funds	4,00,000
13% Debentures	3,00,000

Current liabilities	1,00,000
Net Profit Before Tax	3,51,000
Cost of revenue from operations	5,00,000

Calculate:

i) Current Ratio

ii) Liquid Ratio

iii) Debt Equity Ratio

iv) Interest Coverage Ratio

v) Inventory Turnover Ratios