MBACC 105

M.B.A. Ist Semester (NEP) Examination, 2026

MOST IMPORTANT QUESTIONS 2026 – UNSOLVED MODEL PAPER

ACCOUNTING FOR MANAGERS

Paper : V

Time : 3 Hours **[M.M. : 70**

Note : Answer any **five** questions. All questions carry equal marks.

1. (a) Explain GAAP, Ind AS and the convergence with IFRS, and the ethical dimensions of financial reporting. (b) Identify the accounting concept or convention involved in each case and give reasons: (i) Inventory is shown at ₹95,000, the lower of cost and market value (ii) Machinery purchased a week ago for ₹2,00,000 is shown at the same value though its market value has changed (iii) Insurance of ₹1,20,000 was paid but only ₹90,000 is charged to P&L as ₹30,000 is advance (iv) The company has followed the WDV method of depreciation for 3 years (v) Small equipment of ₹800 is treated as revenue expense. **[7+7=14]**

2. Company X Ltd. is facing the following problems: (a) low capacity utilisation of assets (b) difficulty in meeting short-term obligations (c) low profitability on overall investment (d) high wastage in inventory storage (e) increasing bad debts (f) increasing leverage risk (g) low demand for its products. Identify the accounting ratios that would be useful to identify each problem and suggest measures to improve them. **[14]**

3. Explain DuPont analysis. From the following, compute the return on equity using the DuPont framework and interpret it: Sales ₹20,00,000; Net profit ₹1,60,000; Total assets ₹16,00,000; Shareholders' equity ₹8,00,000. **[14]**

4. Prepare a common-size income statement of X Ltd. for two years and comment: Year 1 – Sales ₹10,00,000, Cost of goods sold ₹6,00,000, Operating expenses ₹2,00,000, Interest ₹50,000, Tax ₹45,000; Year 2 – Sales ₹12,00,000, Cost of goods sold ₹7,80,000, Operating expenses ₹2,16,000, Interest ₹60,000, Tax ₹43,200. Also explain the contents of a corporate annual report and BRSR. **[14]**

5. Prepare a cash flow statement by the indirect method from the following: Net profit for the year ₹1,50,000; depreciation ₹40,000; loss on sale of machinery ₹5,000; increase in debtors ₹30,000; decrease in inventory ₹20,000; increase in creditors ₹15,000; purchase of machinery ₹2,00,000; sale of machinery ₹25,000; issue of equity shares ₹1,00,000; repayment of loan ₹50,000; dividend paid ₹30,000. Opening cash balance ₹40,000. Explain the managerial uses of a cash flow statement. **[14]**

6. Distinguish between marginal costing and absorption costing. A company sells a product at ₹50 per unit; variable cost is ₹30 per unit and fixed costs are ₹4,00,000 per year. Calculate: (i) P/V ratio (ii) break-even point in units and value (iii) margin of safety if sales are 30,000 units (iv) sales required to earn a profit of ₹2,00,000. **[14]**

7. A company manufactures a component at the following cost per unit: direct material ₹12, direct labour ₹8, variable overheads ₹5, fixed overheads ₹6. A supplier offers the component at ₹27 per unit. Should the company make or buy the component (a) if the fixed overheads will continue, and (b) if the spare capacity can be used to earn a contribution of ₹40,000 on 10,000 units? Explain other applications of marginal costing in decision-making. **[14]**

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8. A factory is currently operating at 50% capacity, producing 10,000 units. At 50% capacity the unit cost is: raw materials ₹200, labour ₹60, factory overheads ₹60 (40% fixed), administrative overheads ₹40 (50% variable); selling price ₹400. Prepare a flexible budget at 60% and 80% capacity, given that at 60% the cost of raw materials increases by 2% and the selling price falls by 2%, and at 80% the cost of raw materials increases by 5% and the selling price falls by 5%. **[14]**

9. What is responsibility accounting? Explain the types of responsibility centres. What is transfer pricing? Explain the methods of transfer pricing and its role in performance appraisal. **[14]**

10. Write short notes on the following: (a) Budgetary control (b) Responsibility accounting (c) Zero-based budgeting **[5+5+4=14]**

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