

ACCOUNTING FOR MANAGEMENT

Time: 3 hours

Max. Marks: 70

PART - A Answer ONE Question from each UNIT (5 x 12 = 60 Marks)

All Questions Carry Equal Marks

PART - B Compulsory (1 x 10 = 10 Marks)

PART -A

UNIT-I		Marks	CO	BL
1.a)	Explain the nature and scope of Accounting for Management.	6M	CO1	L2
b)	Describe the accounting cycle with a neat diagram.	6M	CO1	L2
OR				
2.a)	Distinguish between financial accounting and management accounting.	6M	CO1	L4
b)	Explain the basic accounting concepts and conventions.	6M	CO1	L2
UNIT-II		Marks	CO	BL
3.a)	Prepare a Comparative Income Statement and interpret the results	6M	CO2	L1
b)	Apply trend analysis to the given financial data.	6M	CO2	L3
OR				
4.a)	Prepare a Common Size Balance Sheet and draw conclusions.	6M	CO2	L1
b)	Analyze the profitability position using financial statements.	6M	CO2	L4
UNIT-III		Marks	CO	BL
5.a)	Explain the importance of inventory control in an organization.	6M	CO3	L2
b)	Describe FIFO and LIFO methods of inventory valuation	6M	CO3	L2
OR				
6.a)	Explain the Weighted Average method of inventory valuation.	6M	CO3	L2
b)	Compare FIFO and LIFO methods of inventory valuation.	6M	CO3	L2
UNIT-IV		Marks	CO	BL
7.a)	Prepare a production budget and interpret the results.	6M	CO4	L1
b)	Apply flexible budgeting techniques in cost control.	6M	CO4	L3
OR				
8.a)	Prepare a cash budget using receipts and payments method.	6M	CO4	L1
b)	Apply zero-based budgeting for managerial decision-making.	6M	CO4	L3
UNIT-V		Marks	CO	BL
9.a)	Analyze the significance of standard costing in cost control	6M	CO5	L4
b)	Calculate and analyze material cost variances.	6M	CO5	L5
OR				
10.a)	Analyze labor variances and their causes.	6M	CO5	L4
b)	Examine the role of marginal costing in decision-making.	6M	CO5	L4

PART – B

CASE STUDY

11 **Financial Performance Analysis at SRIKARA MANUFACTURING LTD**

Marks	CO	BL
	CO2	L5
	,CO	
	4	

Srikara Manufacturing Ltd., a medium-sized engineering goods company, has been operating in a highly competitive market for over a decade. The company produces industrial components and supplies to both domestic and export markets. Over the past three years, the management has observed fluctuations in profits despite a steady increase in sales revenue.

The summarized financial information reveals that while sales increased by nearly 18% over the last year, net profit declined from 9% to 5%. Operating expenses, particularly raw material costs and administrative overheads, have increased significantly. The company's current ratio has fallen from 2.1:1 to 1.4:1, and the quick ratio has also declined. The debt-equity ratio has increased due to additional borrowings for capacity expansion.

The management is concerned about the declining liquidity position and increased dependence on external funds. They suspect inefficient working capital management and improper cost control mechanisms. The finance manager has suggested a detailed analysis of financial statements using comparative statements, common size statements, and ratio analysis to identify problem areas.

10M

Further, the company has not been following systematic budgeting practices. Budgets are prepared only for sales, and no proper cost or cash budgets are in place. The top management now wants to evaluate financial performance, liquidity, and operational efficiency to take corrective actions and ensure sustainable growth.

Discussion Questions

- A. Analyze the financial performance of Srikara Manufacturing Ltd. using suitable financial statements.
- B. Identify the reasons for declining profitability despite increased sales.
- C. Examine the liquidity position of the company using appropriate ratios.
- D. Suggest budgetary control measures to improve cost efficiency.
- E. Recommend managerial actions based on financial analysis.
