INDIRA UNIVERSITY, PUNE

SCHOOL OF BUSINESS- MBA

Backlog Examination (2025 Pattern) April – 2026 - Semester – I

Subject Name: Accounting for Business Decisions **Max. Marks: 25**
Subject Code: 25MBA101 **Time: 1:30 Hrs.**

Instructions

- All questions are compulsory.
- Use of Simple calculator is allowed.
- Give working notes wherever required.
- Q.4 is compulsory.

CO #	Cognitive Ability	Course Outcome
CO3	**Apply**	Apply Accounting Principles and concepts to a given business situation.
CO4	**Analyse**	Analyze the cost statement for given scenario.
CO5	**Evaluate**	Evaluate the cost information for managerial decision making.
CO6	**Create**	Discuss the Financial statements of the company for the given scenario.

Answer In Short		
Q1. A.	Ms. Nisha Bhatia, the owner of UrbanStyle Fashions, maintains accounts for her boutique business. During the financial year 2024–25, the following transactions occurred: 1. Nisha withdrew ₹20,000 worth of garments from the boutique for her personal use but did not record it in the books. 2. The business received an advance payment of ₹1,00,000 from a customer in March 2025 for an order that will be delivered in April 2025. Question: Identify and explain the accounting concepts or conventions relevant to each of the above transactions and state the correct accounting treatment to be followed. **(5 marks)**	CO3
	OR	
Q.1.B	Mr. Anil Saxena started "Saxena Industries," a proprietorship firm, several decades ago. As he prepares his financial statements for the current year, he is facing two significant accounting situations. As an accountant you are required to advise him on the correct application of accounting principles for each situation. **Situation 1:** The firm purchased land in 1970 for ₹5 million, whose current market value is ₹20 million. Mr. Saxena wants to record it at the current price to show the true worth of his business. **Situation 2:** During the year, he withdrew goods costing ₹100,000 from inventory for his daughter's wedding and suggests recording it as a business expense for simplicity. Apply the relevant accounting principles and explain your answer with reasons. **(5 marks)**	CO 3

Q.2.A	HarvestNova Consumer Foods Pvt. Ltd. produces FortiGrain Smart Flour (5 kg packs) at its automated processing unit. The management has provided the following data for January 2026, covering production and sale of 12,000 packs. The finance team wants to analyze the cost structure to improve control and planning.	CO 4

Given Information

Particulars	Amount (₹)
Grain purchased (bulk)	13,20,000
Freight on inbound transport	1,08,000
Wages to milling & packing workers	3,30,000
Direct expenses	92,000
Factory Overhead	22% of Prime Cost
Administrative Overhead	6% of Factory Cost
Selling & Distribution Expenses	7% of Cost of Goods Sold
Profit	18% on Sales

Inventories

Item	Opening Stock (₹)	Closing Stock (₹)
Raw Material (Grain)	1,45,000	1,68,000
Work-in-Progress	1,08,000	94,000
Finished Goods	1,58,000	1,32,000

Question: Analyze the given cost data for Jan 2026 and examine how each element of cost (Prime Cost, Factory Cost, Administrative Cost, and Selling & Distribution Cost) contributes to the total cost of the product. Based on your analysis, compute the total cost, profit, and sales value for the month.

(5 marks)

OR

Q.2.B	Bombay Manufacturing Company has submitted the following cost information for the year ended 31st March 2025:	CO 4

Sales for the year - ₹2,75,000

Inventories at the beginning of the year:

- Raw Materials ₹3,000
- Work in Progress ₹4,000
- Finished Goods ₹1,10,000

Purchase of Materials ₹65,000

Direct Labour ₹6,000

Inventories at the end of the year:

- Raw Materials ₹4,000
- Work in Progress ₹6,000

- Finished Goods ₹8,000

Other Expenses:

- Selling Expenses ₹27,500
- Administrative Expenses ₹13,000
- Factory Overheads ₹40,000

Analyse the above information and prepare a Cost Sheet for the month of April 2025 showing the following:

- Prime Cost
- Work Cost
- Cost of Production
- Cost of Sales
- Profit

(5 marks)

Q3.A

The management of Urban Craft Pvt. Ltd. has approached you as a Cost & Management Consultant to evaluate its cost–volume–profit structure, assess its operational risk, and recommend financial sustainability strategies for FY 2024–25.

Financial Information (Monthly – March 2025

Particulars	Urban Craft
Selling Price per Unit (₹)	10,000
Variable Cost per Unit (₹)	6,000
Fixed Costs (₹/month)	24,00,000
Monthly Sales (Units)	1,000

Evaluate the cost–volume–profit structure of Urban Craft Pvt. Ltd. by computing and interpreting its Contribution per Unit, P/V Ratio, Break-Even Point, and Margin of Safety **(5 marks)**

CO5

OR

Q3.B

Raj Corporation Ltd. has prepared its budget estimate for the financial year 2025–2026. The following information is provided:

Particulars	**Amount / Units**
Sales Units	15,000 units
Sales Value	₹1,50,000
Fixed Expenses	₹34,000
Variable Cost per unit	₹6 per unit

The management seeks to understand the company's profitability and breakeven position for the upcoming year. You are required to estimate the following:

a) Profit/Volume (P/V) Ratio

b) Break-Even Point (BEP) in Units and Rupees

c) Margin of Safety (MOS) in Units and Rupees

(5 marks)

CO5

Q 4	Tata Consumer Products Ltd. (TCPL), an NSE-listed FMCG major, has aggressively expanded its portfolio through major acquisitions and organic growth, aiming to become a dominant force in the food and beverage sector. Management requires a financial interpretation of its performance, integrating its revenue growth, profitability, cost structure, and cash-flow position.	CO6

Table 1 : **Common-Size Profit & Loss Account (₹ in Crores and % of Revenue)**

Statement of Profit & Loss of TCPL

Particulars	March 25	% OR	March 24	% OR
Total Revenue from Operations	17,618.30	100.00%	15,205.85	100.00%
Cost of Materials Consumed	8,111.92	46.00%	7,163.08	47.10%
Employee Benefit Expenses	1,462.63	8.30%	1,221.22	8.00%
Advertising & Sales Promotion	1,302.15	7.40%	1,018.79	6.70%
Depreciation & Amortization	600.74	3.40%	377.15	2.50%
Other Expenses	2,752.41	15.60%	2,729.89	17.90%
Total Expenses	14,229.85	80.80%	12,510.13	82.30%
Profit Before Tax (PBT)	1,776.55	10.10%	1,695.72	11.10%
Tax Expense	396.24	2.20%	394.73	2.60%
Profit After Tax (PAT)	1,380.31	7.8%	1,300.99	8.6%

Source: Annual Report

Table 2 - Selected Cash-Flow Transactions (₹ in Crores)

Transactions	Amount
Purchase of property, plant & equipment (PPE)	(459.54)
Purchase of material	(311.29)
Sale of goods	2139.33
Payment for acquisition of subsidiaries	(1,809.00)
Employee benefit expenses paid	(129.40)
Proceeds from new long-term borrowings	60.12
Issuance of new equity shares	2980.57
Dividend paid to shareholders	(741.45)
Interest paid	(260.62)
Interest Received	111.47

Source: Annual Report

Q.4 (a) Discuss Operating revenue, Major expenses component & Profitability of TCPL. **(5 Marks)**

Q.4 (b) Discuss Selected Cash-Flow Transactions stating whether it is operating, investing or financing activity with reason. **(5 Marks)**

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