

INDIRA UNIVERSITY, PUNE

SCHOOL OF BUSINESS- MBA

Term End Examination (2025 Pattern) December – 2025 - Semester – I

Subject Name: Accounting for Business Decisions
Subject Code: 25MBA101

Max. Marks: 25
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.	<p>Mumbai-based Jaju Textiles Pvt. Ltd., a mid-sized clothing manufacturer, is preparing its financial statements for the fiscal year ending March 31, 2025. In February 2025, the company purchased raw materials worth ₹50 lakhs. However, due to a sudden decline in market demand, the current market value of this inventory has dropped to ₹42 lakhs.</p> <p>Mr. Rajesh, the company's accountant, is uncertain about how to record the value of this inventory in the books. He is debating whether it should be recorded at cost (₹50 lakhs) or at the market value (₹42 lakhs). Additionally, he wonders whether adjusting the inventory value to market price might affect the company's profit for the year and whether this aligns with standard accounting practices. (5 marks)</p> <p>Question:</p> <p>1. Which accounting principles or conventions apply to the valuation of inventory in this case?</p> <p>2. Which accounting principle ensures that the company's financial statements reflect accurate profits and do not overstate assets or income?</p> <p style="text-align: center;">OR</p>	CO3
Q.1.B	<p>Mr. Rakesh, CEO of a newly established manufacturing unit, decided to handle accounts cost-effectively by hiring Ms.Rina, a fresher with basic accounting knowledge. On her first assignment, she was tasked with recording transactions but made some errors due to a need for an understanding of key accounting principles. Below are the transactions and Mary's recording decisions. Students are expected to identify mistakes in her approach and suggest corrections. Transactions Provided to Ms. Mary in starting: (5 marks)</p>	CO 3

	<p>1. On 19.04.2025, land was purchased for ₹5,00,000, and registration charges were ₹25,000. (Current market price: ₹8,25,000)</p> <p>2. On 13.07.2025, machinery was purchased for ₹2,20,000. Installation charges were ₹7000,, including ₹1,400 as wages. (Realisable value today: ₹150000)</p> <p>Mary recorded the following based on her interpretation of accounting principles:</p> <p>1. The land was recorded at ₹8,25,000.</p> <p>2. Machinery was recorded at ₹1,50,000.</p> <p>Apply your knowledge of accounting concepts to the above business situations. For each case, identify the accounting concept violated and apply the correct concept to show how the financial statements should be prepared accurately.</p>													
<p>Q.2.A</p>	<p>Hindgrain Foods Pvt. Ltd., a fast-growing FMCG company, produces “Swasth Atta” (10 kg packs) at its processing unit. The management provided the following cost data for Dec 2025, covering the production and sale of 10,000 packs. The finance department intends to analyze the company’s cost structure and understand the composition of various cost elements for better control and planning.</p> <p>Given Information:</p> <p>Wheat purchased (bulk) = ₹10,00,000</p> <p>Freight on wheat transport = ₹80,000</p> <p>Wages to milling & packing workers = ₹2,50,000</p> <p>Direct expenses = ₹75,000</p> <p>Factory Overhead = 25% of Prime Cost</p> <p>Administrative Overhead = 5% of Factory Cost</p> <p>Selling & Distribution Expenses = 8% of Cost of goods sold</p> <p>Profit = 20% on Sales</p> <p>Inventories:</p> <table border="1" data-bbox="360 1650 1114 1831"> <thead> <tr> <th>Item</th> <th>Opening Stock (₹)</th> <th>Closing Stock (₹)</th> </tr> </thead> <tbody> <tr> <td>Raw Material (Wheat)</td> <td>1,20,000</td> <td>1,50,000</td> </tr> <tr> <td>Work-in-Progress</td> <td>95,000</td> <td>80,000</td> </tr> <tr> <td>Finished Goods</td> <td>1,40,000</td> <td>1,25,000</td> </tr> </tbody> </table> <p>Analyze the given cost data of Hindgrain Foods Pvt. Ltd. for Dec 2025 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)</p>	Item	Opening Stock (₹)	Closing Stock (₹)	Raw Material (Wheat)	1,20,000	1,50,000	Work-in-Progress	95,000	80,000	Finished Goods	1,40,000	1,25,000	<p>CO 4</p>
Item	Opening Stock (₹)	Closing Stock (₹)												
Raw Material (Wheat)	1,20,000	1,50,000												
Work-in-Progress	95,000	80,000												
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OR

Q.2.B The following information was obtained from the cost records of Cement India Ltd. for the month and Prepare the cost sheet using the following information. CO 4

Particulars	Amount
Stock of Raw materials on 1st April 2025	75,000
Stock of Raw materials on 30th April 2025	91,500
Direct Wages	52,500
Indirect Wages	2,750
Sales	2,11,000
Purchase of Raw Materials	66,000
Factory Rent and Power	15,000
Depreciation on Plant and Machinery	3,500
Advertising	3,500
Office Rent and Taxes	2,500

Analyse the above information showing the following: (5 marks)

1. **Prime Cost**
2. **Work Cost**
3. **Cost of Production**
4. **Cost of Goods Sold**
5. **Profit**

Q3.A Delta Appliances Ltd. manufactures two popular kitchen appliances — Product A and Product B. The company’s production department has submitted the following cost and selling price data for December 2025: CO5

Particulars	Per Unit of Product A (₹)	Per Unit of Product B (₹)
Direct Materials	12.00	9.50
Direct Wages	4.00	3.00
Selling Price	25.00	19.00
Variable Overheads	100% of Direct Wages	100% of Direct Wages
Fixed Expenses (Total)	₹1,200	₹1,200

The management is considering the following possible sales mixtures to utilize production capacity effectively:

	<table border="1"> <tr> <th>Option</th> <th>Sales Mix (Units)</th> </tr> <tr> <td>A</td> <td>100 units of Product A and 200 units of Product B</td> </tr> <tr> <td>B</td> <td>150 units of Product A and 150 units of Product B</td> </tr> <tr> <td>C</td> <td>200 units of Product A and 100 units of Product B</td> </tr> </table> <p>Using the above information, evaluate all three sales mix options and recommend which product mix should be selected to maximize profit.</p> <p style="text-align: center;">OR</p>	Option	Sales Mix (Units)	A	100 units of Product A and 200 units of Product B	B	150 units of Product A and 150 units of Product B	C	200 units of Product A and 100 units of Product B																												
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Q3.B	<p>Snackology Foods Ltd. produces a single snack item, “Crispy Rings.” For the month of September, the following data are available (5 marks)</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Selling Price per unit</td> <td>50</td> </tr> <tr> <td>Variable Cost per unit</td> <td>30</td> </tr> <tr> <td>Fixed Costs (per month)</td> <td>2,00,000</td> </tr> <tr> <td>Sales Volume</td> <td>15,000 units</td> </tr> </tbody> </table> <p>Using the above data, Determine the following for the month:</p> <ol style="list-style-type: none"> Contribution per Unit P/V Ratio (%) Break-Even Sales (₹) Margin of Safety (₹ and %) 	Particulars	Amount (₹)	Selling Price per unit	50	Variable Cost per unit	30	Fixed Costs (per month)	2,00,000	Sales Volume	15,000 units	CO5																									
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Q4	<p>Dabur India Ltd., headquartered in Ghaziabad, is one of India’s leading FMCG companies, with a strong presence in health care, personal care, and food & beverage products. The company recorded steady performance during FY 2024–25, supported by robust domestic and international sales, strategic brand expansion, and disciplined financial management. The management seeks a creative financial interpretation integrating trend in revenue, profitability, cost & and cash-flow position.</p> <p>Table no 1 Extract – Common-Size Profit & Loss Account (₹ in Crores and % of Revenue)</p> <table border="1"> <thead> <tr> <th colspan="5">Profit & Loss Account of Dabur India (Rs. in Crores)</th> </tr> <tr> <th>Particulars</th> <th>FY 2024-25</th> <th>% of Operating Revenue</th> <th>FY 2023-24</th> <th>% of Operating Revenue</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Revenue from operations including other income</td> <td>9070.71</td> <td>100.00%</td> <td>9135.6</td> <td>100.00%</td> </tr> <tr> <td>Other income</td> <td>451.94</td> <td>4.98%</td> <td>417.62</td> <td>4.57%</td> </tr> <tr> <td>Total Income</td> <td>9522.65</td> <td>104.98%</td> <td>9553.22</td> <td>104.57%</td> </tr> <tr> <td>Expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Profit & Loss Account of Dabur India (Rs. in Crores)					Particulars	FY 2024-25	% of Operating Revenue	FY 2023-24	% of Operating Revenue	Income					Revenue from operations including other income	9070.71	100.00%	9135.6	100.00%	Other income	451.94	4.98%	417.62	4.57%	Total Income	9522.65	104.98%	9553.22	104.57%	Expenses					CO6
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Cost of goods sold	4962.05	54.70%	4928.48	53.95%
Employee benefits expense	776.86	8.56%	782.14	8.56%
Finance cost	99.58	1.10%	81.14	0.89%
Depreciation & amortisation expense	250.93	2.77%	208.86	2.29%
Other Expenses	1624.89	17.91%	1585.9	17.36%
Total expenses	7714.31	85.05%	7586.52	83.04%
Profit before tax	1808.34	19.94%	1966.7	21.53%
Tax expense	405.12	4.47%	457.49	5.01%
Net profit for the year	1403.22	15.47%	1509.21	16.52%
Earnings Per Share	₹ 7.92 per share		₹ 8.52 per share	

Source: Annual report

Table no 2 Extract – Selected Cash-Flow Transactions (₹ in Crores)

Transaction Description	Amount (₹ in Cr)
Purchase of inventories	140
Interest received	298
Proceeds from issue of equity share capital	0.03
Repayment of current borrowings	202
Proceeds from current borrowings	38
Dividend paid	975
Proceeds from sale of investments	5345
Payment to Suppliers	283
Acquisition of property, plant and equipment	352
Payment received from Debtors	115

(a) Discuss Operating revenue, Major expenses component & Profitability of Dabur India. **(5 marks)**

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