

**PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)**

**PGDBM DEGREE EXAMINATION MAY 2024  
(Second Semester)**

**Branch- POST GRADUATE DIPLOMA IN BUSINESS MANAGEMENT**

**FINANCIAL ANALYSIS FOR BUSINESS**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The basic function of financial accounting is to a) record all business transactions b) interpret the financial data c) to assist management d) none of the above	K1	C01
	2	The left side of an account is referred to as a) the balance                      b) a debit c) a credit                              d) a footing	K2	C01
2	3	Profit and loss account shows the _____. a) Profit earned or loss suffered by the business b) Total capital employed c) Profit and loss through the sale of assets d)None of the above	K1	C02
	4	What is MS Excel? a) Spreadsheet                      b) Database Management c) Presentation                      d) Workbook	K2	C02
3	5	How many companies are a part of Sensex (Stock Exchange Sensitive Index)? a) 20                      b) 30                      c) 50                      d) 100	K1	C03
	6	A payment by a firm to its owners from any source other than current or accumulated retained earnings is referred to as a: a) capital liquidation                      b) distribution c) special dividend                      d) repurchase	K2	C03
4	7	The process of budgeting helps in the control of a) Cost of production                      b) Liquidity c) Capital Expenditure                      d) All of the above	K1	C04
	8	Production and Manufacturing budget is prepared after receiving the a) Material and purchase budget      b) Sales budget c) cash budget                              d) None of the above	K2	C04
5	9	Cost accounting disclose ..... a) The Financial position b) profit/loss of a product, job or service c) effect and impact of cost on business d) none of these	K1	C05
	10	Which of the terms given below will help an organisation in decision-making? a) Total cost                              b) Fixed cost c) Opportunity cost                      d) Marginal cost	K2	C05

Cont...

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO												
1	11.a.	Build the importances of accounting.	K3	CO1												
		(OR)														
	11.b.	Journalise the following transactions: 2022 April 2. Started business with Rs. 100000 paid in to bank Rs. 50000 3. Bought furniture for cash Rs. 5000 6. Sold goods for cash Rs. 6000 13. Sold goods to M/s Anand & Sons for Rs. 10000 on credit 15. Bought goods from M/S Mahindra & Co for Rs. 20000 on credit.														
2	12.a.	Distinguish between trading account and profit and loss account	K4	CO2												
		(OR)														
	12.b.	Prepare trading account of Mr. Mohan from the following figures. Opening stock Rs. 5000, adjusted purchases Rs. 12500, sales Rs. 23600, return inward Rs. 600, Closing stock Rs. 3000 and direct expenses Rs. 5000.														
3	13.a.	Explain the basic concept of stock market.	K4	CO3												
		(OR)														
	13.b.	Classify the various types of dividends.														
4	14.a.	Enumerate the various types of budgets.	K3	CO4												
		(OR)														
	14.b.	You are required to prepare selling overhead budget from the estimation given below: Advertisement Rs. 1000, Salaries Rs. 1000, Carriage out wards: Estimated 5 % on sales, Agent Commission: 6 ½ on sales The sales during the period were estimated as follows: Rs. 80000 including agent sales Rs. 8000 Rs. 90000 including agent sales Rs. 10000														
5	15.a.	Calculate prime cost from the following particulars for a production unit: <table style="width: 100%; border: none;"> <tr> <td></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>Cost of material purchased</td> <td style="text-align: right;">30,000</td> </tr> <tr> <td>Opening stock of material</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Closing stock of material</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Wages paid</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Rent of hire of a special machine for production</td> <td style="text-align: right;">5,000</td> </tr> </table>		Rs.	Cost of material purchased	30,000	Opening stock of material	6,000	Closing stock of material	4,000	Wages paid	3,000	Rent of hire of a special machine for production	5,000	K4	CO5
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	15.b.	"Marginal costing is a viable aid for decision making" discuss.														

**SECTION - C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks (3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Explain the various accounting concepts and conventions?	K5	CO1

Cont...

2	17	From the following trial balance of Mr. Ravi, Prepare trading a/c and profit and loss a/s for the year ended Mar 31 <sup>st</sup> 2020 and balance sheet as on that date.	K6	CO2																																									
		<p style="text-align: center;">Trial Balance</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Debit Rs</th> <th style="text-align: center;">Credit Rs</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td></td> <td style="text-align: right;">40000</td> </tr> <tr> <td>Sales</td> <td></td> <td style="text-align: right;">25000</td> </tr> <tr> <td>Purchase</td> <td style="text-align: right;">15000</td> <td></td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">2000</td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">1500</td> <td></td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">300</td> <td></td> </tr> <tr> <td>Drawings</td> <td style="text-align: right;">5000</td> <td></td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">28000</td> <td></td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">4500</td> <td></td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">2000</td> <td></td> </tr> <tr> <td>Stock 1.1.05</td> <td style="text-align: right;">5200</td> <td></td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">2500</td> <td></td> </tr> <tr> <td>Creditors</td> <td></td> <td style="text-align: right;">1000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">66000</td> <td style="text-align: right; border-top: 1px solid black;">66000</td> </tr> </tbody> </table> <p>Adjustment required:</p> <ol style="list-style-type: none"> <li>1. Closing stock was Rs.4900</li> <li>2. Salaries unpaid Rs.300</li> <li>3. Rent paid in advance Rs.200</li> <li>4. Insurance prepaid Rs.90</li> </ol>			Particulars	Debit Rs	Credit Rs	Capital		40000	Sales		25000	Purchase	15000		Salaries	2000		Rent	1500		Insurance	300		Drawings	5000		Machinery	28000		Bank	4500		Cash	2000		Stock 1.1.05	5200		Debtors	2500		Creditors	
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3	18	Classify the various financial statement analyses.	K4	CO3																																									
4	19	<p>The expenses for budgeted production of 10000 units in a factory are furnished as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">Per Unit Rs.</th> </tr> </thead> <tbody> <tr> <td>Material</td> <td style="text-align: right;">70</td> </tr> <tr> <td>Labour</td> <td style="text-align: right;">25</td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Fixed overheads (100000)</td> <td style="text-align: right;">10</td> </tr> <tr> <td>Variable expenses(direct)</td> <td style="text-align: right;">5</td> </tr> <tr> <td>Selling expenses( 10% fixed)</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Distribution expenses (20 % fixed)</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Administration expenses</td> <td style="text-align: right;">5</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px dashed black;">155</td> </tr> </tbody> </table> <p>Prepare a budget for production of:</p> <ol style="list-style-type: none"> <li>a) 8000 Units</li> <li>b) 6000 Units</li> <li>c) Indicate cost per unit at both the levels</li> </ol> <p>Assume that administration expenses are fixed for all levels of production.</p>		Per Unit Rs.	Material	70	Labour	25	Variable overheads	20	Fixed overheads (100000)	10	Variable expenses(direct)	5	Selling expenses( 10% fixed)	13	Distribution expenses (20 % fixed)	7	Administration expenses	5		155	K5	CO4																					
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5	20	<p>A company produces 500 units at a variable cost of Rs.200 per unit. The price is Rs.250 per unit and there are fixed expenses of Rs.12,000 per month. Calculate BEP in terms of both units and sales. Also, show the profit at 90% capacity.</p>	K4	CO5																																									