22MIB105N/ 22MIB105

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MCom(IB) DEGREE EXAMINATION DECEMBER 2023
(First Semester)

Branch - **INTERNATIONAL BUSINESS**

ACCOUNTING FOR DECISION MAKING

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 enterprise is continuing in operation for the forseeable future. a) Business entity b) Going concern c) Money measurement d) Accrual	K1	CO1
	2	Goodwill account is a) Personal account b) Nominal account c) Real account d) Impersonal account	K1	CO1
2	3	The ideal level of current ratio is a) 1:1 b) 2:1 c) 0.5:1 d) 3:1	K2	CO2
	4	Solvency ratio includes a) Debt equity ratio b) Proprietary ratio c) Total assets to debt ratio d) All of the above	K2	CO2
3	5	Increase in working capital is a) Sources of funds b) Application of funds c) Non change in funs d) All of the above	K1	CO3
	6	Which of the following are application of funds? a) Purchase of fixed assets b) Increase in working capital c) Payment of dividend d) All of the above	K2	CO3
4	7	The difference between present sales and break even sales is a) Margin of safety b) Sales c) Profit d) Variable cost	K2	CO4
	8	Contribution –Fixed cost=? a) Sales b) Contribution c) BEP d) Profit	K1	CO4
5	9	Sales budget shows the sales details by a) Channel of distribution b) Salesman c) Monthwise d)All of the above	K2	CO5
	10	Production budget is dependent on a) Purchase budget b) Sales budget c) Cash budget d) Overhead budget	K1	CO5

Cont...

SECTION - B (35 Marks)

Answer ALL questions

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

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td rowspan="3">1</td><td>11.a.</td><td>Construct the different types of accounting.</td><td>K3</td><td rowspan="3">CO1</td></tr>
<tr><td colspan="2">(OR)</td><td></td></tr>
<tr><td>11.b.</td><td>From the following balance , prepare profit and loss account
<table>
<tr><th>Particulars</th><th>Rs</th><th>Particulars</th><th>Rs</th></tr>
<tr><td>Gross profit</td><td>55000</td><td>Repairs</td><td>500</td></tr>
<tr><td>Carriage on sales</td><td>500</td><td>Telephone expenses</td><td>520</td></tr>
<tr><td>Office rent</td><td>500</td><td>Interest(Dr)</td><td>480</td></tr>
<tr><td>General expenses</td><td>900</td><td>Fire insurance premium</td><td>900</td></tr>
<tr><td>Discount to customers</td><td>360</td><td>Bad debts</td><td>2100</td></tr>
<tr><td>Interest from bank</td><td>200</td><td>Apprentice Premium(Cr.)</td><td>1500</td></tr>
<tr><td>Travelling expenses</td><td>700</td><td>Printing</td><td>2500</td></tr>
<tr><td>Commission</td><td>300</td><td>Trade expenses</td><td>300</td></tr>
<tr><td>Salaries</td><td>900</td><td></td><td></td></tr>
</table></td><td>K4</td></tr>
<tr><td rowspan="3">2</td><td>12.a.</td><td>Calculate operating profit ratio and Net profit ratio.
<table>
<tr><th></th><th>Rs.</th><th></th><th>Rs.</th></tr>
<tr><td>Sales</td><td>2,00,000</td><td>Administration expenses</td><td>20,000</td></tr>
<tr><td>Gross profit</td><td>70,000</td><td>Income from investments</td><td>22,000</td></tr>
<tr><td>Selling expenses</td><td>10,000</td><td>Loss due to fire</td><td>12,000</td></tr>
</table></td><td>K3</td><td rowspan="3">CO2</td></tr>
<tr><td colspan="2">(OR)</td><td></td></tr>
<tr><td>12.b.</td><td>A trader purchases goods both on cash as well as on credit terms. The following particulars are obtained from the books:
<table>
<tr><th></th><th>Rs.</th></tr>
<tr><td>Total purchases</td><td>5,81,000</td></tr>
<tr><td>Cash purchases</td><td>30,000</td></tr>
<tr><td>Purchases returns</td><td>51,000</td></tr>
<tr><td>Creditors at the end</td><td>1,05,000</td></tr>
<tr><td>Bills payable at the end</td><td>60,000</td></tr>
<tr><td>Reserve for discount on creditors</td><td>8,000</td></tr>
</table>
Calculate average payment period.</td><td>K4</td></tr>
<tr><td rowspan="3">3</td><td>13.a.</td><td>From the following prepare a statement showing changes in working capital Balance sheets of Sree Ganesh Ltd. ., as on 31st December
<table>
<tr><th>Liabilities</th><th>1998 (Rs.)</th><th>1999 (Rs.)</th><th>Assets</th><th>1998 (Rs.)</th><th>1999 (Rs.)</th></tr>
<tr><td>Share capital</td><td>6,00,000</td><td>6,00,000</td><td>Fixed Assets</td><td>10,00,000</td><td>11,20,000</td></tr>
<tr><td>Reserves</td><td>50,000</td><td>1,80,000</td><td>Less: Depreciation</td><td>3,70,000</td><td>4,60,000</td></tr>
<tr><td>Profit and loss account</td><td>40,000</td><td>65,000</td><td></td><td>6,30,000</td><td>6,60,000</td></tr>
<tr><td>Debentures</td><td>3,00,000</td><td>2,50,000</td><td>Stock</td><td>2,40,000</td><td>3,70,000</td></tr>
<tr><td>Creditors for goods</td><td>1,70,000</td><td>1,60,000</td><td>Book debts</td><td>2,50,000</td><td>2,30,000</td></tr>
<tr><td>Provision for Income tax</td><td>60,000</td><td>80,000</td><td>Cash in hand and at bank</td><td>80,000</td><td>60,000</td></tr>
<tr><td></td><td></td><td></td><td>Preliminary expenses</td><td>20,000</td><td>15,000</td></tr>
<tr><td></td><td>12,20,000</td><td>13,35,000</td><td></td><td>12,20,000</td><td>13,35,000</td></tr>
</table></td><td>K4</td><td rowspan="3">CO3</td></tr>
<tr><td colspan="2">(OR)</td><td></td></tr>
<tr><td>13.b.</td><td>Calculate cash from operations from the following
<table>
<tr><th></th><th>I Year Rs.</th><th>II Year Rs.</th></tr>
<tr><td>Profit and Loss Appropriation a/c.</td><td>10000</td><td>20000</td></tr>
<tr><td>Bills receivable</td><td>18000</td><td>22000</td></tr>
<tr><td>Provision for depreciation</td><td>40000</td><td>42000</td></tr>
<tr><td>Outstanding Rent</td><td>1600</td><td>4000</td></tr>
<tr><td>Prepaid insurance</td><td>2000</td><td>1800</td></tr>
<tr><td>Goodwill</td><td>24000</td><td>20000</td></tr>
<tr><td>Stock</td><td>12000</td><td>16000</td></tr>
</table></td><td>K5</td></tr>
</table>

4	14.a.	Find the profit from the following data: Rs. Sales 80,000 Marginal cost 60,000 Break-even sales 60,000	K3	CO4
		(OR)		
	14.b.	The statement of cost of a cycle is as follows: Material Rs. 200; Fixed expenses Rs. 75 Labour 100; Profit 125 Variable expenses 25; Selling price 525 The number of cycles made and sold are 10,000 units. Find out: (i) Break even point (ii) how many cycles must be produced and sold if the selling price is reduced by Rs. 25 and the same profit is maintained.	K3	
5	15.a.	From the following data, prepare a production budget for Bajaj Ltd. **Stocks for the budgeted period** **Products** / **As on 1st Jan** / **As on 30th June** R 8,000 10,000 S 9,000 8,000 T 12,000 14,000 **Requirements to fulfill sales programme** / **Normal loss in production** R 60,000 4% S 50,000 2% T 80,000 6%	K4	CO4
		(OR)		
	15.b.	15.b From the particulars given below prepare a Cash Budget for the month June 2008: (a) Expected sales: April 2008 – Rs. 2,00,000; May – Rs. 2,20,000; June – Rs.1,90,000. Credit allowed to customers is two months and 50% of the sales of every month is on cash basis. Sales of every month is on cash basis. (b) Estimated purchases : May 2008 – Rs. 1,20,000; June – 1.10.000 40% of the purchase of every month is on cash basis and the balance is payable next month. (c) Rs. 2,000 is payable as rent every month.Time lag in payment of overhead is ½ month. Overhead : For May Rs. 12,000; For June Rs. 11,000 (d) Depreciation for the year is Rs. 12,000. (e) Interest receivable on investment during June and December Rs. 3,000 each. (f) Estimated Cash Balance as on 1 – 6 – 2008 is Rs. 42,500.	K5	

SECTION -C (30 Marks)
Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3 × 10 = 30)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>Categorize in detail the various accounting concepts.</td><td>K4</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>From the following particulars pertaining to assets and liabilities of a company calculate (1) Current ratio (2) Liquid ratio (3) Proprietory ratio (4) Debt-Equity ratio (5) Capital Gearing ratio.
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>5,000 Equity shares of Rs. 100 each</td><td>5,00,000</td><td>Land and Building</td><td>6,00,000</td></tr>
<tr><td>2000 8% Preference shares of Rs. 100 each</td><td>2,00,000</td><td>Plant and Machinery</td><td>5,00,000</td></tr>
<tr><td>4,000 9% Debentures of Rs. 100 each</td><td>4,00,000</td><td>Stock</td><td>2,40,000</td></tr>
<tr><td>Reserves</td><td>3,00,000</td><td>Debtors</td><td>2,00,000</td></tr>
<tr><td>Creditors</td><td>1,50,000</td><td>Cash and bank</td><td>55,000</td></tr>
<tr><td>Bank overdraft</td><td>50,000</td><td>Pre – paid expenses</td><td>5,000</td></tr>
<tr><td></td><td>16,00,000</td><td></td><td>16,00,000</td></tr>
</table></td><td>K4</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>From the following balance sheets of A Ltd., prepare a cash flow statement
<table>
<tr><th>Liabilities</th><th>June 30 1999 (Rs.)</th><th>June 30 2000 (Rs.)</th><th>Assets</th><th>June 30 1999 (Rs.)</th><th>June 30 2000 (Rs.)</th></tr>
<tr><td>Share capital</td><td>8,000</td><td>8,500</td><td>Land</td><td>5,000</td><td>5,000</td></tr>
<tr><td>Retained earnings</td><td>1,450</td><td>2,450</td><td>Plant</td><td>2,400</td><td>3,400</td></tr>
<tr><td>Creditors</td><td>900</td><td>500</td><td>Debtors</td><td>1,650</td><td>1,950</td></tr>
<tr><td>Mortgage loan</td><td>-</td><td>500</td><td>Stock</td><td>900</td><td>700</td></tr>
<tr><td></td><td></td><td></td><td>Cash</td><td>400</td><td>900</td></tr>
<tr><td></td><td>10,350</td><td>11,950</td><td></td><td>10,350</td><td>11,950</td></tr>
</table></td><td>K5</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>You are given:
Margin of safety Rs. 20,000 which represents 40% of sales. P.V. ratio 50% .
Calculate (a) sales (b) break even sales (3) fixed cost (d) profit</td><td>K4</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Prepare cash budget from the following
<table>
<tr><th>Month</th><th>March Rs.</th><th>April Rs.</th><th>May Rs.</th><th>June Rs.</th></tr>
<tr><td>Sales</td><td>60,000</td><td>70,000</td><td>80,000</td><td>90,000</td></tr>
<tr><td>Purchases</td><td>35,000</td><td>40,000</td><td>55,000</td><td>60,000</td></tr>
<tr><td>General expenses</td><td>5,000</td><td>6,000</td><td>7,000</td><td>8,000</td></tr>
</table>
a. 20% of the sales are on cash basis and the balance on credit.
b. 3% of the credit sales are returned by the customers, 2% of the total debtors constitute bad debts. 50% of the good debtors are collected in the month of sales and the rest in the next.
c. Creditors are paid in the month following the month of purchases.
d. No time lag applies to the payment of general expenses.
e. Salaries of Rs. 5,000 p.m. payable for the month of April & May and Rs. 6,000 thereafter.
f. Rent of Rs. 1,000 p.m. is paid in addition to general expenses.
g. Cash in hand estimated on 1st April Rs. 10,000. This is the minimum desired cash balance at the end o each month. Any excess balances being put in bank fixed deposits.</td><td>K5</td><td>CO5</td></tr>
</table>

Z-Z-Z END