

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

**PGDBM DEGREE EXAMINATION MAY 2025
(Second Semester)**

Branch – PG 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)

Question No.	Question	K Level	CO
1	What is the primary purpose of financial accounting? a) To prepare budgets b) To provide financial information to internal users only c) To provide financial information to external users d) To manage day-to-day operations	K1	CO1
2	Outline in which concept assumes that the business is separate from the owner. a) Business Entity Concept b) Cost Concept c) Accrual Concept d) Dual Aspect Concept	K2	CO1
3	Which financial statement shows a company's financial performance over a period of time? a) Balance Sheet b) Income Statement c) Statement of Retained Earnings d) Trial Balance	K1	CO2
4	Show the primary purpose of a Trading Profit and Loss Account is a) To show the financial position of a company b) To determine the company's profitability from its core operations c) To show the company's assets and liabilities d) To provide the company's tax information	K2	CO2
5	Which ratio is most useful for decision-making related to a company's liquidity? a) Return on Assets (ROA) b) Debt-to-Equity Ratio c) Gross Profit Margin d) Current Ratio	K1	CO3
6	A company paying dividends in the form of additional shares instead of cash is known as a) Interim dividend b) Final dividend. c) Stock dividend d) Liquidating dividend	K2	CO3
7	What is the main objective of budgetary control? a) To ensure actual performance aligns with budgeted targets b) To increase overall spending c) To eliminate fixed costs d) To avoid future financial planning	K1	CO4
8	Budgetary control starts with _____ a) Planning b) Organizing c) Controlling d) Budgeting	K2	CO4
9	A statement that sets out the divisional classification of cost is known as _____ a) Income statement b) Budgeting c) Cost sheet d) Financial statement	K1	CO5
10	Marginal cost = _____ + variable overhead a) Prime cost b) Works cost c) Factory cost d) Fixed cost	K2	CO5

Cont...

SECTION - B (35 Marks)

Answer ALL questions

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

Question No.	Question	K Level	CO																																
11.a.	Examine the principles of double entry system.	K4	CO1																																
(OR)																																			
11.b.	Analyze and Journalise the following transactions in the books of Pranav & Co., for the year ended 31.03.2023. 2023 Jan. 1 Commenced business with cash 50,000 Jan. 3 Paid into bank 25,000 Jan. 5 Purchased furniture for cash 5,000 Jan. 8 Purchased goods and paid by cheque 15,000 Jan. 8 Paid for carriage 500 Jan. 14 Purchased goods from Gaurav 35,000 Jan. 18 Cash Sales 32,000 Jan. 20 Sold goods to Amol on credit 28,000 Jan. 25 Paid cash to Gaurav in full settlement 34,200 Jan. 28 Cash received from Amol 27,500 Discount allowed to him 500 Jan. 31 Paid rent for the month 2,000 Jan. 31 Withdrew from the bank for private use 2,500																																		
12.a.	Analyze the importance of financial analysis and reporting in terms of decision making.																																		
(OR)																																			
12.b.	Categorize the following information, prepare profit and loss account for the year ended 31st December, 2024. <table><tr><th>Particulars</th><th>Rs.</th><th>Particulars</th><th>Rs.</th></tr><tr><td>Gross profit b/d</td><td>60,000</td><td>Interest received</td><td>2,100</td></tr><tr><td>Freight outward</td><td>15,000</td><td>Financial charges</td><td>4,000</td></tr><tr><td>Packing charges (on sales)</td><td>12,000</td><td>Repairs on vehicles used in office</td><td>8,000</td></tr><tr><td>Salesmen commission paid</td><td>1,300</td><td>Depreciation on vehicles used in office</td><td>3,000</td></tr><tr><td>Promotional expenses</td><td>10,200</td><td>Interest paid</td><td>9,000</td></tr><tr><td>Office telephone expenses</td><td>22,400</td><td>Rent received</td><td>7,000</td></tr><tr><td>Bad debts recovered</td><td>4,000</td><td>Carriage inwards</td><td>4,000</td></tr></table>			Particulars	Rs.	Particulars	Rs.	Gross profit b/d	60,000	Interest received	2,100	Freight outward	15,000	Financial charges	4,000	Packing charges (on sales)	12,000	Repairs on vehicles used in office	8,000	Salesmen commission paid	1,300	Depreciation on vehicles used in office	3,000	Promotional expenses	10,200	Interest paid	9,000	Office telephone expenses	22,400	Rent received	7,000	Bad debts recovered	4,000	Carriage inwards	4,000
Particulars	Rs.			Particulars	Rs.																														
Gross profit b/d	60,000			Interest received	2,100																														
Freight outward	15,000			Financial charges	4,000																														
Packing charges (on sales)	12,000			Repairs on vehicles used in office	8,000																														
Salesmen commission paid	1,300			Depreciation on vehicles used in office	3,000																														
Promotional expenses	10,200			Interest paid	9,000																														
Office telephone expenses	22,400			Rent received	7,000																														
Bad debts recovered	4,000			Carriage inwards	4,000																														
13.a.	Determine the key components of financial statements, and how do they influence decision-making?																																		
(OR)																																			
13.b.	Interpret the market trends and investor sentiment that influence share performance with example.																																		
14.a.	Explain the essentials of a good budgetary control system.																																		
(OR)																																			
14.b.	"Budgets are a powerful tool for performance evaluation in organizations"- Justify.																																		
15.a.	Discuss the elements of cost with examples.																																		
(OR)																																			
15.b.	Create Marginal costing of Rainbow Ltd. Sold goods for ₹ 30,00,000 in a year. In that year, the variable cost is 60% of sales and profit is ₹ 8,00,000. Find out: (i) P/V Ratio (ii) Fixed Cost (iii) Break-even sales (iv) Break-even sales if selling price was reduced by 10% and fixed costs were increased by ₹ 1,00,000.																																		

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

Question	Question	K	CO																																																								
16	Analyze the various accounting concepts and conventions.	K4	CO1																																																								
17	<p>Inspect the following Trial Balance has been extracted from the books of M/s. Ram Prasad & Sons on 31st March, 2023</p> <table><tr><th>Particulars</th><th>Dr. ₹</th><th>Particulars</th><th>Cr. ₹</th></tr><tr><td>Machinery</td><td>4,00,000</td><td>Capital</td><td>9,00,000</td></tr><tr><td>Cash at Bank</td><td>1,00,000</td><td>Sales</td><td>16,00,000</td></tr><tr><td>Cash in Hand</td><td>50,000</td><td>Sundry Creditors</td><td>4,50,000</td></tr><tr><td>Wages</td><td>1,00,000</td><td>Interest Received</td><td>30,000</td></tr><tr><td>Purchases</td><td>8,00,000</td><td></td><td></td></tr><tr><td>Stock on 1st April, 2017</td><td>6,00,000</td><td></td><td></td></tr><tr><td>Sundry Debtors</td><td>4,40,000</td><td></td><td></td></tr><tr><td>Bills Receivable</td><td>2,90,000</td><td></td><td></td></tr><tr><td>Rent</td><td>45,000</td><td></td><td></td></tr><tr><td>Commission</td><td>25,000</td><td></td><td></td></tr><tr><td>General Expenses</td><td>80,000</td><td></td><td></td></tr><tr><td>Salaries</td><td>50,000</td><td></td><td></td></tr><tr><td></td><td>29,80,000</td><td></td><td>29,80,000</td></tr></table> <p>Additional Information: (i) Outstanding salaries were ₹ 45,000. (ii) Depreciate Machinery at 10%. (iii) Wages outstanding were ₹ 5,000. (iv) Rent prepaid ₹ 10,000. (v) Provide for interest on capital 5% per annum. (vi) Stock on 31st March, 2018 ₹ 8,00,000. Prepare Trading and Profit and Loss Account for the year ended 31st March, 2023 and Balance Sheet as at that date.</p>	Particulars	Dr. ₹	Particulars	Cr. ₹	Machinery	4,00,000	Capital	9,00,000	Cash at Bank	1,00,000	Sales	16,00,000	Cash in Hand	50,000	Sundry Creditors	4,50,000	Wages	1,00,000	Interest Received	30,000	Purchases	8,00,000			Stock on 1st April, 2017	6,00,000			Sundry Debtors	4,40,000			Bills Receivable	2,90,000			Rent	45,000			Commission	25,000			General Expenses	80,000			Salaries	50,000				29,80,000		29,80,000	K4	CO2
Particulars	Dr. ₹	Particulars	Cr. ₹																																																								
Machinery	4,00,000	Capital	9,00,000																																																								
Cash at Bank	1,00,000	Sales	16,00,000																																																								
Cash in Hand	50,000	Sundry Creditors	4,50,000																																																								
Wages	1,00,000	Interest Received	30,000																																																								
Purchases	8,00,000																																																										
Stock on 1st April, 2017	6,00,000																																																										
Sundry Debtors	4,40,000																																																										
Bills Receivable	2,90,000																																																										
Rent	45,000																																																										
Commission	25,000																																																										
General Expenses	80,000																																																										
Salaries	50,000																																																										
	29,80,000		29,80,000																																																								
18	Evaluate the impact of company performance on the share price movements.	K5	CO3																																																								
19	<p>Assess the expenses for the budgeted production of 10,000 units in a factory are given below</p> <table><tr><th>Particulars</th><th>Per unit</th></tr><tr><td>Direct materials</td><td>70</td></tr><tr><td>Direct labour</td><td>25</td></tr><tr><td>Variable overhead</td><td>20</td></tr><tr><td>Fixed overhead (1,00,000)</td><td>10</td></tr><tr><td>Variable expenses (direct)</td><td>5</td></tr><tr><td>Selling expenses (10% fixed)</td><td>13</td></tr><tr><td>Distribution expenses (20% fixed)</td><td>7</td></tr><tr><td>Administrative expenses (Rs 50,000)</td><td>5</td></tr><tr><td>Total cost per unit</td><td>155</td></tr></table> <p>Prepare flexible budget for production of (i) 8,000 units (ii) 6,000 units</p>	Particulars	Per unit	Direct materials	70	Direct labour	25	Variable overhead	20	Fixed overhead (1,00,000)	10	Variable expenses (direct)	5	Selling expenses (10% fixed)	13	Distribution expenses (20% fixed)	7	Administrative expenses (Rs 50,000)	5	Total cost per unit	155	K5	CO4																																				
Particulars	Per unit																																																										
Direct materials	70																																																										
Direct labour	25																																																										
Variable overhead	20																																																										
Fixed overhead (1,00,000)	10																																																										
Variable expenses (direct)	5																																																										
Selling expenses (10% fixed)	13																																																										
Distribution expenses (20% fixed)	7																																																										
Administrative expenses (Rs 50,000)	5																																																										
Total cost per unit	155																																																										
20	<p>Estimate and Prepare Statement of Cost sheet of Sun Manufacturing company information for the year 31-3-2023.</p> <table><tr><th>Particulars</th><th>Rupees</th></tr><tr><td>Sales for the year</td><td>2,75,000</td></tr><tr><td>Inventories at the beginning of the year-</td><td></td></tr><tr><td>Raw Materials</td><td>3,000</td></tr><tr><td>Work in Progress</td><td>4,000</td></tr><tr><td>Finished Goods</td><td>1,10,000</td></tr><tr><td>Purchase of materials</td><td>65,000</td></tr><tr><td>Direct Labour</td><td>6,000</td></tr><tr><td>Inventories at the end of the year -</td><td></td></tr><tr><td>Raw Materials</td><td>4,000</td></tr><tr><td>Work in Progress</td><td>6,000</td></tr><tr><td>Finished Goods</td><td>8,000</td></tr><tr><td>Other expenses for the year -</td><td></td></tr><tr><td>Selling expenses</td><td>27,500</td></tr><tr><td>Administrative expenses</td><td>13,000</td></tr><tr><td>Factory overheads</td><td>40,000</td></tr></table>	Particulars	Rupees	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 for the year -		Selling expenses	27,500	Administrative expenses	13,000	Factory overheads	40,000	K6	CO5																								
Particulars	Rupees																																																										
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 for the year -																																																											
Selling expenses	27,500																																																										
Administrative expenses	13,000																																																										
Factory overheads	40,000																																																										

