

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
MCom (IB) DEGREE EXAMINATION MAY 2025
(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	Copy rights, Patents and Trademarks are examples of a) Current Assets b) Fixed Assets c) Intangible Assets d) Investments	K1	CO1
	2	IND AS-12 prescribes a) Leasing b) Income tax c) Intangible Assets d) Property, Plant and Equipments	K2	CO1
2	3	Working capital is the difference between current assets and a) Inventory b) Fixed assets c) Current liabilities d) Profit	K1	CO1
	4	Solvency ratio indicate a) Credit worthiness b) Activity c) Profitability d) Liquidity	K2	CO1
3	5	Management accounting provides valuable services to management in performing a) Coordinating functions b) Controlling functions c) planning functions d) all managerial functions	K1	CO2
	6	Profit made by a business concern will result in equal increase of a) net worth of the business b) net working capital c) gross working capital d) cash balance	K2	CO2
4	7	A statement out the divisional classification of cost is known as a) Marginal cost b) cost of sales c) financial statement d) cost sheet	K1	CO2
	8	An increase in variable cost a) increases P/V ratio b) increases the profit c) reduces contribution d) none of the above	K2	CO2
5	9	One of the most important tools of cost planning is a) budget b) direct cost c) unit cost d) cost sheet	K1	CO3
	10	Sales budget is a) functional budget b) Expenditure budget c) master budget d) Flexible budget	K2	CO3

SECTION - B (35 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

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

Module No.	Question No.	Question	K Level	CO			
1.	11.a.	Describe about IFRS.	K4	CO1			
	(OR)						
	11.b.	Prepare trading and Profit and loss account from the following information:					
		Particulars			Rs.	Particulars	Rs.
		Opening stock			10000	Rent (factory)	1200
		Purchases			60000	Rent (office)	1500
		Wages			11500	Sales returns	2000
		Closing stock			13000	Purchases returns	3000
		Sales			100000	General expenses	3000
		Carriage inwards			1500	Discount to customers	900
Carriage outwards	1200	Interest Received from bank	500				
2	12.a.	From the following particulars, Calculate (i) Gross profit ratio (ii) Net profit ratio (iii) operating profit ratio:		K4	CO2		
			Rs.				
		Sales	500000				
		Cost of goods sold	300000				
		Operating expenses	100000				
		Non-operating expenses	20000				
(OR)							

Cont...

2	12.b.	Raj sells goods on cash and credit. The following information relates to his business for the year 2023		K4	CO2																					
		<table><tr><td></td><td>Rs.</td></tr><tr><td>Total gross sales</td><td>100000</td></tr><tr><td>Cash sales (included in total gross sales)</td><td>20000</td></tr><tr><td>Sales return</td><td>7000</td></tr><tr><td>Total debtors for sales</td><td>9000</td></tr><tr><td>Bills receivable</td><td>2000</td></tr></table>				Rs.	Total gross sales	100000	Cash sales (included in total gross sales)	20000	Sales return	7000	Total debtors for sales	9000	Bills receivable	2000										
	Rs.																									
Total gross sales	100000																									
Cash sales (included in total gross sales)	20000																									
Sales return	7000																									
Total debtors for sales	9000																									
Bills receivable	2000																									
		Calculate the average collection period.																								
3	13.a.	List out the difference between management accounting and financial accounting.		K5	CO3																					
	13.b.	(OR) During the year 2023, Efficiency Ltd., earned a profit of Rs.3,5,440 after adjusting the following: i) depreciation written off Rs. 30600 ii) profit on sale of fixed assets Rs.30000 iii) discount on issue of debentures written off Rs.40000 iv) investment costing Rs.60000 were sold for Rs.56000 v) preliminary expenses appears in the books at Rs.80000; out of that 20% has been written off vi) proposed dividends during the year Rs.100000 vii) dividend received Rs.5000 viii) transfer sinking fund Rs.40000 Ascertain the funds from operations.																								
4	14.a.	Prepare cost sheet from the following particulars for the year 202		K5	CO4																					
	14.b.	(OR) Prepare marginal cost statement from the following particulars:																								
		<table><tr><td>Particulars</td><td>Rs.</td></tr><tr><td>Opening stock of raw material</td><td>30,000</td></tr><tr><td>Purchase of raw material</td><td>40,000</td></tr><tr><td>Closing stock of raw material</td><td>20,000</td></tr><tr><td>Direct wages</td><td>20,000</td></tr><tr><td>Factory overheads</td><td>10,000</td></tr><tr><td>Office and administration overheads</td><td>8,000</td></tr><tr><td>Selling and distribution overheads</td><td>2,000</td></tr><tr><td>Sales</td><td>1,00,000</td></tr></table>	Particulars	Rs.	Opening stock of raw material	30,000	Purchase of raw material	40,000	Closing stock of raw material	20,000	Direct wages	20,000	Factory overheads	10,000	Office and administration overheads	8,000	Selling and distribution overheads	2,000	Sales	1,00,000						
Particulars	Rs.																									
Opening stock of raw material	30,000																									
Purchase of raw material	40,000																									
Closing stock of raw material	20,000																									
Direct wages	20,000																									
Factory overheads	10,000																									
Office and administration overheads	8,000																									
Selling and distribution overheads	2,000																									
Sales	1,00,000																									
		<table><tr><td>Particulars</td><td>Rs.</td></tr><tr><td>Variable cost:</td><td></td></tr><tr><td>Direct materials</td><td>4500</td></tr><tr><td>Direct wages</td><td>2500</td></tr><tr><td>Factory OH</td><td>1500</td></tr><tr><td></td><td>8500</td></tr><tr><td>Fixed cost:</td><td></td></tr><tr><td>Administrative expenses</td><td>1250</td></tr><tr><td>Total cost</td><td>9750</td></tr><tr><td>Profit</td><td>5250</td></tr><tr><td>Sales</td><td>15000</td></tr></table>	Particulars	Rs.	Variable cost:		Direct materials	4500	Direct wages	2500	Factory OH	1500		8500	Fixed cost:		Administrative expenses	1250	Total cost	9750	Profit	5250	Sales	15000		
Particulars	Rs.																									
Variable cost:																										
Direct materials	4500																									
Direct wages	2500																									
Factory OH	1500																									
	8500																									
Fixed cost:																										
Administrative expenses	1250																									
Total cost	9750																									
Profit	5250																									
Sales	15000																									
5	15.a.	List out the steps in budgetary control.		K6	CO5																					
	15.b.	(OR) Prepare a production budget for 3 months ending																								
		<table><tr><td>Month</td><td>Estimated sales</td></tr><tr><td>April</td><td>1,40,000</td></tr><tr><td>May</td><td>1,60,000</td></tr><tr><td>June</td><td>1,30,000</td></tr><tr><td>July</td><td>1,20,000</td></tr></table>	Month	Estimated sales	April	1,40,000	May	1,60,000	June	1,30,000	July	1,20,000														
Month	Estimated sales																									
April	1,40,000																									
May	1,60,000																									
June	1,30,000																									
July	1,20,000																									
		It is the policy of the company to maintain 50% of the month's sales as opening stock.																								

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	<p>From the following Trial Balance as on 31.03.2021. Prepare Trading, Profit and Loss Account and a Balance Sheet as on that date.</p> <table><tr><th>Particulars</th><th>Rs.</th><th>Particulars</th><th>Rs.</th></tr><tr><td>Drawings</td><td>45000</td><td>Sales</td><td>418000</td></tr><tr><td>Goodwill</td><td>80000</td><td>Sundry creditors</td><td>103800</td></tr><tr><td>Furniture</td><td>14200</td><td>Capital</td><td>160000</td></tr><tr><td>Plant and machinery</td><td>100000</td><td>Purchases return</td><td>2650</td></tr><tr><td>Cash in hand</td><td>25400</td><td></td><td></td></tr><tr><td>Bills receivable</td><td>3000</td><td></td><td></td></tr><tr><td>Sundry debtors</td><td>45000</td><td></td><td></td></tr><tr><td>Opening stock</td><td>40000</td><td></td><td></td></tr><tr><td>Purchase</td><td>251000</td><td></td><td></td></tr><tr><td>Advertisement</td><td>3500</td><td></td><td></td></tr><tr><td>Returns inward</td><td>2000</td><td></td><td></td></tr><tr><td>Wages</td><td>20000</td><td></td><td></td></tr><tr><td>Carriage inwards</td><td>1000</td><td></td><td></td></tr><tr><td>Carriage outwards</td><td>500</td><td></td><td></td></tr><tr><td>Coal</td><td>5800</td><td></td><td></td></tr><tr><td>General expenses</td><td>5250</td><td></td><td></td></tr><tr><td>Salaries</td><td>42800</td><td></td><td></td></tr></table> <p>Adjustments: 1. Closing Stock Rs.35000 2. Depreciate plants and machinery @ 10%; Furniture @ 10% 3. Advertisement prepaid Rs.500 4. Provide 5% provision for bad and doubtful debts on sundry debtors.</p>	Particulars	Rs.	Particulars	Rs.	Drawings	45000	Sales	418000	Goodwill	80000	Sundry creditors	103800	Furniture	14200	Capital	160000	Plant and machinery	100000	Purchases return	2650	Cash in hand	25400			Bills receivable	3000			Sundry debtors	45000			Opening stock	40000			Purchase	251000			Advertisement	3500			Returns inward	2000			Wages	20000			Carriage inwards	1000			Carriage outwards	500			Coal	5800			General expenses	5250			Salaries	42800			K4	CO1
Particulars	Rs.	Particulars	Rs.																																																																									
Drawings	45000	Sales	418000																																																																									
Goodwill	80000	Sundry creditors	103800																																																																									
Furniture	14200	Capital	160000																																																																									
Plant and machinery	100000	Purchases return	2650																																																																									
Cash in hand	25400																																																																											
Bills receivable	3000																																																																											
Sundry debtors	45000																																																																											
Opening stock	40000																																																																											
Purchase	251000																																																																											
Advertisement	3500																																																																											
Returns inward	2000																																																																											
Wages	20000																																																																											
Carriage inwards	1000																																																																											
Carriage outwards	500																																																																											
Coal	5800																																																																											
General expenses	5250																																																																											
Salaries	42800																																																																											
2	17	<table><tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr><tr><td>Equity Share Capital</td><td>2,00,000</td><td>Machinery</td><td>5,92,000</td></tr><tr><td>12%Preference share capital</td><td>3,60,000</td><td>Investment</td><td>2,24,000</td></tr><tr><td>General Reserve</td><td>1,40,000</td><td>Stock</td><td>2,02,000</td></tr><tr><td>16% debentures</td><td>2,40,000</td><td>Bills Receivable</td><td>40,000</td></tr><tr><td>Trade payable</td><td>2,44,000</td><td>S.Debtors</td><td>98,000</td></tr><tr><td>Bank overdraft</td><td>40,000</td><td>Cash and Bank</td><td>76,000</td></tr><tr><td>Provision for Income Tax</td><td>36,000</td><td>Profit & Loss A/c</td><td>28,000</td></tr><tr><td></td><td>12,60,000</td><td></td><td>12,60,000</td></tr></table> <p>Calculate the following ratios from the above balance sheet: 1. Current Ratio 2. Liquid Ratio 3. Proprietary Ratio 4. Capital Gearing Ratio 5. Debt Equity Ratio</p>	Liabilities	Rs.	Assets	Rs.	Equity Share Capital	2,00,000	Machinery	5,92,000	12%Preference share capital	3,60,000	Investment	2,24,000	General Reserve	1,40,000	Stock	2,02,000	16% debentures	2,40,000	Bills Receivable	40,000	Trade payable	2,44,000	S.Debtors	98,000	Bank overdraft	40,000	Cash and Bank	76,000	Provision for Income Tax	36,000	Profit & Loss A/c	28,000		12,60,000		12,60,000	K4	CO2																																				
Liabilities	Rs.	Assets	Rs.																																																																									
Equity Share Capital	2,00,000	Machinery	5,92,000																																																																									
12%Preference share capital	3,60,000	Investment	2,24,000																																																																									
General Reserve	1,40,000	Stock	2,02,000																																																																									
16% debentures	2,40,000	Bills Receivable	40,000																																																																									
Trade payable	2,44,000	S.Debtors	98,000																																																																									
Bank overdraft	40,000	Cash and Bank	76,000																																																																									
Provision for Income Tax	36,000	Profit & Loss A/c	28,000																																																																									
	12,60,000		12,60,000																																																																									
3	18	<p>A company had the following transactions during the year ended 30th June 2023:</p> <table><tr><th></th><th>Rs.</th><th></th><th>Rs.</th></tr><tr><td>Increase in stock</td><td>4500</td><td>Depreciation</td><td>3000</td></tr><tr><td>Profit before tax</td><td>12000</td><td>Decrease in creditors</td><td>1500</td></tr><tr><td>Decrease in receivables</td><td>4500</td><td>Increase in long term loan</td><td>6000</td></tr><tr><td>Increase in paid up capital</td><td>3000</td><td>Closing cash and bank balances</td><td>6000</td></tr><tr><td>Dividend payment</td><td>6000</td><td>Decrease in marketable investments</td><td>1500</td></tr><tr><td>Opening cash and bank balances</td><td>1500</td><td>Payment of taxes</td><td>3000</td></tr><tr><td>Increase in short term loan</td><td>1500</td><td></td><td></td></tr><tr><td>Increase in fixed assets</td><td>9000</td><td></td><td></td></tr></table> <p>Prepare funds flow statement for the year 2022-23.</p>		Rs.		Rs.	Increase in stock	4500	Depreciation	3000	Profit before tax	12000	Decrease in creditors	1500	Decrease in receivables	4500	Increase in long term loan	6000	Increase in paid up capital	3000	Closing cash and bank balances	6000	Dividend payment	6000	Decrease in marketable investments	1500	Opening cash and bank balances	1500	Payment of taxes	3000	Increase in short term loan	1500			Increase in fixed assets	9000			K5	CO3																																				
	Rs.		Rs.																																																																									
Increase in stock	4500	Depreciation	3000																																																																									
Profit before tax	12000	Decrease in creditors	1500																																																																									
Decrease in receivables	4500	Increase in long term loan	6000																																																																									
Increase in paid up capital	3000	Closing cash and bank balances	6000																																																																									
Dividend payment	6000	Decrease in marketable investments	1500																																																																									
Opening cash and bank balances	1500	Payment of taxes	3000																																																																									
Increase in short term loan	1500																																																																											
Increase in fixed assets	9000																																																																											
4	19	<p>The following data are obtained from the records of a factory: Sales (4000 units @ Rs.25 each) Rs.100000 Variable cost Rs.72000 Fixed cost Rs.16800 Calculate: i) P/V ratio ii) Break-even point iii) margin of safety iv) what additional units should be sold to obtain the same amount of profit if the selling price is reduced to Rs.20?</p>	K5	CO4																																																																								

Cont...

5	20	Prepare a Flexible Budget for Overhead on the basis of following data. Ascertain overhead rates at 50%, 60% and 70% capacity.		K6	CO5
		Particulars	At 60% capacity		
		Variable Overheads:			
		Indirect material	6000		
		Indirect labour	18,000		
		Semi-Variable overheads:			
		Electricity (40% Fixed, 60% variable)	30,000		
		Repairs (80% Fixed, 20% Variable)	3000		
		Fixed overheads :			
		Depreciation	16500		
Insurance	4500				
Salaries	15000				
Total overheads		93000			
Estimated direct labour hours		186000 hours			

Z-Z-Z

END