

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

**MCom (IB) DEGREE EXAMINATION DECEMBER 2025
(First Semester)**

**Branch – INTERNATIONAL BUSINESS
ACCOUNTING FOR MANAGERS**

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	Accounting equation is a) Assets = Liabilities+Capital b) Capital = Assets+Liabilities c) Liabilities = Assets+Capital d) Assets = Liabilities - Capital	K1	CO1
	2	Goodwill is a) Tangible Asset b) Intangible Asset c) Current Asset d) Fictitious Asset	K2	CO1
2	3	The quantity of material to be ordered at one time is known as a) Reorder quantity b) Reorder level c) Economic order quantity d) Average level	K1	CO2
	4	Any expenditure over and above prime cost is known as a) Fixed cost b) Overheads c) Variable cost d) Semi variable cost	K2	CO2
3	5	Contribution is also known as a) Marginal profit b) Net profit c) Gross profit d) Gross margin	K1	CO3
	6	Ash produced in thermal power plant is an example of a) Joint product b) By product c) Co product d) Scrap	K2	CO3
4	7	Rule of thumb for current ratio is a)1:1 b)2:1 c) 1:2 d) 0.5:0.5	K1	CO4
	8	Depreciation of machinery is a)Source of funds b) Application of funds c)Expenses d) No fund operates	K2	CO4
5	9	A factor which influences all other budgets is called _____ factor. a) Vital b) Essential c) Key d) Prime	K1	CO5
	10	_____ determines the number of units to be produced. a) Production budget b) Sales budget c) Material budget d) Cash budget	K2	CO5

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.	Discuss the concepts of accounting.	K2	CO1
		(OR)		
	11.b.	Write a note on GAAP.		

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2	12.a.	List out the advantages and disadvantages of activity based costing.	K4	CO2
	(OR)			
	12.b.	In a company weekly minimum and maximum consumption of material A are 25 and 75 units respectively. The re-order quantity as fixed by the company is 300 units. The material is received within 4 to 6 weeks from issue of supply order. Calculate minimum level and maximum level of material A.		
3	13.a.	Mr.S owns a fleet of taxis and the following information is available from the records maintained by him: Number of taxis – 10 Cost of each taxi – Rs.54600 Salary of Manager – Rs.700 p.m. Salary of Accountant – Rs.500 p.m. Salary of Cleaner – Rs.200 p.m. Salary of Mechanics – Rs.400 p.m. Garage Rent – Rs.600 p.m. Insurance premium – 5% p.a. Annual Tax – Rs.900 per taxi Driver's Salary – Rs.350 p.m. per taxi Annual Repairs – Rs.1000 per taxi Total life of a taxi is about 2,00,000 kms. A taxi runs, in all, 3000 kms. in a month and 30% of this distance has to be run without any passenger. Petrol consumption is one litre for every 100 kms. @ Rs.4.41 per litre. Oil and other sundries are Rs.10.50 per 100 kms.	K5	CO3
	(OR)			
	13.b.	In the timber industry, the milling operations to the split off point during a period amounted to Rs.17400 with the following production: First grade timber – 400 units Second grade timber – 500 units Third grade timber – 600 units You are required to apportion the joint cost on technical evaluation with points 5, 4 and 3 for first, second and third grade respectively.		
4	14.a.	The following information of a company is give: Current ratio – 2.5:1, Acid test ratio – 1.5:1, Current liabilities – Rs.50000 Find out: a) Current Assets b) Liquid Assets c) Inventory	K5	CO4
	(OR)			
	14.b.	Calculate Funds from Operations from the information given below as on 31 st March, 2023: i) Net profit for the year ended 31 st March, 2023 – Rs.6,50,000 ii) Gain on the sale of building – Rs.35,500 iii) Goodwill appears in the books at Rs.1,80,000 out of that 10 per cent has been written off during the year iv) Old machinery worth Rs.8000 has been sold for Rs.6500 during the year v) Rs.1,25,000 have been transferred to the General Reserve Fund vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total cost is Rs.6,50,000		
5	15.a.	Explain the objectives of budgetary control.	K3	CO5
	(OR)			
	15.b.	Write a note on Zero based budgeting.		

SECTION -C (30 Marks)

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

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Mod ule No.	Ques tion No.	Question				K Level	CO																																																																			
1	16	From the following Trial Balance extracted from the books of Kamalnath, Prepare Trading and Profit & loss account and Balance Sheet for the year ended 31.12.2016.					K2	CO1																																																																		
		<table><tr><th>Debit balances</th><th>Rs.</th><th>Credit balances</th><th>Rs.</th></tr><tr><td>Cash at bank</td><td>2610</td><td>Creditors</td><td>4700</td></tr><tr><td>Book debts</td><td>11070</td><td>Discounts</td><td>150</td></tr><tr><td>Salaries</td><td>4950</td><td>Creditors for expenses</td><td>400</td></tr><tr><td>Carriage inwards</td><td>1450</td><td>Returns outward</td><td>2520</td></tr><tr><td>Carriage outwards</td><td>1590</td><td>Sales</td><td>80410</td></tr><tr><td>Bad debts</td><td>1310</td><td>Capital</td><td>40000</td></tr><tr><td>Office expenses</td><td>5100</td><td></td><td></td></tr><tr><td>Purchases</td><td>67350</td><td></td><td></td></tr><tr><td>Return inwards</td><td>1590</td><td></td><td></td></tr><tr><td>Furniture & fixtures</td><td>1500</td><td></td><td></td></tr><tr><td>Stock</td><td>14360</td><td></td><td></td></tr><tr><td>Insurance</td><td>3300</td><td></td><td></td></tr><tr><td>Depreciation on property</td><td>1200</td><td></td><td></td></tr><tr><td>Freehold property</td><td>10800</td><td></td><td></td></tr><tr><td></td><td>128180</td><td></td><td>128180</td></tr></table>				Debit balances			Rs.	Credit balances	Rs.	Cash at bank	2610	Creditors	4700	Book debts	11070	Discounts	150	Salaries	4950	Creditors for expenses	400	Carriage inwards	1450	Returns outward	2520	Carriage outwards	1590	Sales	80410	Bad debts	1310	Capital	40000	Office expenses	5100			Purchases	67350			Return inwards	1590			Furniture & fixtures	1500			Stock	14360			Insurance	3300			Depreciation on property	1200			Freehold property	10800				128180		128180			
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i) Make provision for doubtful debts at 5%																																																																										
ii) Calculate discount on creditors @2%																																																																										
iii) Office expenses include stationery purchased Rs.800																																																																										
iv) Carriage inwards includes carriage paid on purchase of furniture Rs.50																																																																										
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vi) Prepaid insurance Rs.300																																																																										
vii) Stock on hand Rs.10700 (Including stationery stock Rs.200)																																																																										
2	17	Compare Job costing and Process Costing.				K3	CO2																																																																			
3	18	From the following data, you are required to calculate: a)P/V ratio b) Break even sales with the help of P/V ratio c) Sales required to earn a profit of Rs.4,50,000 Fixed expenses – Rs.90,000 Variable cost per unit: Direct material – Rs.5 Direct Labour – Rs.2 Direct overheads – 100% of direct labour Selling price per unit – Rs.12				K4	CO3																																																																			
4	19	The following details are available from a company: <table><tr><th>Liabilities</th><th>31.12.2010</th><th>31.12.2011</th><th>Assets</th><th>31.12.2010</th><th>31.12.2011</th></tr><tr><td>Share capital</td><td>70000</td><td>74000</td><td>Cash</td><td>9000</td><td>7800</td></tr><tr><td>Debentures</td><td>12000</td><td>6000</td><td>Debtors</td><td>14900</td><td>17700</td></tr><tr><td>Reserve for doubtful debts</td><td>700</td><td>800</td><td>Stock</td><td>49200</td><td>42700</td></tr><tr><td>Trade creditors</td><td>10360</td><td>11840</td><td>Land</td><td>20000</td><td>30000</td></tr><tr><td>P/L a/c</td><td>10040</td><td>10560</td><td>Goodwill</td><td>10000</td><td>5000</td></tr><tr><td></td><td>103100</td><td>103200</td><td></td><td>103100</td><td>103200</td></tr></table> In addition, you are given: 1. Dividend paid Rs.3500 2. Land was purchased for Rs.10000 3. Amount provided for amortization of goodwill Rs.5000 4. Debentures paid off Rs.6000 Prepare cash flow statement.				Liabilities	31.12.2010	31.12.2011	Assets	31.12.2010	31.12.2011	Share capital	70000	74000	Cash	9000	7800	Debentures	12000	6000	Debtors	14900	17700	Reserve for doubtful debts	700	800	Stock	49200	42700	Trade creditors	10360	11840	Land	20000	30000	P/L a/c	10040	10560	Goodwill	10000	5000		103100	103200		103100	103200	K5	CO4																									
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5	20	A company is expecting to have Rs.32000 cash in hand on 1.4.2014 and it requests you to prepare cash budget for the three months, April to June, 2014. The following information is supplied to you:	K5	CO5																														
		<table><tr><th>Month</th><th>Sales (Rs.)</th><th>Purchases (Rs.)</th><th>Wages (Rs.)</th><th>Expenses (Rs.)</th></tr><tr><td>February</td><td>70000</td><td>44000</td><td>6000</td><td>5000</td></tr><tr><td>March</td><td>80000</td><td>56000</td><td>9000</td><td>6000</td></tr><tr><td>April</td><td>96000</td><td>60000</td><td>9000</td><td>7000</td></tr><tr><td>May</td><td>100000</td><td>68000</td><td>11000</td><td>9000</td></tr><tr><td>June</td><td>120000</td><td>62000</td><td>14000</td><td>9000</td></tr></table>			Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)	February	70000	44000	6000	5000	March	80000	56000	9000	6000	April	96000	60000	9000	7000	May	100000	68000	11000	9000	June	120000	62000	14000	9000
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Other information:																																		
a) Period of credit allowed by suppliers is 2 months																																		
b) 25% of sales is for cash and the period of credit allowed to customers for credit sales is one month																																		
c) Delay in payment of wages and expenses is 1 month																																		
d) Income tax Rs.28000 is to be paid in June 2014																																		

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