PGDBM DEGREE EXAMINATION MAY 2026
(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)

Module No.	Question No.	Question	K Level	CO
1	1	The first step in the accounting cycle is: (i) Preparation of trial balance (ii) Recording transactions in journal (iii) Posting to ledger (iv) Closing entries	K1	CO1
	2	In the double-entry system, every transaction affects: (i) Only one account (ii) Debit or credit randomly (iii) Two accounts – debit and credit (iv) Only assets	K2	CO1
2	3	The main purpose of preparing a Trading Account is to: (i) Determine the company's cash position (ii) Calculate gross profit or gross loss (iii)Record all liabilities (iv) Show the financial position of the company	K1	CO2
	4	The Profit and Loss Account shows: (i) The company's gross profit only (ii) Net profit or net loss for a period (iii) Assets and liabilities (iv) Cash inflows and outflows	K2	CO2
3	5	NSE stands for: (i) National Share Exchange (ii) New Stock Exchange (iii) National Stock Exchange (iv) New Securities Exchange	K1	CO3
	6	Ratio analysis helps management to: (i) Prepare budgets (ii) Evaluate financial performance (iii) Record entries (iv) Detect fraud only	K2	CO3
4	7	A budget prepared for a single level of activity is called: (i) Flexible budget (ii) Cash budget (iii) Fixed budget (iv) Zero-based budget	K1	CO4
	8	Which budget shows estimated cash receipts and payments? (i) Sales budget (ii) Production budget (iii) Cash budget (iv) Capital budget	K2	CO4
5	9	Which of the following is a key component of Cost-Volume-Profit (CVP) analysis? (i) Depreciation (ii) Contribution Margin (iii) Gross Margin (iv) Return on Investment	K1	CO5
	10	Which of the following decisions is typically made using marginal costing information? (i) Long-term investment decisions (ii) Special pricing decisions for a one-off order (iii) Depreciation decisions (iv) Financial accounting decisions	K2	CO5

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.	What are the purpose of a trial balance with examples.	K3	CO1
		(OR)		
	11.b.	Classify the principles of the double-entry system		
2	12.a.	Explain the difference between gross profit and net profit with examples from a trading business.	K4	CO2
		(OR)		
	12.b.	Show the importance of using Excel for financial analysis.		
3	13.a.	Categorize how company performance influences the market value of shares.	K4	CO3
		(OR)		
	13.b.	What is ratio analysis? Explain any four ratios used for financial decision making.		
4	14.a.	Brief note on Budgetary Control? and their advantages and limitations.	K3	CO4
		(OR)		
	14.b.	Distinguish between Fixed Budget and Flexible Budget.		
5	15.a.	Define Cost Accounting. Explain its objectives and elements of cost.	K2	CO5
		(OR)		
	15.b.	Relevance of marginal private and social costs in marginal cost theory.		

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	A business purchased inventory on credit for Rs.15,000 and sold goods for Rs..5,000 in cash. Analyze and record these transactions in the journal and ledger, showing the impact on trial balance.	K3	CO1
2	17	Infer the step by step how to prepare a Trading Account, Profit & Loss Account, and Balance Sheet in Excel using formulas for totals, subtotals, and ratio analysis	K4	CO2
3	18	Explain how financial statement analysis and stock market performance help investors in decision making.	K4	CO3
4	19	Discuss the importance of budgeting as a tool of planning and control.	K4	CO4
5	20	Discuss the applications of Marginal Costing in managerial decision-making such as make-or-buy decisions, pricing decisions, and product mix decisions	K5	CO5

Z-Z-Z END