D5BCP2301 (PAGES: 4) **Reg. No.....**

Name: .....

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2025

(Regular/Improvement/Supplementary)

B.Com. Professional

GBCP5B19T: ACCOUNTING FOR MANAGERIAL DECISIONS

Time: 3 Hours **Maximum Marks: 80**

Part A. Answer *all* the questions. Each question carries *one* mark.

Choose the correct answer.

1. Management accounting analyses accounting data with the help of _____.
   (a) Auditors (b) Statutory forms (c) Tools and techniques (d) None of these.
2. Horizontal analysis is also known as _____.
   (a) Static analysis (c) Dynamic analysis
   (b) Structural analysis (d) None of these.
3. Return on investment is a _____.
   (a) Profit and loss account ratio (c) Combined ratio
   (b) Balance sheet ratio (d) None of these
4. Cash flow statement is used by management for _____.
   (a) Cash planning (c) Short term decision making
   (b) Liquidity Management (d) All of these
5. The prime objective of marginal costing is to _____.
   (a) Make decision and control costs (c) Make reports
   (b) Prepare financial accounts (d) Predict profit.

Fill in the Blanks

6. In large organizations, management accountant has an _____ role.
7. Stock turnover ratio is the ratio of cost of sales to _____.
8. When total sources of funds exceed total applications of funds there is _____ in working capital.
9. Purchase of fixed asset is classified as _____ activity.
10. As long as incremental revenue is _____ than differential cost, it is profitable to increase the output

(10 x 1 = 10 marks)

(PTO)

Part B. Answer any *eight* questions. Each carries *two* marks.

11. What is P/V ratio?
12. What do you mean by non-cash items?
13. How would you classify financial ratios according to nature?
14. What is intrafirm comparison?
15. Give four examples of sources of funds.
16. State two objectives of Management accounting.
17. What do you mean by Zero Base Budgeting?
18. Give any two limitations of cash flow statement.
19. Distinguish between marginal cost and incremental cost.
20. What is margin of safety?

(8 x 2 = 16 marks)

Part C. Answer any *six* questions. Each carries *four* marks.

21. How does management accounting differ from financial accounting?
22. It has been said that "Management accounting has been evolved to meet the needs of managerial personnel". Do you agree? Why?
23. Balance sheet of a company indicates that its current ratio is 1.5. Company's net working capital is Rs. 1 crore. Find out the current assets.
24. You are given the following data:

Annual credit sales	Rs. 30,00,000
Debtors on 1-1-2024	Rs. 2,00,000
Debtors on 31-12-2024	Rs. 4,00,000
B/R on 1-1-2024	Rs. 6,00,000
B/R on 31-12-2024	Rs. 4,00,000
Provision for bad debts 31-12-2024	Rs. 50,000

Calculate Average Collection Period. Assume 360 days a year.

25. What are the limitations of break-even chart?
26. From the following details, calculate current ratio and acid test ratio.

Current assets, loans and advances:	Rs.
Stock in trade	77,000
Sundry debtors	47,300
Cash in hand	6,700
Loans and advances (short term)	13,300
Prepaid taxes	700
Current liabilities:	
Sundry creditors	23,300
Acceptances	9,460
Dividend warrants issued but not cashed	190
Provision for taxation	10,150

27. Following is the Profit and Loss of X Ltd. For the year 2024.

To salaries	18,000	By Gross profit b/d	90,000
Rent and taxes	2,000	Profit on sale of building	4,000
Office expenses	12,000		
Depreciation	10,000		
Loss on sale of plant	6,000		
Preliminary expenses W/o	2,000		
Provision for tax	20,000		
Net profit c/d	24,000		
	94,000		94,000

Calculate fund from operation for the year 2024.

28. From the following balances you are required to calculate cash from operating activities.

	31-12-23	31-12-24
B/R	Rs. 10,000	Rs. 12,500
Debtors	50,000	47,000
Creditors	20,000	25,000
B/P	8,000	6,000
Outstanding expenses	1,000	1.200
Prepaid expenses	800	700
Accrued income	600	750
Profit made during the year		1,30,000

(6 x 4 = 24 marks)

Part D: Answer any *two* questions. Each carries *fifteen* marks.

29. The following Trend ratios (base year 2020) are taken from the financial statement of a retailer:

	2020	2021	2022	2023	2024
Net sales	102	118	134	152	161
Cost of goods sold	102	113	131	146	154
Gross profit on sales	103	129	138	166	178
Selling expenses	100	107	116	128	130
General and administrative expenses	105	121	132	137	153
Net profit	108	175	183	258	283
Net income after tax	110	169	186	238	266

What major changes do you note in the trading position?

(PTO)

30. Following is the balance sheet of Das Ltd. as on 31-12-2023 and 2024;

Assets	2023	2024
Land & building	Rs. 1,00,000	Rs. 95,000
Machinery	75,000	84,500
Stock	50,000	37,000
Debtors	40,000	32,100
Cash	200	300
Bank	……	4,000
Goodwill	……	7,500
	2,65,200	2,60,400
Liabilities		
Share capital	1,00,000	1,30,000
General reserve	25,000	30,000
P/L A/c	15,200	15,400
Bank loan	35,000	…….
Creditors	75,000	67,500
Provision for taxation	15,000	17,500
	2,65,200	2,60,400

Additional information:

a) Assets of another company were purchased for a consideration of Rs. 30,000 payable in shares. The following assets were purchased: Stock Rs. 10,000, Machinery Rs. 12,500 and the balance is paid for goodwill.
b) Depreciation on building Rs. 5,000 and on machinery Rs. 6,000.
c) Income tax provided during the year Rs. 16,500

Prepare fund flow statement and give details of your working.

31. An automobile manufacturing company finds that the cost of making part No.308 in its own workshop is Rs.60. The same part is available in the market at Rs. 56 with an assurance of continuous supply. The cost data to make the part are;

	Rs.
Direct materials	20
Direct labour	25
Other variable cost	5
Fixed cost allocated	10
Total	60

a) Should the part be made or bought?
b) Will your answer be different if the market price is Rs.46? Show your calculations.

(2 x 15 = 30 marks)