

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2025**(Regular/Improvement/Supplementary)****B. Com. HONOURS****GBCH5B20T: ACCOUNTING FOR MANAGERIAL DECISION MAKING****Time: 3 hours****Maximum Marks: 80****Part A. Answer *all* the questions. Each question carries *one* mark.****Choose the correct answer:**

1. Management accounting helps in:
A) Tax assessment
B) Preparation of trial balance
C) Decision-making and control
D) Filing of returns
2. Increase in current liabilities results in:
A) Increase in working capital
B) Decrease in working capital
C) No change in working capital
D) Increase in fixed assets
3. Which of the following is shown in cash flow from financing activities?
A) Cash received from debtors
B) Issue of equity shares
C) Purchase of inventory
D) Payment of wages
4. Contribution margin is calculated as:
A) Sales – Fixed Costs.
B) Sales – Total Costs.
C) Sales – Variable Costs.
D) Fixed Costs – Variable Costs.
5. The ideal current ratio is generally considered to be:
A) 2:1
B) 1:1
C) 0.5:1
D) 3:2

Fill in the Blanks.

6. Unlike financial accounting, management accounting is primarily intended for _____ users.
7. Increase in working capital is considered as a _____ of funds.
8. _____ analysis compares financial data over a period of time.
9. The formula for Profit-Volume Ratio is _____.
10. Excess of current assets over current liabilities is known as _____.

(10 × 1 =10 Marks)**Part B. Answer any *eight* questions. Each question carries *two* marks.**

11. Define management accounting.
12. What is fund flow statement?
13. What is common size statement?

(PTO)

14. What is fixed cost?
15. Fixed cost for the year are Rs. 1,00,000. Selling price per unit is Rs. 15 and variable cost per unit is Rs 10. Compute BEP output.
16. Give two limitations of management accounting.
17. What is window dressing?
18. If current ratio is 2.5 and working capital is Rs. 90,000, find out current assets and current liabilities.
19. What is angle of incidence?
20. What is contribution?

(8 × 2 = 16 Marks)

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

21. What are the differences between management accounting and financial accounting?
22. Prepare a common size income statement for the year 2024.

	2023	2024
Sales	5,00,000	4,00,000
Cost of goods sold	3,00,000	2,00,000
Administrative expense	10,000	7,000
Selling expense	20,000	10,000
Income tax	60,000	70,000

23. Differentiate between Fund Flow Statement and Cash Flow Statement.
24. Explain scope of management accounting.
25. What is marginal costing? What are the characteristics of marginal costing?
26. What are the different types of financial analysis?
27. If current ratio is 2.5, acid test ratio is 1.5 and current liabilities is Rs. 50,000; find out:
 - a) Current assets
 - b) Current liabilities
 - c) Stock
 - d) Working capital
28. Find out P/V ratio, BEP and sales required to earn a profit of Rs. 20,000 from the following data.

Sales	1,00,000
Variable cost	60,000
Fixed cost	30,000

(6 × 4 = 24 Marks)

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

29. You are provided with the following balance sheets of XYZ Ltd. as on 31st March 2024 and 31st March 2025:

Balance Sheet of XYZ Ltd.

Liabilities	2024 (₹)	2025 (₹)	Assets	2024 (₹)	2025 (₹)
Equity Share Capital	5,00,000	6,00,000	Fixed Assets	7,00,000	8,00,000
General Reserve	50,000	70,000	Investments	50,000	30,000
Profit and Loss Account	60,000	90,000	Inventory	80,000	50,000
10% Debentures	2,00,000	1,50,000	Debtors	30,000	50,000
Creditors	70,000	60,000	Cash	30,000	40,000
Outstanding Wages	20,000	10,000	Prepaid Expenses	10,000	10,000
	9,00,000	9,80,000		9,00,000	9,80,000

Additional Information:

- Depreciation charged during the year was ₹80,000.
- Dividend paid during the year was ₹20,000.

You are required to Prepare a Schedule of Changes in Working Capital and a Fund Flow Statement for the year ended 31st March 2025.

30. The following information is extracted from the financial statements of XYZ Ltd. for the year ending 31st March 2025:

- Net Sales: ₹8,00,000
- Cost of Goods Sold (COGS): ₹5,60,000
- Net Profit: ₹1,20,000
- Operating Expenses: ₹80,000
- Current Assets: ₹3,00,000
- Current Liabilities: ₹1,50,000
- Inventory: ₹90,000
- Debtors: ₹60,000
- Total Assets: ₹7,00,000
- Shareholder's Equity: ₹4,00,000
- Long-term Debt: ₹2,00,000

Calculate the following ratios:

- Current Ratio
- Quick Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Debt to Equity Ratio

31. The operating results of a company for the two years are as follows:

Year	Sales	Profit
2020	2,70,000	6,000
2021	3,00,000	15,000

Assuming that the cost structure and the selling price per unit remain the same, you are required to calculate:

- a) P/v Ratio.
- b) Fixed cost.
- c) BEP.
- d) Variable cost during the two period.
- e) Margin of safety at a profit of RS 24,000.

(2 × 15 = 30 Marks)