

FIFTH SEMESTER B. Com. DEGREE EXAMINATION, NOVEMBER 2025
(Regular/Improvement/Supplementary)
FINANCE & COMPUTER APPLICATION
GBCM5B07T: ACCOUNTING FOR MANAGEMENT

Time: 2 ½ Hours**Maximum Marks: 80**

SECTION A: Answer the following questions. Each carries *two* marks.
(Ceiling 25 marks)

1. What are activity ratios?
2. Give any two examples of investing activities which result into the outflow of cash.
3. What is P/V ratio? How it is calculated?
4. What is window dressing?
5. What is marginal costing?
6. State any two differences between cost and management accounting.
7. Is depreciation a source of fund?
8. Explain horizontal and vertical analysis.
9. What is trend analysis?
10. Define capital gearing.
11. Discuss the significance of return on capital employed.
12. From the following information find out the amount of profit earned during the year using the marginal costing technique:
Fixed Cost : ₹250,000
Variable Cost : ₹ 10/unit
Selling Price : ₹ 15/unit
Output Level : 75,000 units.
13. Following information is given to you:
Current Ratio : 2.5
Working Capital : ₹ 90,000
Find out, (i) Current Assets; (ii) Current Liabilities.
14. The cost of revenue from operations of X Ltd. is ₹5,00,000. The opening inventory is ₹40,000 and the closing inventory is ₹60,000 (at cost). Find out inventory turnover ratio.
15. Find out operating ratio:
Cost of revenue from operations : ₹ 350,000
Selling and distribution expenses : ₹ 20,000
Administrative and office expenses : ₹ 30,000
Net sales : ₹ 500,000

(PTO)

SECTION B: Answer the following questions. Each carry five marks.

(Ceiling 35 marks)

16. What do you understand by the analysis and interpretation of financial statements?

Explain the different types of financial statement analysis.

17. Discuss the scope of Management Accounting as a tool in decision-making and exercising control.

18. What do you understand by Ratio Analysis? Discuss its uses and limitations.

19. Find out:

(i) P/V Ratio

(ii) Fixed Cost

(iii) Sales Volume to earn a Profit of ₹ 40,000, if:

Sales : ₹ 100,000

Profit : ₹ 10,000

Variable Cost : 70%

20. From the following, calculate:

(i) Gross profit ratio

(ii) Operating ratio

(iii) Operating Profit ratio

Sales : ₹ 10,00,000

Cost of Goods Sold : ₹ 8,00,000

Selling expenses : ₹ 60,000

Administrative expenses : ₹ 40,000

Loss on sale of machinery : ₹ 2,000

Interest received on investments : ₹ 5,000

21. Calculate Cash Flow from Operating Activities from the following information:

Particulars	31.03.2025 (₹)	31.03.2024 (₹)
Surplus, i.e., Balance in the Statement of profit and Loss	400,000	300,000
Trade Receivables	200,000	150,000
Trade Payables	80,000	100,000
Inventories	170,000	180,000
Depreciation	130,000	110,000
Prepaid rent	10,000	15,000
Outstanding expenses	30,000	25,000
Goodwill	20,000	30,000

22. Prepare a Statement of Changes in Working capital from the following Balance Sheet of Majlis Limited.

Balance Sheet as at 31st March, 2025 & 2024

Particulars	2025 ₹	2024 ₹
I Equity and Liabilities		
Shareholders' Funds:		
Equity Share Capital	500,000	500,000

<i>Non-Current Liabilities:</i>		
Debentures	450,000	370,000
<i>Current Liabilities:</i>		
Trade Payables	235,000	173,000
Interest Payables	45,000	37,000
Dividend Payable (Unpaid Dividend)	35,000	50,000
Total	12,65,000	11,30,000
II. Assets		
<i>Non-Current Assets</i>		
Fixed Assets	700,000	600,000
Long – term Investments	100,000	200,000
<i>Current Assets:</i>		
Stock -in- Trade	225,000	150,000
Trade Receivables	140,000	70,000
Work -in-Progress	90,000	80,000
Cash	10,000	30,000
Total	12,65,000	11,30,000

23. From the following data, prepare a Comparative Statement of Profit and Loss:

Particulars	31.03.2025	31.03.2024
Revenue from Operations	₹20,00,000	₹ 15,00,000
Cost of Material Consumed (% of Revenue from Operations)	60%	70%
Employee Benefit Expenses	₹ 250,000	₹ 100,000
Income Tax Rate	40%	40%

SECTION C: Answer any two questions. Each carries ten marks.

24. The following data are available from the records of a company:

Particulars	₹
Sales	60,000
Variable Cost	30,000
Fixed Cost	15,000

You are required to calculate:

- (i) P/V ratio, Break – Even Point and Margin of Safety at this Level.
- (ii) The effect of 10% increase in the Sales Price on P/V ratio, Break – Even Point and Margin of Safety at this Level.
- (iii) The effect of 10% decrease in the Sales Price P/V ratio, Break – Even Point and Margin of Safety at this Level.

25. What do you mean by Cash Flow Statement? Explain the procedures for preparing Cash Flow Statements. Illustrate with examples how Cash Flow is calculated from Operating Activities, Investing Activities and Financing Activities.

(PTO)

26. Balance Sheets of Amar and Akbar as on 01.01.2024 and 31.12.2024 were as follows:

Liabilities	01.01.2024 (₹)	31.12.2024 (₹)	Assets	01.01.2024 (₹)	31.12.2024 (₹)
Creditors	100,000	110,000	Cash	25,000	17,500
Mrs. Amar's Loan	62,500	—	Debtors	75,000	125,000
Loan from SBI	100,000	125,000	Stock	87,500	62,500
Capital	312,500	382,500	Machinery	200,000	137,500
			Land	100,000	125,000
			Building	87,500	150,000
	575,000	617,500		575,000	617,500

During the year a machine costing ₹25,000 (accumulated depreciation ₹7,500) was sold for ₹12,500. The provision for depreciation against machinery as on 01.01.2024 was ₹ 62,500 and as on 31.12.2024 was ₹ 100,000. Net Profit for the year amounted to ₹ 112,500. You are required to prepare Funds Flow Statement.

27. The following information is given:

Current Ratio	: 2.5
Liquid Ratio	: 1.5
Net Working Capital	: ₹ 300,000
Stock turnover Ratio	: 6 Times (Cost of Sales / Closing Stock)
Gross profit Ratio	: 20%
Fixed Assets (Sales to Fixed Assets) Turnover Ratio	: 2 Times
Average Debt Collection period	: 2 Months
Fixed Assets to Shareholders Net worth	: 1:1
Reserves to Share Capital	: 0.5: 1

Draw up a Balance Sheet from the above information.

(2 × 10 = 20 Marks)