Register No : ____________________

THE KAVERY ENGINEERING COLLEGE

(An Autonomous Institution)

UG/PG DEGREE END SEMESTER THEORY EXAMINATIONS, APRIL-MAY 2026

First Semester

Business Administration

PMBT2404 – ACCOUNTING FOR DECISION MAKING

Regulations - 2024

Duration : 3 Hrs ***Maximum : 100 Marks***

PART – A(ANSWER ALL QUESTIONS) (Marks 10*2=20)

Q.No	Questions	BTL	CO	Marks
1.	List the branches of accounting.	L1	1	2
2.	Differentiate between Journal and ledger.	L2	1	2
3.	If the Gross Profit Ratio is 30.2% and the Gross Profit is ₹29,000, calculate the actual sales.	L2	2	2
4.	Write the advantages of trend analysis.	L2	2	2
5.	Distinguish between direct and indirect cost.	L2	3	2
6.	Mention the different steps in Activity Based Costing.	L1	3	2
7.	What is meant by Margin of Safety? Interpret its significance in a business situation.	L1	4	2
8.	“Depreciation is a relevant cost in make-or-buy decisions.” Describe.	L2	4	2
9.	What are fixed and flexible budgets?	L1	5	2
10.	Does India have specific accounting standards? When were they adopted?	L2	5	2

PART – B (ANSWER ALL QUESTIONS) (Marks 5*16 = 80)

Q.No			Questions	BLT	CO	Marks
11.	a	i	Explain the major accounting concepts and conventions used in financial accounting.	L2	1	8
		ii	Explain how financial statements help us understand the financial position and performance of a business. Also describe the main components of financial statements and their importance to stakeholders.	L2	1	8
			Or			
	b		From the following Trial Balance of Samsung India Private Limited for the period ended 31st March 2020, prepare the final accounts.	L2	1	16

Particulars	Debit (INR)	Credit (INR)
Share Capital	–	380000
Stock (01.04.2019)	45000	–
Land and Buildings	460000	–
9% Debentures	–	240000
Wages	8000	–
Rent, Rates and Taxes	5000	–
Debtors and Creditors	42000	32000
Bills Receivable and Bills Payable	25000	15000
Goodwill	82000	–
General Reserve	–	82000
Salaries	18000	–
Advertisement	11000	–
Digital Expenses	14000	–
Purchases and Sales	36000	170000

Returns	12000	12000
Bad Debts	5000	–
Cash	24000	–
10% Bank Loan	–	135000
Cash at Bank	82000	–
Postal Expenses	9000	–
Motor Car	95000	–
Computers	105000	–
Interest received	-	12000

Adjustment:

1. Closing stock on 31st March 2020 – Rs. 82,000

12. a From the following information, find out: L3 2 16

(i) Current Assets
(ii) Current Liabilities
(iii) Liquid Assets
(iv) Fixed Assets

Current Ratio = 3 : 1
Liquid Ratio = 2 : 1
Fixed Assets / Proprietary Funds = 0.8
Working Capital = ₹80,000
Reserves and Surplus = ₹50,000
Bank Overdraft = ₹20,000

There is no long-term liability or fictitious asset.

Or

b From the following information, prepare: L3 2 16

1. Schedule of Changes in Working Capital
2. Funds from Operations
3. Fund Flow Statement

Balance Sheets as on 31-03-2022 and 31-03-2023

Particulars	31-03-2022 (₹)	31-03-2023 (₹)
Liabilities		
Share Capital	1,20,000	1,80,000
General Reserve	40,000	50,000
Profit & Loss A/c	25,000	35,000
10% Debentures	60,000	40,000
Sundry Creditors	35,000	45,000
Provision for Tax	10,000	15,000
Total	2,90,000	3,5,000

Assets	31-03-2022 (₹)	31-03-2023 (₹)
Land and Building	1,20,000	1,10,000
Plant and Machinery	90,000	1,20,000
Stock	30,000	40,000
Sundry Debtors	10,000	15,000
Investments	15,000	20,000
Cash	15,000	50,000
Goodwill	10,000	10,000
Total	2,90,00	3,65,000

Additional Information:

- Depreciation on Plant and Machinery during the year ₹10,000
- Dividend of ₹15,000 was paid during the year
- Income tax paid during the year ₹8,000

13.	a	A well-designed costing system not only controls costs but also improves efficiency and profitability in manufacturing organizations." Analyze this statement by explaining how a costing system helps in cost control, decision-making, and performance evaluation.	L4	3	16
		Or			
	b	Mr. Ravi furnishes the following data relating to the manufacture of a standard product during the month of June: Raw Materials consumed – ₹20,000 Direct Labour charges – ₹12,000 Machine hours worked – 1,200 hours Machine hour rate – ₹6 per hour Administration Overheads – 25% on works cost Selling Overheads – ₹0.75 per unit Units produced – 20,000 units Units sold – 18,000 units at ₹5 per unit You are required to prepare a cost sheet showing: (i) Cost per unit (ii) Profit per unit and total profit for the period	L4	3	16
14.	a	A company provides the following cost and sales information: Selling Price per unit: Rs. 5 Variable Cost per unit: Rs. 2 Fixed Costs: Rs. 7,50,000 Expected Output Level: 5,00,000 units You are required to: a. Evaluate the financial feasibility of the business by determining: (i) Break-even point (ii) Sales required to earn a target profit of Rs. 6,00,000 (iii) Profit earned at a sales level of 4,00,000 units b. Critically assess whether the current pricing and cost structure is adequate for achieving desired profitability.	L5	4	16
		Or			
	b	A company manufactures three products: A, B, and C. The following information is available:	L5	4	16

Particulars	Product A	Product B	Product C
Sales (Rs.)	8,00,000	6,00,000	5,00,000
Variable Costs (Rs.)	5,00,000	4,50,000	3,50,000
Fixed Costs Rs.)	1,00,000	80,000	60,000

You are required to:

a. Evaluate whether any product should be dropped based on contribution.
b. Analyze the impact of dropping a product on the overall profitability of the company.

15.	a	The following are the forecasted quarterly figures of Bright Tech Ltd. for the next four quarters:	L4	5	16

Particulars	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Sales (Rs.)	8,000	12,000	16,000	14,000
Cash Payments:				
Particulars	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Manufacturing Costs	6,500	9,000	10,500	9,500
Selling & Administrative Expenses	1,200	1,800	2,400	2,000
Purchase of Fixed Assets	500	1,500	1,000	2,000

Additional Information:

a. Debtors at the end of each quarter are equal to the sales of that quarter.
b. The opening balance of debtors is Rs. 25,00,000.
c. Cash in hand at the beginning of the year is Rs. 5,00,000.
d. The company desires to maintain a minimum cash balance of Rs. 4,00,000 at all times.
e. Borrowings can be made in multiples of Rs. 20,000 at the beginning of the quarter in which the need arises.
f. Borrowings will be repaid at the end of the same quarter.

Prepare a cash budget for the four quarters.

Or

b	"Variance analysis provides insight beyond numbers." Analyze the different variances and discuss their significance in managerial decisions.	L4	5	16

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