

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**PGDM & PGDM (GENERAL) (2022-24)  
END TERM EXAMINATION (TERM -I)**

Subject Name: **Accounting for Managers**

Time: **02.30 hrs**

Sub. Code: **PG13**

Max Marks: **40**

**Note:**

**All questions are compulsory. Section A carries 5 marks: 5 questions of 1 marks each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.**

**SECTION - A**

Attempt all questions. All questions are compulsory.

**1×5 = 5 Marks**

**Q. 1: (A).** Differentiate between common statement and comparative statement analysis. CO1, L1

**Q. 1: (B).** ITC has sold a building worth 1.2 crore for 2.0 crore. How this business transaction will impact company's Cash Flow Statement? CO1, L3 or L2

**Q. 1: (C).** Differentiate between prepaid expense and outstanding expense. CO1, L1

**Q. 1: (D).** State the journal entry of Accrued Expense. CO1, L1

**Q. 1: (E).** What are different zones suggested in Altman's Z score. What does it indicate. CO1, L1

**SECTION – B**

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice)

**7 x 3 = 21 Marks**

**Q. 2: (A).** How does a cash flow statement help investors, analysts, creditors and managers in taking Business Decisions? Elaborate your answer with an example. CO2, L2

**Or**

**Q. 2: (B).** Classify the items listed below as: a) Operating Revenue, b) Non- Operating revenue, c) Cost of Goods Sold d) Selling and Distribution expenses, e) General Administrative Expenses, f) Appropriation of profit, g) Financial expense, h) not related to P&L CO2, L2

<b>Items in profit and Loss Account</b>
Raw material consumed
Interest received
Dividends received
Wages paid to manufacturing workers
Carriage on goods sold
Carriage on goods purchased
Salary of clerical staff
Rent for office
Power and fuel
Selling agents commission
Advertising
Auditors fees
Sales tax paid
Municipal rates on office premises

**Q. 3: (A).** Mohan Payre purchased raw material at Rs. 100 per kg. But due to a continuous decline in prices, the finished goods in which the raw material was used, are expected to be sold at below cost. The replacement cost is Rs. 70 per kg. Mohan has 100 kg of material on 31<sup>st</sup> March 2020.

i) What should be the value of inventory?

ii) which IND AS is referred by Mohan Payre? CO3, L2

**Or**

**Q. 3: (B).** Classify the following items into current assets, fixed assets, proprietary funds and current liabilities and prepare a balance sheet for Delhi da Dhaba company as on March 31,2021

Item	Amount (Rs.)	Item	Amount (Rs.)
Land	2,50,000	Electricity payable	2,000
Building	1,00,000	Sundry Debtors	40,000
Plant & Machinery	50,000	Bill Payable	60,000
Closing Stock:		Insurance Charges	1,00,000
Raw Material	15,000	Marketable Securities	60,000
Work In Progress	10,000	Cash In Hand	25,000
Finished Goods	25,000	Cash at bank	35,000
Salary Payable	15,000	Profit for the Year	30,000
Wage Payable	13,000	Sundry Creditors	1,10,000

Additional information:

- Provide for depreciation on Plant and Machinery at the rate of 10% per annum.
- Sundry debtors include Rs. 500 for goods supplied to a customer, who has become insolvent.
- Rs. 50,000 as Insurance charges are prepaid. CO3, L3

**Q. 4: (A).** Discuss GAAP in interest of Promoter, Investor and Auditor. CO2, L2

**Or**

**Q. 4: (B).** Fill in the blanks and answer the questions: CO3, L3 &L4

	Amount in Million
<b>A. Cash flow from operating activities</b>	
<b>Profit before tax</b>	<b>2.58</b>
Adjustments for:	
Depreciation and amortization	0.10
Provision for employee benefits	0.02
Share Based payments	0.07
Provisions for expected credit loss (ECL)	?
<b>Operating Profit before working capital changes</b>	<b>2.82</b>
Changes in working capital:	
Increase/(decrease) in financial and other liabilities	(0.08)
Decrease/(Increase) in financial and other assets	(14.81)
Direct taxes paid (net of refunds)	(0.68)
<b>Net cash flow from/(used in) operating Activities</b>	<b>?</b>
<b>B. Cash flow from investing Activities</b>	
Purchase of fixed Assets, including capital work-in-progress and capital advances	?
Proceed from sale of fixed assets	0
Investment in fixed deposits	(3.13)
<b>Net cash provided by/(used in) investing activities</b>	<b>(3.27)</b>
<b>C. Cash flow from financing Activities</b>	
Proceeds from issuance of equity share capital	4.75
Share issue expenses	(0.13)
Proceeds from borrowings	14.65

Repayment of borrowings	(5.23)
<b>Net Cash flow from/ (used in) financing activities</b>	<b>?</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>?</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>3.58</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>?</b>

- i) Fill the “?”
- ii) What are the biggest source/application of cash across the activities?
- iii) Suggest two ways for improvement in the Cash position of the firm

### SECTION - C

Read the case and answer the questions

**7×02 = 14 Marks**

Q. 5: Case Study: CO4, L5 & L6

Chief Executing Officer of Hindustan Medicines has reported following information about the company for past three years.

#### Summary of ratios

Ratio	2009	2010	2011	Industry Average
% Return on capital employed	26.9	27.9	22.5	26%
Asset turnover (times)	1.81	1.70	1.90	1.79 times
Net profit margin (%)	14.9	16.4	11.8	14.5%
Current ratio	1.23:1	1.22:1	1.3:1	1.5:1
Acid test ratio	0.87:1	0.87:1	0.99:1	1.03:1
Debtors collection period (days)	85	91	102	83 days
Gearing ratio (%)	81.5%	70.8%	63.7%	32%
Labour costs as % of sales	18.9	18.5	18.9	18.1%
Operating costs as % of sales	85.1	83.6	88.2	85.5%
Distribution costs as % of sales	8.98	9.24	9.24	9.5%
Administration costs as % of sales	3.87	4.15	4.09	4.5%

Questions:

Q. 5: (A). Comment on Profitability of firm by elaborating Profitability ratios

Q. 5: (B). Comment on Short Term Solvency of firm by elaborating Liquidity ratios and prepare a detailed comment report.

#### Mapping of Questions with Course Learning Outcome

Question Number	COs	Bloom's taxonomy level	Marks Allocated
Q. 1:	CO1	L1	5 marks
Q. 2:	CO2	L2	7 marks
Q. 3:	CO3	L3	7 marks
Q. 4:	CO2 and CO3	L2 and L3 and L4	7 marks
Q. 5:	CO4	L5 and L6	14 marks

**Note:** Font: Times New Roman, Font size: 12.