

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2024-25)
END TERM EXAMINATION (TERM -I)

 Subject Name: **Accounting for Managers**

 Time: **02.00 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.

<u>SECTION - A</u>																						
Attempt all questions. All questions are compulsory.		1×5 = 5 Marks																				
Questions	CO	Bloom's Level																				
Q. 1: (A). What is the use of Horizontal and Vertical Analysis? Q. 1: (B). Explain convention of 'Prudence' Q. 1: (C). Explain difference of Real and Nominal Account Q. 1: (D). Explain the errors of Trial Balance Q. 1: (E). Differentiate outstanding expenses and prepaid expenses.	CO1	L2																				
<u>SECTION – B</u>																						
All questions are compulsory (Each question have an internal choice. Attempt anyone (either A or B) from the internal choice)		7 x 3 = 21 Marks																				
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Q. 2: (A). SD was working for the TV Today Network, one of the India's leading news television network along with Network 18 and Times NOW. Please help SD in completing the balance sheet of T.V Today Network by filling the following items with figures in the appropriate format: Capital Work in Progress 41, Cash and Bank Balance 2901, Intangible Assets 838, Long Term Loans and Advances (assets) 302, Long term provisions 81, Non-Current Investments 654, Other Current Liabilities 713, Other Long term liabilities 8, Reserves and Surplus 8065, Share Capital 298, Short Term Borrowing 0, Short Term Loans and Advances(assets) 1021, Short Term Provisions 89, Tangible Assets 1581, Trade Payables 724, and Trade Receivables 1742. <p align="center">Or</p> Q. 2: (B). Muncie group was organized on January 1. At the end of the year, the company used a first-year accounting student to prepare the following income statement:	CO2	L3																				
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Muncie Group</th> </tr> <tr> <th style="text-align: center;">Income Statement</th> <th style="text-align: center;">Dec-31</th> </tr> <tr> <td></td> <th style="text-align: center;">Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>Income from Services</td> <td style="text-align: right;">17,00,000</td> </tr> <tr> <td>Accounts Receivable</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td>Total Income</td> <td style="text-align: right;">21,00,000</td> </tr> <tr> <td>Less: Expenses</td> <td></td> </tr> <tr> <td> Salaries</td> <td style="text-align: right;">5,70,000</td> </tr> <tr> <td> Advertising</td> <td style="text-align: right;">(1,40,000)</td> </tr> <tr> <td> Dividends</td> <td style="text-align: right;">1,00,000</td> </tr> </tbody> </table>	Muncie Group		Income Statement	Dec-31		Amount (Rs)	Income from Services	17,00,000	Accounts Receivable	4,00,000	Total Income	21,00,000	Less: Expenses		Salaries	5,70,000	Advertising	(1,40,000)	Dividends	1,00,000		
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Utilities	2,20,000
Total Expenses	7,50,000
Net Income	13,50,000

List all deficiencies that you can identify in this income statement and prepare a proper income statement.

(internal choices with two questions corresponding to the same CO)

Q. 3: (A). Fill in the blanks based on the relevant concept applicability:

(a) _____ concept applies when Abdul Agro Limited bought a grinding machine and recorded the purchase at the amount of cash paid to purchase it.

(b) Using the same method of accounting over a considerable period is referred to as the _____ principle.

(c) If an accountant overstates a business entities resources (or material assets) then we can state that he is violating the _____ principle of accounting.

(d) M/s Gagan Cycle Ltd. ...

The accounts of M/s. Gagan Cycle Ltd. show a profit of Rs 88,000 for the year. This includes an amount of Rs 25,000 relating to an order just received. Based on this information, what will be the profit?

The corrected profit would be Rs. _____ because we should apply the _____ concept.

(e) M/s Manish Boutique Ltd. ...

During the year, Manish Malhotra had taken home some clothing fabric from his boutique, to present his wife a new suit for her birthday. He has included the cost of this stock (Rs 12,000) as a business expense while calculating the profits, which came to Rs 62,000. Based on this information, what will be the profit?

The _____ concept applies here and the profit figure should be Rs. _____.

Or

Q. 3: (B). From the following Balance Sheets of Exe Ltd. Make out Cash Flow Statement

Liabilities	2023 (Rs)	2024 (Rs)	Assets	2023 (Rs)	2024 (Rs)
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable Preference Share Capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bill Receivable	20,000	30,000
Bill Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

CO2

L4

Additional Information

- Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on Plant and Land and Buildings in the year 2023-24
- An interim dividend of Rs. 20,000 has been paid in the year 2024
- Rs. 35,000 Income tax was paid during 2024

Q. 4: (A). Two business Y Ltd and Z Ltd, sell the same type of product in the same type of market. Their Budgeted costs for the coming year are as follows:

	Y Ltd	Z Ltd
Sales	1,50,000	1,50,000
Less: Variable Cost	1,20,000	1,00,000
Contribution	30,000	50,000
Less: Fixed Cost	15,000	35,000
Budgeted Net Profit	15,000	15,000

CO4

L4

You are required to calculate:

- BEP of each business
- Sales volume at which each business will earn Rs5000 profit
- State with reason which business is likely to earn greater profit in conditions of
 - a) heavy demand for the product
 - b) low demand for the product

Or

Q. 4: (B). The books & records of ABC Ltd present the following data for the month of August, 2023 (all figures in Rs):

- Direct Labour cost Rs16,000 (160% of factory overheads)
- Cost of Goods Sold Rs56,000
- Inventory accounts showed these opening and closing balances:

	August 1	August 31
Raw material	8,000	8,600
WIP	8,000	12,000
Finished goods	14,000	18,000
Other data:		
Selling Expenses	3400	
General & Adm Exp	2,600	
Sales for the month	75,000	

You are required to prepare statement showing cost of goods manufactured and sold and profit earned.

SECTION - C

Read the case and answer the questions

7×02 = 14 Marks

Questions**CO****Bloom's Level**

Q. 5: Case Study:

CO3

L4, L5

Amanda's Anchors has applied for a loan from a local bank. The Bank is basing

its decision on the following information:

Ratio	Industry Average
Current Ratio	1.5
Quick Ratio	0.8
Receivable Turnover	18
Inventory Turnover	20
Debt to Asset Ratio	0.56
Interest Coverage	6.52
Profit margin	10.25%
Return on Assets	11.50%
Return on Equity	20.30%

Amanda's Anchors	
Income Statement	
Year ending Dec 31, 2021 (in millions)	Amount (Rs)
Sales	60
Cost of Goods Sold	35
Gross Profit	25
Operating Expenses	10
Operating Income	15
Interest Expenses	2.5
Income before taxes	12.5
Income tax expenses	6.5
Net Income	6

Amanda's Anchors		
Balance Sheet	2021	2020
(in millions)	Amount (Rs)	Amount (Rs)
Cash	7.5	6
Accounts Receivables	0.3	2
Inventory	3	2
Prepaid Insurance	0.5	0.5
Total current assets	14	10.5
Property and Equipment	60	55
Accumulated Depreciation	14	11
Total Property and Equipment	46	44
Total Assets	60	54.5
Accounts Payable	6	6
Other current Liabilities	4	4.5
Total current liabilities	10	10.5
Long term Debt	15	15
Common Stock	25	25
Retained Earnings	10	4
Total Stockholders' Equity	35	29
Total Liabilities and Stockholders' Equity	60	54.5

Questions:

Q. 5: (A). For Amanda's Anchors, calculate the ratios for which the bank has

industry average.

Q. 5: (B). After comparing Amanda's Anchor ratios to the industry averages, should the bank approve the loan? Why or Why not?

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	5 Marks
CO2	14 marks
CO3	14 marks
CO4	7 marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create