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 **PRESIDENCY UNIVERSITY**

  **Bengaluru**

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| **End - Term Examinations – JANUARY 2025** |
| **Date:** 15 – 01- 2025 **Time:** 01:00 pm – 04:00 pm |

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| **School:** SOM(PG) | **Program:** MBA |
| **Course Code :** MBA2034 | **Course Name :** Accounting for Managers |
| **Semester**: I | **Max Marks**: 100 | **Weightage**: 50% |

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| **CO - Levels** | **CO1** | **CO2** | **CO3** | **CO4** | **CO5** |
| **Marks** | **26** | **16** | **21** | **31** | **6** |

**Instructions:**

1. *Read all questions carefully and answer accordingly.*
2. *Do not write anything on the question paper other than roll number.*

**Part A**

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| --- |
| **Answer ALL the Questions. Each question carries 3marks. 3Mx10Q=30M** |
| **1** | Accounting is the language of the business and it also helps in identifying the financial position of the business. ----State the objective of accounting | **3 Marks** | **knowledge** | **CO1** |
| **2** | Recall and Identify GAAP in the following transactions: A) Revenues= Expenses + Profit B) Business and Business owners have different identity | **3 Marks** | **knowledge** | **CO1** |
| **3** | A profit and loss statement, also known as an income statement, is a financial statement that summarizes the revenues, costs, expenses, and profits/losses of a company during a specified period.----Outline three objectives to prepare statement of profit and loss  | **3 Marks** | **knowledge** | **CO2** |
| **4** | The statement of cash flows acts as a bridge between the income statement and balance sheet by showing how money moved in and out of the business--Interpret briefly the objectives of Cash flow statement | **3 Marks** | **knowledge** | **CO2** |
| **5** | How can you differentiate the horizontal and vertical analysis based on the dynamic and static analysis? | **3 Marks** | **knowledge** | **CO3** |
| **6** | Solvency ratios are calculated to determine the ability of the business to service its debt in the long run. The following ratios are normally computed for evaluating solvency of the business.----Identify and briefly explain the important solvency ratios | **3 Marks** | **knowledge** | **CO3** |
| **7** | Differentiate between Flexible budget and Fixed budget in budgetary control. What kind of budgetary technique to be used by a large-scale manufacturing industry? | **3 Marks** | **knowledge** | **CO4** |
| **8** | Distinguish between Fixed cost and variable cost in wood manufacturing and cloths manufacturing industry in your terms. | **3 Marks** | **knowledge** | **CO4** |
| **9** | The break-even point is the level of operation where total revenue or sales are equal to the total cost --Choose any five important aspects which elucidate the break-even point. | **3 Marks** | **knowledge** | **CO5** |
| **10** | Recall meaning of P/V Ratio with its formula | **3 Marks** | **knowledge** | **CO5** |

**Part B**

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| **Answer ALL the Questions. Each question carries 10 marks. 10Mx4Q=40M** |
| **11a** |

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| From following particulars prepare a statement of cash flow under indirect method for a newly commenced business |
|
| **particulars** | **Amount Rs.** | **Particulars** | **Amount Rs.** |
| Profit after tax | 75,000 | Payment of interest | 2,25,000 |
| Profit on Sale of Machinery | 67,500 | Purchase of Machinery | 3,00,000 |
| Deprecation | 45000 | Receipt of dividend | 39,000 |
| Issue of Shares | 1,50,000 | Loss on sale of furniture | 1,50,000 |
|  |  | Purchase of furniture | 3,00,000 |
|  |  | Loan taken | 1,50,000 |
|  |  | Payment of tax | 75,000 |
|  |  | Provision of tax | 1,35,000 |

 | **10 Marks** | **Application** | **CO2** |
| **or** |
| **11b** |

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| Prepare a Cash Budget for the three months ended 30th September, 2023 based on the following information: |
| **Estimated** | **June** | **July** | **August** | **September** |
| Cash Sales | 1,20,000 | 1,40,000 | 1,52,000 | 1,21,000 |
| Credit Sales | 1,00,000 | 80,000 | 1,40,000 | 1,20,000 |
| Purchases | 1,60,000 | 1,70,000 | 2,40,000 | 1,80,000 |
| Other Expenses | 18,000 | 20,000 | 22,000 | 21,000 |
| Credit Sales are collected 50% in the month of Sale & 50% in the month following. 10% of the purchases are in Cash & balance 90% is paid in the next month. Expenses are paid in the following month. |

 | **10 Marks** | **Application** | **CO2** |

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| **12a** |

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| From the following information prepare statement Profit and Loss of XY Limited which is involved in Motor Vehicle repairs and servicing for the year ended 2020-21 |
|
|
|
| Particulars | Amounts Rs (000) |
| Service Revenue | 4001 |
| Interest on Fixed Deposits | 85 |
| Salary to staff | 29 |
| Travelling expenses | 25 |
| Rent expenses | 7 |
| Interest on loan | 21 |
| Auditor's fee | 13 |
| Tax Expense | 11 |
| Depreciation | 16 |

 | **10 Marks** | **Application** | **CO1** |
| **or** |
| **12b** |

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| Prepare a trial balance from the following, ascertain and treat the difference amount as Capital.  |
|
| Particulars  | Amounts Rs |
| Stock | 125000 |
| Sales | 400000 |
| Purchases  | 345000 |
| Wages | 50000 |
| Discount Dr | 7000 |
| Discount Cr | 5000 |
| Salaries | 7500 |
| Rent | 4950 |
| General expenses including insurance | 17050 |
| Profit and loss account | 15030 |
| Dividend paid | 9000 |
| Debtors  | 37500 |
| Creditors | 17500 |
| Machinery | 29000 |
| Cash in hand | 16200 |
| Reserve Fund | 115500 |
| Bad debts | 4830 |

 | **10 Marks** | **Application** | **CO1** |

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| **13a** | Prepare the Bank Reconciliation Statement and find the Pass book balance from the following information.The cash book shows a bank balance of ₹ 8,800. On comparing the cash book with the pass book the following discrepancies were noted:(a)Cheque deposited in the bank but not credited ₹ 4,000(b)Cheque issued but not yet present for payment ₹ 2,500(c)Insurance premium paid by the bank ₹ 3,000(d)Bank interest credit by the bank ₹ 500(e)Bank charges ₹ 400(d)Directly deposited by a customer ₹ 5,000 | **10 Marks** | **Application** | **CO1** |
| **or** |
| **13b** | 1. From the following information, calculate the amount of depreciation and rate of depreciation under straight line method. Purchase price of machine Rs. 2,00,000. Installation charges Rs. 50,000 Estimated residual value Rs. 15,000 Expected useful life 5 years.
2. On 1.4.2012, a firm purchased a machine at a cost of Rs. 1,00,000. Depreciation charged at 10% p.a. on written down value method. Compute the Written Down Value (WDV) of Machine for the five years assuming company follows financial year.
 | **10 Marks** | **Application** | **CO1** |

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| **14a** |

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| Following is the details of ABC Limited as on 31-3-2023 and 31-3-2024.You are required to prepare the Common-size Income statement for the year ending 31-3-2023 and 31-3-2024 and comment on the financial position of the concern.

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| **PARTICULARS**  | **31-03-2023** | **31-03-2024** |
| Sales | 175000 | 225000 |
| Cost of Goods soldOperating Expenses | 137500 | 200000 |
| **GROSS PROFIT** | **37500** | **25000** |
| Operating Expenses | 5500 | 11250 |
| Office Expenses | 2250 | 7500 |
| Selling Expnses | 1250 | 1500 |
| Distribution Expenses | 625 | 500 |
| **NET OPERATING PROFIT** | **27875** | **4250** |
| Financial Expenses | 5000 | 6250 |
| **NET PROFIT BEFORE TAX (EBT)** | **22875** | **-2000** |
| TAX 25 % | 2719 | 0 |
| **NET PROFIT AFTER TAX (PAT)** | **20156** | **-2000** |

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 | **10 Marks** | **Application** | **CO3** |
| **or** |
| **14b** |

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| The Balance Sheet of Mr. Gopal and co. for the Financial Year 2022 and 2023 are given below |
|  | **31.12.2022** | **31.12.2023** |
| **Liabilities** |  |  |
| Equity share capital | 200000 | 250000 |
| 10% Preference share capital | 200000 | 150000 |
| Reserve fund | 80000 | 100000 |
| Profit and loss account | 100000 | 150000 |
| 12% debentures | 200000 | 300000 |
| Creditors | 100000 | 120000 |
| Bank overdraft | 50000 | 20000 |
| **Total** | **930000** | **1090000** |
| **Assets** |  |  |
| Building | 300000 | 320000 |
| Machinery | 150000 | 180000 |
| Furniture | 40000 | 35000 |
| Investment | 100000 | 150000 |
| Stock | 150000 | 200000 |
| Debtors | 100000 | 120000 |
| Cash at bank | 90000 | 85000 |
| **Total** | **930000** | **1090000** |
| You are required to prepare the comparative balance sheet and comment on the financial position of business. |
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 | **10 Marks** | **Application** | **CO3** |

**Part C**

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| **Answer all the Questions. Each Question carries 15 marks. 15Mx2Q=30M** |
| **15** |

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| The expenses for budgeted production of 10000 units in a factory are given below |
|
| **Particular** | **Per Unit Rs.** |
| Materials | 70 |
| Labour | 25 |
| Variable Overheads | 20 |
| Fixed Overheads (Rs. 100000) | 10 |
| Variable expenses (Direct) | 5 |
| Selling expenses (10 % fixed) | 13 |
| Distribution Expenses (20% fixed) | 7 |
| Administrative Expenses (70% fixed) | 5 |
| Total cost per unit (to make and sell) | 155 |
| Prepare a flexible budget for production of A) 8000 Units B) 6000 Units and C) 10000 Units and indicate cost per unit at all the levels of production |
|
|

 | **15 Marks** | **Application** | **CO4** |
| **16** | From the information given below of Provident Limited, prepare balance sheet in company format and calculate the following Ratios and write your interpretation respectively.1. Current ratio
2. Quick ratio
3. Debt-equity ratio
4. Debt to total assets ratio
5. Fixed assets to capital employed

|  |  |  |  |
| --- | --- | --- | --- |
| **Liabilities:** | **Rs.** | **Assets:** | **Rs.** |
| Share Capital | 2,00,00 | Land & building | 1,40,000 |
| Profit & loss A/c | 30,000 | Plant & Machinery | 3,50,000 |
| General Reserve | 40,000 | Stock | 2,00,000 |
| 12% debentures | 4,20,000 | Debtors | 1,00,000 |
| Sundry Creditors | 1,00,000 | Bills Receivable | 10,000 |
| Bills Payable | 50,000 | Cash at Bank | 40,000 |
| **TOTAL** | **8,40,000** | **TOTAL**  | **8,40,000** |

  | **15 Marks** | **Application** | **CO3** |