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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SEC: F TO K**

**SCHOOL OF MANAGEMENT**

**SET A**

**MID TERM EXAMINATIONS**

**Sem & AY:** Odd Sem 2019-20

**Date:** 18 November 2019

**Course Code:** MGT 215

**Time:** 9:30 AM to 11:00 AM

**Course Name:** FINANCIAL ACCOUNTING FOR MANAGERS

**Max Marks:** 40

**Program & Sem:** MBA & I

**Weightage:** 20%

**Instructions:**

*(i) Write Legibly*

**Part A [Memory Recall Questions]**

**Answer both the Questions. Each Question carries three marks. (2Qx3M=6M)**

1. Expand GAAP and state any two accounting principles  
[3 M] (C.O.NO.1) [Knowledge]
2. a) Name two external and internal users of accounting.  
[2 M] (C.O.NO.1) [Knowledge]  
b) What are the qualities of accounting information? [1 M] (C.O.NO.1) [Knowledge]

**Part B [Thought Provoking Questions]**

**Answer both the Questions. Each Question carries ten marks. (2Qx10M=20M)**

3. The following accounts come from the ledger of SnowGo Company at December 31, 2017.

Equipment ₹88,000	Owner's Capital ₹20,000
Owner's Drawings 8,000	Cash 7,000
Accounts Payable 45,000	Service Revenue 95,000
Salaries and Wages expense 44000	Utilities Expense 3,000
Accounts Receivable 4,000	Prepaid Insurance 6,000

[10M]  
(C.O.NO.1) [Comprehension]

Prepare a trial balance in good form.

4. Presented below is selected information related to Flanagan Company at December 31,

2017. Flanagan reports financial information monthly.

Equipment ₹10,000	Utilities Expense ₹ 4,000
Cash 8,000	Accounts Receivable 9,000
Service Revenue 36,000	Salaries and Wages Expense 7,000
Rent Expense 11,000	Notes Payable 16,500
Accounts Payable 2,000	Owner's Drawings 5,000

(a) Determine the total assets of Flanagan Company at December 31, 2017. [3M]

(b) Determine the net profit that Flanagan Company reported for December 2017. [3M]

(c) Determine the owner's equity of Flanagan Company at December 31, 2017. [4M]

(C.O.NO.1) [Comprehension]

### Part C [Problem Solving Questions]

**Answer the Question. The Question carry fourteen marks. (1Qx14M=14M)**

5. Peter Nimmer opened a veterinary business in Nashville, Tennessee, on August 1, 2017. On August 31, the balance sheet showed Cash ₹9,000, Accounts Receivable ₹1,700, Supplies ₹600, Equipment ₹6,000, Accounts Payable ₹3,600, and Owner's Capital ₹13,700.

During September, the following transactions occurred.

1. Paid ₹2,900 cash on accounts payable.
2. Collected ₹1,300 of accounts receivable.
3. Purchased additional equipment for ₹2,100, paying ₹800 in cash and the balance on account.
4. Recognized revenue of ₹7,800, of which ₹2,500 is received in cash and the balance is due in October.
5. Withdrew ₹1,100 cash for personal use.
6. Paid salaries ₹1,700, rent for September ₹900, and advertising expense ₹450.
7. Incurred utilities expense for month on account ₹170.
8. Received ₹10,000 from Capital Bank (money borrowed on a note payable).

#### **Instructions**

How would these transactions affect the accounting equation?

[14M] (C.O.NO.1) [Application]



## SCHOOL OF MANAGEMENT

Semester: Odd Sem 2019-20

Course Code: MGT 215

Course Name:

Date: 18 October 2019

Time: 9:30 am – 11:00 am

Max Marks: 40

Weightage: 20%

### Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (%age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type [Marks allotted]	Total Marks
			[Marks allotted] Bloom's Levels	[Marks allotted] Bloom's Levels		
			K	C	A	
1	1 5%	Introduction to A/Cing	3			3
2	1 5%	Introduction to A/Cing	2			3
3	2 10%	Introduction to A/Cing	1			5
4	2 5%	Introduction to A/Cing		5		5
5	1 10%	Introduction to A/Cing		5		10
6	2 10%	Introduction to A/Cing		10		14

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must



be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Name of faculty]

Reviewer's Comments: \_\_\_\_\_

## Annexure- II: Format of Answer Scheme



### SCHOOL OF MANAGEMENT

#### SOLUTION

Semester:

Course Code: MGT 215

Course Name:

Date:

Time:

Max Marks: 40

Weightage: 20%

#### Part A

(Q x M = Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
1	Generally Accepted Accounting Principles Any two Principles	3	5 min
2	a) External users – Government/Public/Creditors/Shareholders Internal – Management/Employees/Managers b) Relevance, Reliability, Comparability, Understandability	2  1	5 min

#### Part B

(3Q = 20 Marks)

Q No	Solution																
3	a) Assets = ₹ 27000 b) Net Profit = ₹14000 c) Owner's Equity = ₹8500 (27000 - 18500)																
4	<p style="text-align: center;">Snow Go Company Trial Balance as on 31 December, 2017</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Sl No:</th> <th>Particulars</th> <th>Debit ₹</th> <th>Credit ₹</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Cash</td> <td>7000</td> <td></td> </tr> <tr> <td>2</td> <td>Accounts Receivable</td> <td>4000</td> <td></td> </tr> <tr> <td>3</td> <td>Prepaid Insurance</td> <td>6000</td> <td></td> </tr> </tbody> </table>	Sl No:	Particulars	Debit ₹	Credit ₹	1	Cash	7000		2	Accounts Receivable	4000		3	Prepaid Insurance	6000	
Sl No:	Particulars	Debit ₹	Credit ₹														
1	Cash	7000															
2	Accounts Receivable	4000															
3	Prepaid Insurance	6000															



4	Equipment	88000	
5	Accounts Payable		45000
6	Owner's capital		20000
7	Owner's drawing	8000	
8	Service revenue		95000
9	Salaries and wages expense	44000	
10	Utilities Expense	3000	
	Total	160000	160000

5 Peter Nimmer Co Ltd  
Transaction Analysis for August 2017

Assets =				Liabilities		Owner's Equity			
Cash	A/R	Supplies	Equipment	A/P	N/P	Capital	+Revenue	- Expense	- Drawing
9000	1700	600	6000	3600	0	13700	0	0	0
(2900)				(2900)					
1300	(1300)								
(800)			2100		1300				
2500	5300						7800		
(1100)									(1100)
(1700)								(1700)	
(900)								(900)	
(450)								(450)	
				170				(170)	
10000					10000				
14950	5700	600	8100	870	11300	13700	7800	(3220)	(1100)
29350				12170			17180		
29350									29350

**Part C**

(Q x M = Marks)

Q No	Solution					Scheme of Marking	Max. Time required for each Question
6	Date	Particulars	L.F No:	Debit	Credit		30 min
	2017	Cash		20000			
	Sep1	To Capital			20000		
	Sep 5	Equipment		17000			
		To Cash			6000		
		To Notes Payable			11000		





Sep 11	Cash A/R To Service Revenue		1000 2900	3900
Sep 25	N/P To Cash		7000	7000
Sep 29	Dividends To Cash		600	600
Sep 30	Cash To Accounts receivable		1500	1500

Ledger Accounts

Capital a/c

<hr/>	
	Sep 1 20000
<b>Balance</b>	<b>20000</b>

Equipment a/c

<hr/>	
Sep 5	17000
<b>Balance</b>	<b>17000</b>

Accounts receivable a/c

<hr/>	
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Sep 11 2900      Sep 30 1500

**Balance 1400**

Cash a/c

Sep 1 20000	Sep 5 6000
Sep 11 1000	Sep 25 7000
Sep 30 1500	Sep 29 600
<b>Balance 8900</b>	

Service Revenue a/c

Sep 11 3900

**Balance 3900**

Dividends a/c

Sep 29 600



Balance 600

Notes Payable a/c

<hr/>	
	Sep 5 11000
Sep 25 7000	
<b>Balance</b>	<b>4000</b>

Total Assets =  $17000 + 8900 + 1400 = ₹27300$

Total Liabilities = ₹4000





Roll No.

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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SEC: F TO K**

**SCHOOL OF MANAGEMENT**

**SET B**

**MID TERM EXAMINATIONS**

**Sem & AY:** Odd Sem 2019-20

**Date:** 18 November 2019

**Course Code:** MGT 215

**Time:** 9.30 AM to 11.00 AM

**Course Name:** FINANCIAL ACCOUNTING FOR MANAGERS

**Max Marks:** 40

**Program & Sem:** MBA & I

**Weightage:** 20%

**Instructions:**

- I. **Answer all the questions**

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each Question carries two marks. (3Qx2M=6M)**

1. What do you understand by Double entry system of Book-Keeping?
2. What is convention of conservatism?
3. State the rules of accounting for different types of accounts.

**Part B [Thought Provoking Questions]**

**Answer both the Questions. Each Question carries ten marks. (2Qx10M=20M)**

4. a) Explain Money measurement concept and Realization concept.  
b) Identify the following accounts:-

Canara Bank account, Rent Account, Premises account, Rent received account, ABB Sports Association.

5. From the following incorrect Trial Balance prepare a correct Trial Balance.

Name of the Account	Debit ₹	Credit ₹
Debtors		35,600
Creditors	37,000	
Plant and Machinery		75,000
Purchases		1,90,000
Sales		3,31,700
Capital account	70,000	
Free Hold Premises	95,400	
Carriage Inward	1,750	
Carriage outwards		2,750
Cash at Bank	38,550	

### Part C [Problem Solving Questions]

Answer the Question. The Question carry fourteen marks.

(1Qx14M=14M)

6. Anil had the following transactions. Use Accounting Equation to show their effect on his assets, liabilities and capital.

- i) Anil Started business with cash ₹ 85,000
- ii) He purchased goods on credit ₹.40, 000
- iii) He sold good for cash costing ₹ 2,800 for ₹ 3,200
- iv) Purchased furniture for cash Rs. ₹ 2,500
- v) Sold goods to Rajesh on credit costing . ₹300 for ₹ 600
- vi) Paid Salaries ₹ 350
- vii) Received cash from Rohan ₹ 500
- viii) Withdrew cash for personal use ₹ 2,200
- ix) Received rent from tenants ₹ 2,500
- x) Purchased goods from Murali for cash ₹ 1,500





Roll No.																				
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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**MID TERM EXAMINATIONS**

Sem & AY: Odd Sem. 2019-20

Date: 18.10.2019

Course Code: MGT 215

Time: 11:00AM to 12:30PM

Course Name: FINANCIAL ACCOUNTING FOR MANAGERS

Max Marks: 40

Program & Sem: MBA & I

Weightage: 20%

**Instructions:**

- Use of non-programmable calculator is allowed

**Part A [Memory Recall Questions]**

Answer both the Questions. Each Question carries three marks. (2Qx3M=6M)

1. What is principle of conservatism? Give at least two examples where principle of conservatism is followed. (C.O.NO.1) [Knowledge]
2. What is Materiality principle? Why is Materiality principle treated as an exception to full disclosure principle? (C.O.NO.1) [Knowledge]

**Part B [Thought Provoking Questions]**

Answer both the Questions. Each Question carries ten marks. (2Qx10M=20M)

3. From following transactions, you are required to prepare Accounting Equation
  - a) Started business with cash- ₹ 3,00,000
  - b) Purchased goods for cash ₹ 1,00,000 and on credit ₹ 60,000 from Prime Limited
  - c) Purchased Furniture for cash ₹ 70,000
  - d) Sold half of the goods for cash at a profit of 20% on sales
  - e) Sold half of remaining goods on credit to Ali Brothers at a profit of 20% on cost
  - f) Paid salary ₹ 8000 and salary outstanding ₹ 4,000
  - g) Bought computer for personal use ₹ 20,000 for cash
  - h) Paid rent ₹ 6,000
  - i) Received ₹ 46,000 from Ali Brothers in full settlement of his claim
  - j) Made part payment of ₹ 40,000 to Prime Limited(C.O.NO.2) [Comprehension]

4. The Accountant of Fortune Traders has prepared the Trial Balance for the financial year 2018-19. However, Chief Finance Manager is of view that Accountant has made many mistakes in preparing the Trial Balance. You are required to correct the errors in Trial Balance and prepare it again for the Chief Finance Manager.

(C.O.NO.2) [Comprehension]

S/N	Particulars	Dr. ₹	Cr. ₹
a)	Capital		80,000
b)	Bills payable		20,000
c)	Debtors	30,000	
d)	Discount allowed		10,000
e)	Discount received	38,000	
f)	Commission received	48,000	
g)	Provision for doubtful debts		11,000
h)	Carriage in ward	37,000	
i)	Carriage outward		12,000
k)	Return in ward		20,000
	Total	1,53,000	1,53,000

**Part C [Problem Solving Questions]**

**Answer both the Questions. The Question carries fourteen marks. (1Qx14M=14M)**

5. i. Comfort traders is dealing in furniture. He provides you the following Transactions entered during the financial year 2018-19. You are required to pass Journal entries for the transactions and post into Ledger: [10M]

(C.O.NO.2) [Application]

- Started business with cash ₹ 6,00,000
- Bought furniture from Shyam Brothers on credit ₹ 2,00,000
- Bought furniture for cash for office use ₹ 60,000
- Returned Furniture to Shyam Brothers ₹ 30,000
- Paid Shyam Brothers ₹ 1,60,000 in full settlement of his claim

- ii. Explain in each of the cases which accounting principle has been followed: [4M]

(C.O.NO: 2) [Comprehension]

- Advance money received is not treated as sales
- Owner's Capital is shown as a Liability in the Business.
- Employees are not recorded as an Asset in the Balance Sheet
- Financial Statements are prepared at the end of each year



## SCHOOL OF MANAGEMENT

**Sem & AY:** Odd Sem 2019-2020

**Course Code:** MGT-215

**Course Name:** Financial Accounting for Managers

**Program & Sem:** MBA & First Semester

**Date:**

**Time:** 1 Hour 30 Minutes

**Max Marks:** 40

**Weightage:** 20%

### Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (%age of CO)	Unit/Module Number/Unit  /Module Title	Memory recall type	Thought provoking type	Problem Solving type  [Marks allotted]	Total Marks
			[Marks allotted]  Bloom's Levels	[Marks allotted]  Bloom's Levels		
			K	C	A	
1		I	3			3
2		I	3			3
3		I		10		10
4		II		10		10
5		II			14	14
	Total Marks		6	20	14	40

K =Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Name of faculty]



**Annexure- II: Format of Answer Scheme****SCHOOL OF MANAGEMENT****SOLUTION****Semester: I****Course Code: MGT-215****Course Name: Financial Accounting for Managers****Date:****Time: 1 Hour and 30 Minutes****Max Marks: 40****Weightage: 20%****Part A****(2Q x 3M = 6 Marks)**

<b>Q No</b>	<b>Solution</b>	<b>Scheme of Marking</b>	<b>Max. Time required for each Question</b>
1	<p>Conservatism states that the accountant should not anticipate income and should provide for all possible losses. When there are many alternative values of an asset, an accountant should choose the method which leads to the lesser value. Examples include</p> <p>a) Provision for doubtful debts is created at the end of the year</p> <p>b) Stock is valued at Cost or NRV, Whichever is less.</p>	<b>2 Mark for definition, 1 Marks for example</b>	<b>5 Minutes</b>
2	<p>Materiality principle permits other concepts to be ignored, if the effect is not considered material. According to materiality principle, all the items having significant economic effect on the business of the enterprise should be disclosed in the financial statements and any insignificant item which will only increase the work of the accountant but will not be relevant to the users" need should not be disclosed in the financial statements.</p> <p>This principle is an exception of full disclosure principle because full disclosure principle requires truly and fully disclosing all the facts</p>	<b>2 Mark for definition, 1 Mark for reasoning</b>	<b>5 Minutes</b>



**Part B**

(2Q x 10 M = 20Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																																																																																																															
3	<table border="1"> <thead> <tr> <th rowspan="2">S/N</th> <th colspan="4">Assets</th> <th colspan="3">Liability + Capital</th> </tr> <tr> <th>Cash</th> <th>Stock</th> <th>Furniture</th> <th>Debtors</th> <th>Creditors</th> <th>Outstanding Expenses</th> <th>Capital</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>300000</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>300000</td> </tr> <tr> <td>b)</td> <td>(100000)</td> <td>160000</td> <td></td> <td></td> <td>60000</td> <td></td> <td></td> </tr> <tr> <td>c)</td> <td>(70000)</td> <td></td> <td>70000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>d)</td> <td>100000</td> <td>(80000)</td> <td></td> <td></td> <td></td> <td></td> <td>20000</td> </tr> <tr> <td>e)</td> <td></td> <td>(40000)</td> <td></td> <td>48000</td> <td></td> <td></td> <td>8000</td> </tr> <tr> <td>f)</td> <td>(8000)</td> <td></td> <td></td> <td></td> <td></td> <td>4000</td> <td>(12000)</td> </tr> <tr> <td>g)</td> <td>(20000)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>(20000)</td> </tr> <tr> <td>h)</td> <td>(6000)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>(6000)</td> </tr> <tr> <td>i)</td> <td>46000</td> <td></td> <td></td> <td>(48000)</td> <td></td> <td></td> <td>(2000)</td> </tr> <tr> <td>j)</td> <td>(40000)</td> <td></td> <td></td> <td></td> <td>(40000)</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>202000</td> <td>40000</td> <td>70000</td> <td>Nil</td> <td>20000</td> <td>4000</td> <td>288000</td> </tr> <tr> <td>Grand Total</td> <td colspan="4">312000</td> <td colspan="3">312000</td> </tr> </tbody> </table>	S/N	Assets				Liability + Capital			Cash	Stock	Furniture	Debtors	Creditors	Outstanding Expenses	Capital	a)	300000						300000	b)	(100000)	160000			60000			c)	(70000)		70000					d)	100000	(80000)					20000	e)		(40000)		48000			8000	f)	(8000)					4000	(12000)	g)	(20000)						(20000)	h)	(6000)						(6000)	i)	46000			(48000)			(2000)	j)	(40000)				(40000)			Total	202000	40000	70000	Nil	20000	4000	288000	Grand Total	312000				312000			One transaction one mark	20
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g)	Provision for doubtful debts		11,000
h)	Carriage in ward	37,000	
i)	Carriage outward	12,000	
k)	Return in ward	20,000	
	Suspense a/c	88,000	
Total		1,97,000	1,97,000

**Part C**

(1Q x 14M = 14 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																								
<b>5 (i)</b>	<p style="text-align: center;">. Journal, Ledger and Trial Balance</p> <p style="text-align: center;"><b>Journal</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">S/N</th> <th style="width: 45%;">Particulars</th> <th style="width: 10%;">Dr. Amount</th> <th style="width: 10%;">Cr. Amount</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Cash a/c Dr. To Capital Account a/c Cr.</td> <td style="text-align: center;">600000</td> <td style="text-align: center;">600000</td> </tr> <tr> <td>b)</td> <td>Purchases a/c Dr. To Shyam Brothers Cr.</td> <td style="text-align: center;">2,00,000</td> <td style="text-align: center;">2,00,000</td> </tr> <tr> <td>c)</td> <td>Furniture a/c Dr. To cash a/c Cr.</td> <td style="text-align: center;">60,000</td> <td style="text-align: center;">60,000</td> </tr> <tr> <td>d)</td> <td>Shyam Brothers a/c Dr. To Purchases Return a/c Cr.</td> <td style="text-align: center;">30,000</td> <td style="text-align: center;">30,000</td> </tr> <tr> <td>e)</td> <td>Shyam Brothers a/c Dr. To cash a/c Cr. To Discount received a/c Cr.</td> <td style="text-align: center;">1,70,000</td> <td style="text-align: center;">1,60,000 10,000</td> </tr> </tbody> </table>	S/N	Particulars	Dr. Amount	Cr. Amount	a)	Cash a/c Dr. To Capital Account a/c Cr.	600000	600000	b)	Purchases a/c Dr. To Shyam Brothers Cr.	2,00,000	2,00,000	c)	Furniture a/c Dr. To cash a/c Cr.	60,000	60,000	d)	Shyam Brothers a/c Dr. To Purchases Return a/c Cr.	30,000	30,000	e)	Shyam Brothers a/c Dr. To cash a/c Cr. To Discount received a/c Cr.	1,70,000	1,60,000 10,000	<p>Five marks for Journal, Five marks for Ledger</p>	25
S/N	Particulars	Dr. Amount	Cr. Amount																								
a)	Cash a/c Dr. To Capital Account a/c Cr.	600000	600000																								
b)	Purchases a/c Dr. To Shyam Brothers Cr.	2,00,000	2,00,000																								
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e)	Shyam Brothers a/c Dr. To cash a/c Cr. To Discount received a/c Cr.	1,70,000	1,60,000 10,000																								



## Ledger posting

Dr.		Cash a/c		Cr.	
Particulars	Amount	Particulars	Amount		
To Capital	600000	By Furniture	60000		
		by Shyam Brothers	160000		
		By Bal c/d	380000		
	600000				600000
To Bal. b/d	380000				

Dr.		Capital a/c		Cr.	
Particulars	Amount	Particulars	Amount		
		By Cash	600000		
To Bal c/d	600000				
	600000				600000
		By Bal. b/d	600000		

Dr.		Purchases a/c		Cr.	
Particulars	Amount	Particulars	Amount		
To Shyam Brothers	200000				
		By Bal c/d	200000		
	200000				200000
To Bal. b/d	200000				

Dr.		Shyam Brother's a/c		Cr.	
Particulars	Amount	Particulars	Amount		
To Purchase Return	30000	By Purchases	200000		
To Cash	160000				
To Discount received	10000				
	200000				200000

Dr.		Furniture a/c		Cr.	
Particulars	Amount	Particulars	Amount		
To Cash	60000				
		By Bal c/d	60000		
	60000				60000
To Bal. b/d	60000				

Dr.		Purchase Return a/c		Cr.	
Particulars	Amount	Particulars	Amount		
		By Shyam Brothers	30000		
To Bal c/d	30000				
	30000				30000
		By Bal. b/d	30000		



Discount received a/c			
Dr.		Cr.	
Particulars	Amount	Particulars	Amount
		By Shyam Brothers	10000
To Bal c/d	10000		
	10000		10000
		By Bal. b/d	10000

<b>5(ii)</b>	<p>Accounting principles applied</p> <ul style="list-style-type: none"> <li>a) Accrual concept</li> <li>b) Entity concept</li> <li>c) Money measuring concept</li> <li>d) Accounting period concept</li> </ul>	1 mark for one application	5 Minutes
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Roll No																			
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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF MANAGEMENT**

**END TERM FINAL EXAMINATION**

**Semester:** Odd Semester: 2019 - 20

**Date:** 03 January 2020

**Course Code:** MGT 215

**Time:** 9:30 AM to 12:30 PM

**Course Name:** FINANCIAL ACCOUNTING FOR MANAGERS

**Max Marks:** 100

**Program & Sem:** MBA & I

**Weightage:** 50%

**Instructions:**

- (i) Read the all questions carefully and answer accordingly.
- (ii) Use of Non-programmable calculator is allowed

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each Question carries 05 marks.**

**(6Qx5M=30M)**

1. What is consistency principle? Give one example. Mention at least two circumstances where changes in accounting policy is allowed. (C.O.No.1) [Knowledge]
2. What is Equity? What are its components? How is Equity different from Debt? (C.O.No.2) [Knowledge]
3. What is Depreciation? Explain any three differences between Straight Line Method and Diminishing Method of Depreciation. (C.O.No.3) [Knowledge]
4. What is International Financial Reporting Standards (IFRS)? Outline any three objectives of IFRS. (C.O.No.5) [Knowledge]
5. Following information of Newborn Limited is available: (C.O.No.4) [Knowledge]

Particulars	₹
Sales	60,00,000
Profit after taxes	25,00,000
Average total assets	90,00,000
Average shareholders' equity	50,00,000

**Additional information:**

- a) 5,00,000 equity shares were outstanding during the year
- b) Equity share of the company were recently trading at ₹.15 per share

You are required to compute (a) Return on equity (b) Price to earnings ratio

6. Assume a company has paid on 1<sup>st</sup> August, 2018 rent amounting to ₹ 50,000 and electricity bill amounting to ₹ 30,000. On 31<sup>st</sup> March, 2019 it is found that ₹ 20,000 of the rent for the financial year 2019-20 is still outstanding while ₹ 40,000 of the electricity bill for the financial year 2020-21 has been paid in advance. How will you treat above adjustments in income statement and Balance sheet? (C.O.No.2) [Knowledge]

Year end	Profit Before Depreciation and Taxes (₹)
2015	120000
2016	130000
2017	110000
2018	140000
2019	150000

10. The Accountant of Dastoor Limited has prepared the Trial Balance for the financial year 2018-19. However the accountant has made many mistakes in preparing the Trial Balance. You are required to correct the errors in Trial Balance and prepare it again. You may insert suspense account as balancing figure wherever necessary. (C.O.No.1) [Comprehension]

S/N	Particulars	Dr. ₹	Cr. ₹
a)	Equity	1,20,000	
b)	Purchase of stock in trade	60,000	
c)	Provision for tax		80,000
d)	Advance tax		40,000
e)	Free hold property	30,000	
f)	Advance from Debtors	20,000	
g)	Advances to creditors		75,000
h)	Outstanding utility bill		65,000
i)	Revenue from operation	12,000	
k)	Other income	18,000	
	Total	2,60,000	2,60,000

### Part C [Problem Solving Questions]

Answer both the Questions. Each Question carries 15 marks.

(2Qx15M=30M)

11. The Trial Balance of Vista Limited as on 31<sup>st</sup> March 2019 is provided to you. You are required to prepare: a) Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2019 and b) Balance sheet as on 31<sup>st</sup> March 2019. Please include all accompanying notes for Statement of Profit and Loss and Balance sheet (C.O.No.2) [Application]

#### Trial Balance of Vista Limited as on 31<sup>st</sup> March 2019

Particulars	Dr. Amount	Cr. Amount
Inventories 1st April, 2018	80,000	
Revenue from operation		5,00,000
Purchases of stock in trade	3,95,000	
Bonus	50,000	
Other income		10,000
Furniture and fitting	17,000	
Salaries and wages	7,500	





## SCHOOL OF MANAGEMENT

### END TERM FINAL EXAMINATION

#### Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type	Total Marks
			[Marks allotted] Bloom's Levels	[Marks allotted] Bloom's Levels	[Marks allotted] A	
			K	C		
1	25%	I	5			5
2	33%	II	5			5
3	10%	III	5			5
4	20%	IV	5			5
5	25%	V	5			5
6	10%	II	5			5
7	10%	IV		10		10
8	5%	IV		10		10
9	40%	III		10		10
10	33%	I		10		10
11	10%	II			15	15
12	10%	IV			15	15
Total Marks			30	40	30	100

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

9	Year	PBDT	Dep.	PBT	Tax@40%	PAT	Accumulated Dep.	Net Book value	2 marks for each year's computation	15 Minutes
	2015	120000	60000	60000	24000	36000	60000	240000		
	2016	130000	48000	82000	32800	49200	108000	192000		
	2017	110000	38400	71600	28640	42960	146400	153600		
	2018	140000	30720	109280	43712	65568	177120	122880		
	2019	150000	24576	125424	50169.6	75254.4	201696	98304		
10	Corrected Trial Balance								1 mark for each correct entry	15 Minutes
	S/N	Particulars				Dr. ₹	Cr. ₹			
	a)	Equity					120000			
	b)	Purchase of stock in trade				60000				
	c)	Provision for tax					80000			
	d)	Advance tax				40000				
	e)	Free hold property				30000				
	f)	Advance from Debtors					20000			
	g)	Advances to creditors				75000				
	h)	Outstanding utility bill					65000			
	i)	Revenue from operation					12000			
	k)	Other income					18000			
		Suspense A/c				110000				
	Total					315000	315000			

**Part C**

(2Q x 15M = 30Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																												
11	<p style="text-align: center;"><b>Statement of Profit and Loss for the year ended 31<sup>st</sup> march 2019</b></p> <table border="1"> <thead> <tr> <th></th> <th>Particulars</th> <th>Note No</th> <th>Year ending 31<sup>st</sup> March, 19</th> </tr> </thead> <tbody> <tr> <td>I.</td> <td>Revenue from operation (Sales)</td> <td></td> <td>500000</td> </tr> <tr> <td>II.</td> <td>Other income</td> <td></td> <td>10000</td> </tr> <tr> <td>III.</td> <td>Total Revenue</td> <td></td> <td>510000</td> </tr> <tr> <td>IV.</td> <td>Expenses</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Purchases of stock in trade</td> <td></td> <td>395000</td> </tr> <tr> <td></td> <td>Changes in inventory (Opening-closing stock) 80000-82000</td> <td></td> <td>-2000</td> </tr> </tbody> </table>		Particulars	Note No	Year ending 31 <sup>st</sup> March, 19	I.	Revenue from operation (Sales)		500000	II.	Other income		10000	III.	Total Revenue		510000	IV.	Expenses				Purchases of stock in trade		395000		Changes in inventory (Opening-closing stock) 80000-82000		-2000	5 Marks for profit and loss, 5 marks for Balance sheet and 5 marks for accompanying notes	30 Minutes
	Particulars	Note No	Year ending 31 <sup>st</sup> March, 19																												
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	<p>Differences between straight line method and diminishing balance method</p> <p>a) In straight line method, depreciation remains constant while in diminishing balance method, depreciation amount reduces every year</p> <p>b) In SLM depreciation is charged on original cost while in DBM it is charged on original cost minus accumulated depreciation</p> <p>c) SLM charges more depreciation than DBM thus SLM shows less profit than DBM</p>																
4	<p>International Financial Reporting Standards are the standards which are designed for reporting business affairs, which are understandable all over the world for the purpose of establishing global accounting language. Because of unique way of reporting these standards, companies can be compared at global level</p> <p>Ojectives of IFRS are</p> <p>a) to bring uniformity in accounting practices and policies across the globe</p> <p>b) to convert national accounting standard into international accounting standard</p> <p>c) to develop a globally accepted accounting principles</p>	2 Marks for meaning and 3 marks for objectives	5 Minutes														
5	<table border="1"> <thead> <tr> <th>Particulars</th> <th>₹</th> </tr> </thead> <tbody> <tr> <td>Profit after taxes</td> <td>25,00,000</td> </tr> <tr> <td>Average shareholders' equity</td> <td>50,00,000</td> </tr> <tr> <td>Roe = PAT/ Average Shareholders' equity x 100</td> <td>50%</td> </tr> <tr> <td>EPS = PAT/ number of equity shares</td> <td>5</td> </tr> <tr> <td>MPS</td> <td>15</td> </tr> <tr> <td>P/E Ratio = MPS/EPS</td> <td>3 TIMES</td> </tr> </tbody> </table>	Particulars	₹	Profit after taxes	25,00,000	Average shareholders' equity	50,00,000	Roe = PAT/ Average Shareholders' equity x 100	50%	EPS = PAT/ number of equity shares	5	MPS	15	P/E Ratio = MPS/EPS	3 TIMES	2 Marks for each part	6 Minutes
Particulars	₹																
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EPS = PAT/ number of equity shares	5																
MPS	15																
P/E Ratio = MPS/EPS	3 TIMES																
6	<p>Outstanding rent ₹ 20,000 will be added to rent in Statement of P&amp;L and will be shown in current liability</p> <p>Prepaid electricity bill ₹ 40,000 will be deducted from electricity bill in Statement of P&amp;L and will be shown in current Assets</p>		6 Minutes														