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**PRESIDENCY UNIVERSITY
BENGALURU**

SET A

**SCHOOL OF MANAGEMENT
MID TERM EXAMINATION - DEC 2023**

Semester : Semester I - 2023

Course Code : MBA2034

Course Name : Sem I - MBA2034 - Accounting for Managers

Program : MBA

Date : 05-DEC-2023

Time : 2:00PM - 3:30PM

Max Marks : 50

Weightage : 25%

Instructions:

- (i) Read all questions carefully and answer accordingly.
- (ii) Question paper consists of 3 parts.
- (iii) Scientific and non-programmable calculator are permitted.
- (iv) Do not write any information on the question paper other than Roll Number.

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries two marks.

(5Qx 2M= 10M)

1. Accounting is the language of the business and it also helps in identifying the financial position of the business. State any two other merits of accounting.
(CO1) [Knowledge]
2. Entire accounting system is based on certain rules which are applied keeping in mind the nature of Business transactions. State the rules of accounting system which helps in recording Business transactions
(CO1) [Knowledge]
3. Assets, liabilities and equity undergo changes due to day to day business transactions. Describe any two transactions which impacts increase & decrease in assets at the same time.
(CO1) [Knowledge]
4. Mr. Roy appointed Ms. Teena as Manager in his Business on January 01,2022. He handed over the appointment letter to her which stated that salary would be Rs. 12,00,000 p.a. and she needs to report from April 01, 2022. He asked her accountant to show Rs. 3,00,000 salary paid to her for the year ended March31st, 2021. Accountant denied stating that it is against ----- principle. Which principle is accountant talking about?
(CO1) [Knowledge]
5. Ind. AS has been introduced as converged IFRS. Describe in this regard any two limitations of IFRS.
(CO1) [Knowledge]

Part B [Thought Provoking Questions]

Answer all the Questions. Each question carries five marks.

(4Qx 5M= 20M)

6. Identify the relevant accounting principle from below cases and explain that principle
- Sara Limited valued its inventories at cost because its market price was higher than the cost.
 - Goods drawn by the proprietor is debited to Drawings account
 - Money value of goods and services are recorded in accounts and not the quantity
 - Assets is always equal to Equity plus Liabilities
 - Financial statements are prepared annually.

(CO1) [Comprehension]

7. Following is the trial balance as on 31-12-2021 prepared by an incompetent accountant. You are request to rewrite in its correct form.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	24,000	-
Stock on 1.1.2021	8,500	-
Furniture	2,600	-
Purchases	-	8,950
Cash at bank	7,300	-
Carriage	300	-
Sales	-	22,500
Building	12,000	-
Returns inwards	-	1,900
Trade expenses	1,000	-
Return outwards	350	-
Discount received	970	-
Salary	3,000	-
Office rent	-	2,270

(CO1) [Comprehension]

8. Financial statements show the financial performance and financial position of a business. Explain in this regard at least three financial statements with hypothetical example.

(CO2) [Comprehension]

9. XYZ limited purchases a truck for Rs. 5,000. It was estimated by the company that each year the truck will lose 10% of its value. Using the reducing balance method, calculate the depreciation expense for the first five years.

(CO1) [Comprehension]

Part C [Problem Solving Questions]

Answer all the Questions. Each question carries ten marks.

(2Qx 10M= 20M)

10. Following information is provided to you regarding transactions of SARA Limited. You are required to prepare an accounting equation and estimate the amount of assets, liabilities and equity after considering all the transactions.
- Started business with Furniture Rs. 20,000, Capital Rs. 12,000. The accountant is not able to recall one creditor
 - Loan taken from PNB Rs. 3,00,000
 - Purchased goods Rs. 60,000 (40% on cash and balance on credit)
 - Sold 50% goods at a profit of 10% on credit
 - Sold 50% of the balance inventory for cash at a loss of 10%
 - Paid 50% to creditors of their dues
 - Charged depreciation on furniture at 10%
 - Paid interest at 2.5% on loan

(CO1) [Application]

11. Delta company purchased a Building for Rs. 5,00,000 on 1st July 2019. It has a life of 5 years. The company decided to charge depreciation on diminishing balance method at 18% p.a. However, on 1st October 2023, the company sold this Building for Rs. 3,00,000. You are required to calculate for all the five years a) Depreciation b) Accumulated depreciation c) net book value of the Building and d) profit or loss on sale of Building

(CO1) [Application]