



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

POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19)
END TERM EXAMINATION (TERM- I)

Subject Name: **Accounting for Manager**
Subject Code: **PG03**

Time: **02.00 hrs**
Max Marks: **50**

Note:

1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.
2. All questions are compulsory in Section A, B & C. Section a carries 2 Case Studies, 10 marks each. Section B carries 2 questions of 10 marks each and Section C carries 5 questions 2 marks each.

SECTION A

10×02 = 20 Marks

Q. 1: Case Study of Grace Corporation

The financial statements of Grace Corporation are as follows:

Profit and Loss Account (For the year ended March 31)

Particulars	2015-16	2016-17
Revenue from Operation (Sales)	97300	88400
Cost of Goods Sold	68500	57600
Gross Profit	28800	30800
Selling and Administrative Expenses	5300	4500
Profit Before Interest and Tax	23500	26300
Interest Expenses	1800	1400
Profit before Tax	21700	24900
Income Tax Paid	10500	12000
Profit After Tax	11200	12900

Balance Sheet (For the year ended March 31)

Particulars	2015-16	2016-17
(I) Equity & Liabilities		
(A) Shareholders' fund		
Share Capital	25000	25000
Reserve and Surplus	11800	8600
(B) Non Current Liabilities		
Secured Loan	9000	8000
Unsecured Loan	3000	1000
(C) Current Liabilities	23300	17100
Total Liabilities (A+B+C)	72100	59700
(II) Total Assets		
(A) Non Current Assets		
Machinery	32200	26500
Investments	2800	4300
(B) Current Assets		
Inventories	10600	4900
Debtors	20900	15600
Cash	4400	7000
Other Current Assets	1200	1400
Total Assets (A+B)	72100	59700

Questions:

- A) Prepare a Comparative Profit and loss and Balance sheet showing percentage changes. Interpret the results of Comparative analysis
- B) Prepare Common Size Profit and loss and Balance sheet. Interpret the results of Common Size Analysis.

Q. 2: Case Study of Universal Limited.

Universal Ltd. maintains its inventory under perpetual Inventory system. From the business following transactions were recorded for the year 2016.

Date	Transaction	Units	Cost (Rs.)
Jan. 1	Opening Balance	1500	24
Feb. 2	Sales	150	
March 12	Purchases	400	23
April 1	Sales	700	-
April 28	Purchases	300	24
May 29	Purchases	250	25
June 30	Sales	1200	-
July 16	Sales	150	-
October 11	Purchases	400	22
December 31	Sales	250	-

Questions:

- A) From the given transactions, calculate value of closing inventories using FIFO (First in First out) Method.
- B) From the given transactions, calculate value of closing inventories using Weighted Average Cost Method.

SECTION B**10×02 = 20 Marks****Q. 3: Answer the Following Questions****5*2=10 Marks**

A) Explain the concept of Depreciable Assets as per AS-6? Also outline assets on which AS-6 is not applicable.

B) The National Bank has been approached by two customers for short term loan of 5000. The bank intends to accept the loan of one company only. The following Summarized financial Information is available from the latest financial statements:

Particular	Company A	Company B
Net Sales	91000	75000
Gross Profit	38220	29250
Interest Expenses	2000	820
Income Tax	7500	5000
Profit After Tax	8200	5625
Inventories	9000	6520
Debtors	7000	5600
Cash	600	1800
Current Liabilities	18260	11600
Long term Liabilities	16000	13000
Shareholder's Funds	18000	14000

Question: Which customer's loan request should be accepted by National Bank and why?

Q. 4: Explain in detail, the classification of cash flows from business transaction as per AS-3. Also classify the following activities into operating activities, investing activities, financing activities,

- a) Purchase of machinery.
- b) Proceeds from issuance of equity share capital.
- c) Cash revenue from operations.
- d) Proceeds from long-term borrowings.
- e) Proceeds from sale of old machinery.
- f) Cash receipt from trade receivables.
- g) Redemption of preference shares.
- h) Goods purchased for cash.
- i) Cash paid to supplier.
- j) Interim dividend paid on equity shares.
- k) Employee benefits expenses paid.
- l) Interest received on debentures.
- m) Interest paid on long-term Loan.
- n) Office and administrative expenses paid.
- o) Manufacturing overheads paid.
- p) Dividend received on equity shares.
- q) Rent received on property held as investment.
- r) Selling and distribution expenses paid.
- s) Dividend paid on preferences shares.
- t) Brokerage paid on purchase of Debenture

SECTION C

05×02 = 10 Marks

Q. 5 (A): What is accrual accounting? How does it differ from the cash system of accounting?

Q. 5 (B): Explain in brief the Accounting Equation based classification of accounts.

Q. 5 (C): Why accounting is called the language of business?

Q. 5 (D): Give four examples of business decisions based on accounting information.

Q. 5 (E): Identify the fund inflow and outflow from the following transaction.

- Purchase of Machinery
- Issue of shares for purchase of Furniture.
- Cash Paid to trade creditors
- Repayment of Bank Loan