

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

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

Subject Name: **Accounting for Managers**

Time: **01.00 hrs**

Sub. Code: **PG13**

Max Marks: **20**

**Note: All questions are compulsory.**

**Problem 1.**

XYZ Exports Limited was created by Ashish and Varun for commodity exports. Aashish and Varun were not happy with the firm's accountant, Shan Mohan Sagili. Their concern was simple: always the net profit figure looked appealing & highly attractive; yet, XYZ always face problems in meeting the cash requirement for working capital expenses. The owners always felt that the indirect method of estimating cash flow is much more practical as it starts with the figure of net profit. The net profit for the year 20X9 has been stated as ₹500 lakh. Additional information about XYZ Exports is being provided below:

**XYZ Exports**

(All figures in lakhs)

Items	As on March 31, 20X9	As on March 31, 20X0
Account Receivable	200	300
Account Payable	200	100
Inventory	40	30
Prepaid Rent	5	2
Advance from Customers	100	150
Salaries Payable	10	17

During the year, XYZ Exports recorded the following activities:

- a) Purchase of investment securities of ₹500 lakh
- b) Payment of cash dividends of 15 lakh
- c) Sale of land costing 40 lakh for proceeds of 55 lakh
- d) Annual depreciation of plant & equipment of 5 lakh
- e) Issue of common stock for cash 100 lakh
- f) Repayment of loan and hence loan retirement worth 50 lakh
- g) Received dividends & interests of ₹10 lakh from different investments

**Make relevant assumptions and answer questions from 1-5:**

1. Cash from investing activities is
  1. (445) lakh      2. 435 lakh      3. 445 lakh      4. (435) lakh
2. Cash from Financing activities is
  1. 50 lakh              2. 35 lakh              3. (35) lakh      4. (50) lakh
3. There is a cash crunch in the company
  1. Yes                      2. No                      3. cannot be determined
  4. no cash crunch for the period given
4. Advance from customers is
  1. current asset              2. current liability      3. intangible asset      4. long term liability
5. Sale of Land is bringing
  - i) profit of 55 lakh      ii) Loss of 15 lakh      iii) profit of 15 lakh
  - iv) loss of 40 Lakh

**Problem 2: Answer question 6-10 on the basis of given incomplete financial statement of Sterling Ltd:**

<b>Balance Sheet</b>	
<i>Assets:</i>	(Rs)
Cash	8,000
Inventory	22,000
Building	40,000
Total Assets	70,000
<i>Liabilities:</i>	(Rs)
Accounts payable	7,000
<i>Equity:</i>	
Capital	<b>(a)</b>
Retained Earnings	<b>(b)</b>
Total Liability and Equity	70,000
<b>Income Statement</b>	
	(Rs)
Revenue from Operations	90,000
Operational Expenses	<b>(c)</b>
Other Expenses	20,000
Net Income	<b>(d)</b>
<b>Statement of Retained Earnings</b>	
	(Rs)
Opening Balance of Retained Earnings	20,000
Net Income	<b>(e)</b>
Dividend paid	55,000
Closing Balance of Retained Earnings	15,000

6. Amount of Capital (Rs) is:
- i) 52,000                  ii) 48,000                  iii) 45,000                  iv) 20,000
7. Net Income (Rs) is
- i) 50,000                  ii) 58,000                  iii) 55,000                  iv) 60,000
8. Operational Expenses (Rs) are
- i) 30,000                  ii) 18,000                  iii) 10,000                  iv) 20,000
9. Amount of Retained Earnings (Rs) are
- i) 60,000                  ii) 40,000                  iii) 15,000                  iv) 25,000
10. Retained Earnings are Assets of the company
- i) True                  ii) False                  iii) Cannot be determined  
iv) None of the above

**Problem 3: On the Basis of given data answer Question, No 11-15:**

Profit & Loss account of Zomato (in Rs. Cr.)	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
<b>INCOME</b>					
Revenue From Operations [Gross]	6,622.00	4,707.40	3,611.00	1,635.86	2,130.01
Less: Excise/Service Tax/Other Levies	0	0	0	0	0
Revenue From Operations [Net]	6,622.00	4,707.40	3,611.00	1,635.86	2,130.01
Total Operating Revenues	6,622.00	4,707.40	3,611.00	1,713.89	2,336.35
Other Income	920	799.5	497.5	131.92	149.41
<b>Total Revenue</b>	<b>7,542.00</b>	<b>5,506.90</b>	<b>4,108.50</b>	<b>1,845.82</b>	<b>2,485.76</b>
<b>EXPENSES</b>					
Cost Of Materials Consumed	0	0	0	0	0
Purchase Of Stock-In Trade	5	0.7	0	0	0
Operating And Direct Expenses	0	0	0	0	0
Changes In Inventories Of FG, WIP And Stock-In Trade	0	-0.3	0	0	0
Employee Benefit Expenses	965	1,116.50	1,479.00	578.43	621.01
Finance Costs	18	16.9	5.5	7.93	11.13
Depreciation And Amortisation Expenses	73	140.3	133.4	128.87	73.6
Other Expenses	5,070.00	4,115.60	3,759.40	1,469.81	3,922.03
<b>Total Expenses</b>	<b>6,131.00</b>	<b>5,389.70</b>	<b>5,377.30</b>	<b>2,185.04</b>	<b>4,627.76</b>
<b>Profit/Loss Before Exceptional, Extraordinary Items And Tax</b>	<b>1,411.00</b>	<b>117.2</b>	<b>-1,268.80</b>	<b>-339.22</b>	<b>-2,142.00</b>
Exceptional Items	-39	0	171	-546.79	-309.18
<b>Profit/Loss Before Tax</b>	<b>1,372.00</b>	<b>117.2</b>	<b>-1,097.80</b>	<b>-886.01</b>	<b>-2,451.18</b>
<b>Tax Expenses-Continued Operations</b>					
Current Tax	1	0.3	0.2	0	0
Less: MAT Credit Entitlement	0	0	0	0	0
Deferred Tax	0	0	0	0	0
Tax For Earlier Years	0	0	0	0	0
<b>Total Tax Expenses</b>	<b>1</b>	<b>0.3</b>	<b>0.2</b>	<b>0</b>	<b>0</b>
<b>Profit/Loss After Tax And Before Extraordinary Items</b>	<b>1,371.00</b>	<b>116.9</b>	<b>-1,098.00</b>	<b>-886.01</b>	<b>-2,451.18</b>
<b>Profit/Loss From Continuing Operations</b>	<b>1,371.00</b>	<b>116.9</b>	<b>-1,098.00</b>	<b>-886.01</b>	<b>-2,451.18</b>
<b>Profit/Loss For The Period</b>	<b>1,371.00</b>	<b>116.9</b>	<b>-1,098.00</b>	<b>-886.01</b>	<b>-2,451.18</b>

Q. 11 According to \_\_\_\_\_ principle, companies need to present the complete and understandable reporting on the financial statements of all the significant information relating to the economic affair to the entity.

- a. Materiality      b. Full disclosure      c. Historical cost      d. Accrual

Q.12 What is the percentage change in Total Revenue in Financial Year 2023-24 from previous year:

- a. 26.98%      b. 100%      c. 36.95%      d. No Change

Q.13 Which of the following is not a part of Employees Benefit Expenses:

- a. Salary & Wages      b. Staff Welfare Expenses  
c. Contribution to Provident Fund and Other Fund      d. Conveyance Expenses

Q.14 The absolute change in Profit & Loss before Tax in FY 2023-24 & FY 2022-23 is

- a. Increasing      b. Same      c. Decreasing      d. zero

Q.15 Depreciation and Amortisation Expenses are \_\_\_\_\_ from FY 2020-2023

- a. Same      b. Decreasing      c. Increasing      d. Negative

**Problem 4: On the Basis of given data answer Question No 16-20:**

Amar Bakery Private Limited is engaged in the business of manufacturing & selling Bakery Items along with the sale of readymade cold drinks & packed juices. For the production of bakery items, Amar Bakery Pvt. Ltd. purchases raw materials like wheat, oil, ghee, sugar and spices. Following is the Trial Balance of the books of Amar Bakery Private Limited, on 31st March 2024:

Particulars	Amount (Dr)	Particulars	Amount (Cr)
<b>Opening Stock</b>		<b>Sale</b>	
Bakery items 3,36,000		Bakery items 26,40,600	
Cold drinks & Juices 81,600	4,17,600	Cold drinks & Juices 4,43,900	30,84,500
<b>Purchase</b>		<b>Share Capital</b>	20,00,000
Bakery items 17,60,500			
Cold drinks & Juices 2,91,300	20,51,800		
<b>Salary &amp; Wages</b>	3,26,400	<b>General Reserve</b>	3,50,000
<b>Staff Welfare Expenses</b>	14,900	<b>Profit &amp; Loss Account</b>	2,71,600
<b>Building</b>	32,00,000	<b>8% Debentures</b>	10,00,000
<b>Plant &amp; Machinery</b>	6,85,000	<b>Bank Loan from SBI</b>	6,45,000
<b>Furniture &amp; Fixture</b>	3,20,000	<b>Rent Received</b>	1,00,000
<b>Carriage</b>	29,400	<b>Dividend Received</b>	25,000
<b>Electricity bill</b>	1,16,200	<b>Trade Payable</b>	78,900
<b>Telephone bill</b>	9,300		
<b>Interest on Bank Loan</b>	51,600		
<b>Bad debts</b>	13,600		
<b>Trade Receivable</b>	1,46,900		
<b>Repairs</b>	16,100		
<b>Cash &amp; Bank Balance</b>	1,56,200		
<b>TOTAL</b>	<b>75,55,000</b>	<b>TOTAL</b>	<b>75,55,000</b>

#### Other Information

1. Wages and Salaries outstanding 35,000
2. Closing Stock on 31<sup>st</sup> March 2023
  - Bakery Items 3,92,400
  - Cold drinks & Juices 97,100
3. Depreciation: On Building @ 5%, on Plant & Machinery and Furniture & Fixture @ 10%.
4. Further bad debts Rs. 6,000
5. Provisions for doubtful debts @ 5%

**Q.16:** The Property, Plant and Equipment are

- (a) Rs. 42,05,000      (b) Rs. 40,45,000      (c) Rs. 39,44,500      (d) Rs. 32,42,500

**Q.17:** The total revenue is

- (a) Rs. 30,84,500      (b) Rs. 32,09,500      (c) Rs. 31,84,500      (d) Rs. 31,09,500

**Q.18:** The total of Long-Term Borrowings is

- (a) Rs. 10,00,000      (b) Rs. 6,45,000      (c) Rs. 16,45,000      (d) Rs. 19,95,000

**Q.19:** Finance cost is

- (a) Rs. 51,600      (b) Rs. 71,600      (c) Rs. 91,600      (d) Rs. 1,31,600

**Q.20:** Total Wages and Salaries Expenses are

- (a) Rs. 3,90,600      (b) Rs. 3,26,400      (c) Rs. 3,61,400      (d) Rs. 3,77,555