Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

END Semester Examination, DEC. 2023

Course: Accounting for Managers **Semester: I**
Program: MBA ALL **Time: 3 Hours**
Course code: FINC 7010 **Max. Marks: 100**
Instructions: Attempt all Questions

Q1	**SECTION A (Objective) (10 * 2 Marks Each) – 20 Marks)**		
A	The basic concepts related to P&L Account are a. Realization concept b. Matching concept c. Cost concept d. Both (a) and (b) above	**CO1**	**2**
B	As per the double entry concept a. Assets + Liabilities = Capital b. Capital = Assets – Liabilities c. Capital – Liabilities = Assets d. Capital + Assets = Liabilities	**CO1**	**2**
C	Only the significant events which affect the business must be recorded as per the principle of a. Separate entity b. Accrual c. Materiality d. Going concern	**CO1**	**2**
D	If the profit is 25% of the cost price then it is: a. 20% of the selling price b. 25% of the selling price c. 33% of the selling price d. 30% of the selling price	**CO1**	**2**
E	To test the liquidity of a concern which of the following ratio is useful? a. Acid test ratio b. Debt equity ratio c. current ratio d. Debtors turnover ratio	**CO1**	**2**
F	Which of the following is not a fixed asset? a. Building. b. Bank balance.	**CO1**	**2**

	c. Plant. d. Patents		
G	Which of the following is/are not a revenue reserve? a. General reserve. b. Investment allowance reserve. c. Revaluation reserve. d. Capital reserve.	**CO1**	**2**
H	Gross profit is the difference between a. Net sales and cost of goods sold b. PAT and dividends c. Net sales and cost of production d. Net sales and direct costs of production	**CO1**	**2**
I	Recording of capital contributed by the owner as liability ensures the adherence of principle of a. Double entry b. Going concern c. Separate entity d. Materiality	**CO1**	**2**
J	The basic concepts related to balance sheet are a. Cost concept b. Business entity concept c. Accounting period concept d. Both (a) and (b) above	**CO1**	**2**
	SECTION B **(4* 5 Marks Each -20 Marks)**		
Q2	Explain the Following accounting Concepts with example: a. Revenue Realization Concept b. Dual Aspect Concept	**CO2**	**5**
Q3	Why Accounting for Managers is important in Semester 1 for MBA Students, explain with examples?	**CO2**	**5**
Q4	Compute the Gross Profit Ratio from the following particulars Opening Stock Rs. 50,000 Purchases Rs. 1,60,000 Closing Stock Rs. 70,000 Purchases Return Rs. 4,000 Sales Rs. 2,10,000 Sales Return Rs. 10,000	**CO2**	**5**
Q5	What do you mean by adjusting entries? Why is it necessary to pass adjusting entries the time of preparing final accounts?	**CO2**	**5**
	SECTION-C **(3* 10 Marks Each- 30 Marks)**		
Q6	From the following Ratios, prepare the Balance Sheet of the firm: Inventory Turnover Ratio 6 Times Capital Turnover Ratio (Cost of Sales/ Capital) 2 Times Fixed Assets Turnover Ratio (Cost of Sales/Fixed Assets) 4 Times	**CO3**	**10**

	Gross Profit Ratio 20% Debtor Collection Period 2 months Creditor/Average Payment Period 73 Days The gross profit is Rs. 60,000. Closing Stock is Rs. 5000 in excess of opening stock		
Q7	The following information is related to TATA Steel <table><tr><td>Period</td><td>sales</td><td>cost</td></tr><tr><td>First Half</td><td>Rs. 24 laks</td><td>Rs. 21.8 lakh</td></tr><tr><td>Second Half</td><td>Rs. 30 lakh</td><td>Rs. 26 lakh</td></tr></table>1. Calculate P/V Ratio 2. Break even sales volume 3. Annual Fixed cost 4. Margin of Safety as percentage of sales **OR** LTC company purchases on 1st June 2016, a second hand machinery for Rs. 2,00,000 and immediately spends Rs. 70,000 on its overhauling (Scrap Value 50000, Life 5 years). On 31st August in the same year additional machinery costing Rs. 7,00,000 (Scrap Value 1,00,000, Life 10 years) is purchased. On 1st July 2017, the plant acquired on 1st June 2016 (1/4 the of the same) become obsolete is sold off for Rs. 20,000. On the same date fresh machinery is purchased at a cost of Rs. 4,00,000 (Scrap Value 60,000 Life 5 years) Company follows Straight Line Method Show the Machinery Account from April 2016 to March 2019	**CO3**	**10**
Q8	Prepare Cost sheet from the following data: Opening Material Rs. 30,850 Opening Work in Progress Rs. 60,850 Purchase of Material Rs. 1,43,250 Direct Wages Rs. 178,500 Factory Overhead Rs. 1,42,800 Office and Admin Overhead Rs. 1,12,700 Closing Material Rs. 37,700 Closing Work in Progress Rs. 67,750 Sales for the year Rs. 8,60,625	**CO3**	**10**
SECTION-D Attempt any Two (2* 15 Marks Each- 30 Marks)			
Q9	From the following information as contained in the Income Statement and the balance sheet of Mega Ltd., Prepare a Cash Flow Statement. **Income Statement for the year ended 31/03/2020**	**CO4**	**15**

	Rs.	Rs.
Net Sales		25,20,000
Less :		
Cost of Sales	19,80,000	
Depreciation	60,000	
Salaries & Wages	2,40,000	
Operating Expenses	80000	
Provision for Taxation	80000	24,48,000
Net Operating Profit		72,000
Non Recurring Income		
Profit on sale of Equipment		12,000
Profit for the Year		84,000
Retained Earnings(balance of P& L brought forward)		1,51,800
		2,35,800
Dividend declared and paid during the year		72,000
Profit and Loss Account Balance as on 31/03/2020		1,63,800

Comparative Balance Sheets

	Rs. As on 31-03-2019	Rs. As on 31-03-2020
Fixed Assets:		
Land	48,000	96,000
Building and Equipment	3,60,000	5,76,000
Current Assets:		
Cash	60000	72000
Debtors	1,68,000	1,86,000
Stock	2,64,000	96,0000
Advances	7800	9000
Total	**9,07,800**	**10,35,000**
Capital	3,60,000	4,44,000
Surplus in P & L a/c	1,51,800	1,63,800
Sundry creditors	2,40,000	2,34,000

Outstanding Expenses	24000	48,000
Income Tax Payable	12000	13,200
Accumulated Dep. on Building and equipment	1,20,000	1,32,000
Total	**9,07,800**	**10,35,000**

Cost of Equipment sold was Rs. 72,000

OR

How company prepare Cash Flow Statement using AS 3 or IND AS 7

Q10

From the following adjustments and with the help of Trial Balance prepare a trading , Profit & Loss and Balance Sheet as on 31st March 2020:

Dr. Balances	Amount (Rs.)	Cr. Balances	Amount (Rs.)
Building	30,000	Share Capital	25,000
Furniture	2640	Return Outward	1600
Vehicle	4,000	Sales	56,040
Return Inward	2300	Bad Debts Provision	700
Stock on April 1, 2019	8,000	Bank Loan	5,000
Purchases	33,800	Commission	900
Bad Debts	300	Creditors	8,000
Carriage inward	700		
General Expenses	1200		
Interest on Bank Loan	300		
Insurance and Taxes	2,000		
Vehicles Expenses	2600		
Salaries	4,400		
Cash in Hand	2000		
Debtors	3,000		
	97,240		**97,240**

Adjustments:

1. Stock on 31st March 2020 was valued at Rs. 4340
2. Commission include Rs. 300 being commission received in advance
3. Salaries have been paid for 11 months
4. Bank Loan have been taken at 10% p.a. interest
5. Depreciate building by 5% and Vehicle by 15%
6. Vehicle is used for business as well as private purposes equally
7. Write off Rs. 200 as further bad debts and maintain bad debts provision at 5 % on debtors.

You are required to prepare the Financial Statements for the year ending 31st March 2020 taking in to account the above mentioned adjustments

CO3 CO4 — **15**

Q11

From the following particulars, prepare Balance sheet as on 31-03-2023

1. Current ratio 2:1
2. working capital Rs.400000
3. capital block to current assets 3:2
4. fixed assets to turnover 1:3
5. sales cash/ credit 1:2
6. gross profit ratio 25% on sales
7. stock velocity 2 months

C04 — **15**

	8. debtors velocity 2 months 9. creditors velocity 2 months 10. debenture/ share capital 1:2 11. **CAPITAL BLOCK:** Net profit 10% of turnover Reserves 2.5% of turnover **Note:-Working notes should form part of your Answer**		