



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

**POST GRADUATE DIPLOMA IN MANAGEMENT (2018-20)  
END TERM EXAMINATION (TERM -I)**Subject Name: **Accounting for Managers**Time: **02.00 hrs**Subject Code: **PG-03**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 questions of 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:** Read the Case and answer the question given below:

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

**10 Marks**

Date	Transactions	Units	Unit Cost (Rs.)
May 1	Beginning Inventory	700	10
May 3	Purchase	100	12
May 8	Sale	500	
May 15	Purchase	600	14
May 19	Purchase	200	15
May 25	Sale	400	
May 27	Sale	100	

**Question:** From the given transactions, calculate value of closing inventories using FIFO (First in First out) Method.**Q. 2 (A):** Balance sheets of X Limited and Y Limited for the year ending 31st March 2017 are as below. Prepare Common Size Balance Sheet for X Limited and Y Limited.**5 Marks**

Particulars	Absolute Amount (Rs.)	
	X Ltd.	Y Ltd.
<b>I. Equity and Liabilities</b>		
<b>1. Shareholders' Funds</b>		
a. Share Capital	9,00,000	12,00,000
b. Reserve and Surplus	4,00,000	3,50,000
<b>2. Current Liabilities</b>		
-----Trade Payables	2,00,000	2,50,000
----- <b>Total</b>	<b>15,00,000</b>	<b>18,00,000</b>
<b>II. Assets</b>		
<b>1. Non - Current Assets</b>		
-----Fixed Assets	10,00,000	16,00,000
<b>2. Current Assets</b>		
-----Inventories	5,00,000	2,00,000
----- <b>Total</b>	<b>15,00,000</b>	<b>18,00,000</b>

**Q-2(B)** Following is the Balance Sheet of Gravita Ltd. For the year ending 31<sup>st</sup> March 2017.  
Calculate the current ratio for the company.

**5 Marks**

Particulars	Amount (Rs.)
<b>I. Equity and Liabilities</b>	
<b>1. Shareholders' Funds</b>	
a. Share Capital	24,00,000
b. Reserve and Surplus	6,00,000
<b>2. Non - Current Liabilities</b>	
a. Long Term Borrowing	9,00,000
<b>3. Current Liabilities</b>	
a. Short Term Borrowing	6,00,000
b. Trade Payable	23,40,000
c. Outstanding Expenses	60,000
<b>Total</b>	<b>69,00,000</b>
<b>II. Assets</b>	
<b>1. Non - Current Assets</b>	
a. Fixed Assets	45,00,000
<b>2. Current Assets</b>	
a. Inventories	12,00,000
b. Trade Receivable	9,00,000
c. Short Term advances	2,28,000
d. Cash	72,000
<b>--Total</b>	<b>69,00,000</b>

**SECTION - B**

**10×02 = 20 Marks**

**Q. 3 (A):** State clearly what would constitute the operating activities for each of the following enterprises?

**5 Marks**

- (i) Hotel
- (ii) Insurance Firm
- (iii) Media Enterprise
- (iv) Steel Manufacturing Unit
- (v) Software Development Business Unit

**Q. 3 (B):** For each of the following transactions, calculate the resulting cash flow and state the nature of cash flow, viz., operating, investing and financing.

**5 Marks**

- Acquired machinery for Rs 2,50,000 paying 20% by cheque and executing a bond for the balance payable.
- Paid Rs 2,50,000 to acquire shares in Informa Tech. and received a dividend of Rs 50,000 after acquisition.

**Q. 4(A):** Match the following users and their need for accounting information.

**5 Marks**

S.No	User	Accounting Information
1	Top Management	What level of wage increment should we bargain for in next meeting?
2	Investor	Does this organization have the capacity to increase its business and generate returns?
3	Bank	Amount invested in Corporate Social Responsibility
4	Employee Union	Which Past projects were more successful? And should we invest further in them?
5	General Public	Is this firm eligible for taking working capital finance from us and at what terms?

**Q-4(B):** On July 01, 2015, Ashok Ltd. purchased a machine for Rs.1,08,000 and spent Rs.12,000 on its installation. At the time of purchase it was estimated that the effective commercial life of the machine will be 12 years and after 12 years its salvage value will be Rs.12,000. Pass necessary journal entries in the books of Ashok Ltd. for first two years, if depreciation is written off according to straight line method. Accounts are closed on December 31, every year

**5 Marks**

**SECTION - C**

**02×05 = 10 Marks**

Q. 5 (A): The liquidity of a business firm is measured by its ability to satisfy its long-term obligations as they become due. What are the ratios used for this purpose?

Q. 5 (B): Why do we need accounting standard in addition to accounting principles?

Q. 5 (C): Why companies must necessarily prepare and present a statement of cash flows?

Q. 5 (D): State the nature of assets which are subject to depreciation.

Q. 5 (E): Accounting Equation holds true under all circumstances". Justify this statement with the help of an example.