

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2019

Course: Accounting for Managers

Semester: 1st Sem.

Program: MBA General

Time: 03 Hours

Course code: FINC 7010

Max. Marks: 100

Instructions:

SECTION A

(20 Marks)

Q1	The basic function of financial accounting is to (a) Record all business transactions (b) Interpret the financial data (c) Assist the management in performing functions effectively (d) None of the above	2 Marks	CO2
Q2	If an amount written off as a bad debt is recovered subsequently, it will be — (a) Debited to the debtor's personal account (b) Credited to the debtor's personal account (c) Debited to bad debts recovered account (d) Credited to bad debts recovered account	2 Marks	CO2
Q3	Prepaid insurance is an example of (a) Liability (b) An Asset (c) An Expense (d) An Income	2 Marks	CO1
Q4	At the end of an accounting year, total debtors are Rs 1,00,000. Provision for bad debts and for discount on debtors is made @ 5% and 2% respectively. The amount of provision for discount on debtors will be — (a) Rs 2,000 (b) Rs 5,000 (c) Rs 1,900 (d) Rs 1,950.	2 Marks	CO3
Q5	A Schedule of balances drawn from ledger is called (a) A trial balance (b) A statement of affairs (c) A balance sheet (d) A statement of account	2 Marks	CO1
Q6	Stock is generally valued at (a) Cost price (b) Market price (c) Cost or Market price whichever is higher (d) Cost or Market price whichever is lower	2 Marks	CO2
Q7	The amount brought in by the owner in the business should be credited to (a) Cash account (c) Capital account (b) Drawing account (d) Business account	2 Marks	CO3
Q8	The amount of salary paid to Suresh should be debited to (a) Suresh account (b) Salaries account (c) Drawing account (d) Cash account	2 Marks	CO3
Q9	In case of a debt becoming debt the amount should be credited to (a) Bad debt account (b) Debtors account (c) Sales account (d) Purchase account	2 Marks	CO3

Q10	Net working Capital is equal to (a) Goodwill + Current assets (c) Current assets – Current Liabilities	(b) Fixed Assets – Current assets (d) Current assets + Long term debt	2 Marks	CO4				
SECTION B (20 Marks) Attempt any four questions								
Q1	Explain the importance and limitations of Trial Balance.		5 marks	CO2				
Q2	Describe the different types of Ratios with suitable examples.		5 marks	CO3				
Q3	Explain the importance of relationship of Cost Volume Profit analysis in financial decision making.		5 marks	CO4				
Q4	Explain in brief the main categories in which the share capital of a company is divided.		5 marks	CO2				
Q5	Discuss the importance of budget and budgetary control for an organization		5 marks	CO4				
SECTION-C (30 Marks) Attempt any three								
Q1	On 1 st April 2012 Future Ltd. purchased a plant for Rs 60,000. Additional plant was purchased on 1 st October 2012 for Rs 40,000 and on 1 st July 2013 for Rs 20,000. On 1 st January 2014 one third of the plant purchased on 1 st April 2012 was found to become obsolete and was sold for Rs 6,000. Prepare the Plant account for the first three years in the books of Future Ltd. Depreciation is charged @ 10% p.a. under straight line method. Accounts are closed on 31 st December every year.		10 marks	CO3				
Q2	A retailer in garments is selling 24000 shirts annually. He supplies the following details for the year ended 31 st December 2014 Selling price per shirt Rs 40 Variable cost per shirt Rs 25 Fixed Costs: Staff variables Rs 1,20,000 General office costs Rs 80,000 Advertising Costs Rs 40,000 Required: a. Calculate the break-even point and the margin of safety in sales revenue and the number of shirts sold b. Assume that 20,000 shirts were sold in a year, find out the net profit c. It is decided to introduce selling commission of 3 per shirt, how many shirts would you recommend to be sold in year to earn a net income of Rs 15,000		10 marks	CO4				
Q3	From the following Balance sheets of Amar Ltd. prepare the cash Flow statement:		10 marks	CO4				
	Liabilities	2014			2015	Assets	2014	2015
	Equity Share Capital	3,00,000			4,00,000	Goodwill	1,15,000	90,000
	Preference Share Capital	1,50,000			1,00,000	Land & Building	2,00,000	1,70,000
	Profit & Loss A/c	70,000			1,18,000	Plant & Machinery	80,000	2,00,000
	Creditors	75,000	99,000	Debtors	1,80,000	2,30,000		

	Proposed Dividend Tax Provision	42,000 40,000	50,000 50,000	Stock Cash Bank	77,000 15,000 10,000	1,09,000 10,000 8,000		
		6,77,000	8,17,000		6,77,000	8,17,000		
	Additional information: a) Dividend paid during the year amounted to Rs 40,000. b) Income tax Rs 35,000 have been paid during 2014-15. c) Interim dividend has been paid Rs 20,000 in 2014-15. d) Depreciation charged on Plant and machinery Rs 10,000 and Rs 30,000 on Land and Building.							
Q4	“Depreciation is a permanent and continuous decline in the quality or value of an asset”. Discuss. Or “With the rapidly changing business environment the role of accounting has undergone a tremendous change”. Discuss.						10 marks	CO2
SECTION-D (30 Marks)								
Q1	The following figures have been taken from the books of M Ltd. as on 31.12.2014 Stock of Raw Materials on 1.1.2014 Rs 35,000 Stock of Raw Materials on 31.12.2014 Rs 5,000 Purchase of Materials Rs 50,000 Factory Wages Rs 45,000 Factory Expenses Rs 17,500 Manufacturing Expenses Rs 10,000 Finished Stock on 1.1.2009 Rs 15,000 Finished stock on 31.12.2009 Rs 7,500 Sales Rs 2,00,000 The Company manufactured 4000 units during the year 2009. Prepare a statement of cost.						10 marks	CO3
Q2	The following is the trial balance of M/s X. Prepare Trading, profit and loss account and Balance sheet as on 31 st March, 2015						20 marks	CO4
	Particulars	Amount (Dr.) Rs	Particulars	Amount (Cr.) Rs`				
	Drawings	2,000	Capital	45,000				
	Stock (1.4.2014)	15,000	Creditors	45,000				
	Plant	22,000	Sales	53,000				
	Furniture	1,500	Purchase return	925				
	Debtors	40,000	Bills payable	1600				
	Bank	18,000	Reserve for bad debt	1,000				
	Cash	950	Commission	1,000				
	Purchases	32,000						
	Discount	1,200						

Carriage on purchase	1,500		
Insurance	600		
Rent & Taxes	1,200		
Salary	8,300		
Sales return	1,000		
Bills receivable	1,700		
Printing	575		
Total	147,525		147,525

Adjustments:

- a) Salary Rs 900 and rent Rs 100 are outstanding
- b) Tax Rs 50 is prepaid
- c) There is a bad debt of Rs 600 and provided Rs 1,200 for bad and doubtful reserves
- d) Rs 200 commission is due to be received
- e) Interest @6% is to be provided on the capital and drawings
- f) Depreciate plant by 5% and furniture by 10%
- g) Value of closing stock is Rs 20,000.