Total No. of Questions: 20 **Enrollment No :** ____________________

Faculty of Management Studies
End Semester Examination May 2025
MS5CO20 Accounting for Managers

Programme	:	MBA	**Branch/Specialisation**	:	-
Duration	:	3 hours	**Maximum Marks**	:	60

Note: *All questions are compulsory. Internal choices, if any, are indicated. Assume suitable data if necessary. Notations and symbols have their usual meaning.*

Section 1 (Answer all question(s))

Q	Question	Marks	CO	BL
Q1.	Accounting standards are issued to: ◉ Ensure uniformity in financial reporting ○ Reduce accounting errors ○ Increase company profits ○ Replace government regulations	1	1	1
Q2.	The person, firm, or institution who does not pay the price in cash for the goods purchased or the services received is called ______. ○ Creditor ○ Proprietor ◉ Debtor ○ None of these	1	1	1
Q3.	In addition to the arithmetical accuracy of ledger, a trial balance provides: ○ A summary of total capital invested in the business during the period ○ A summary of sales made during the period ○ A summary of total cash collected from customers during the period ◉ A summary of all transactions made since the end of the previous accounting period	1	1	1
Q4.	Direct expenses are entered in _____. ◉ Trading account ○ Profit and loss account ○ Balance sheet ○ None of the above	1	1	1
Q5.	Salvage value means- ○ Definite sale price of the asset ○ Cash to be received when life of the asset ends ○ Cash to be paid when asset is disposed off ◉ Estimated disposal value	1	1	1
Q6.	According to fixed instalment method, the depreciation is calculated on- ○ Balance amount ◉ Original cost ○ Scrap value ○ None of these	1	1	1
Q7.	What item is not included in cost accounting? ○ Product costing ◉ Profit sharing ○ Planning ○ Controlling	1	1	1
Q8.	If the total cost of 1000 units is Rs.60000 and that of 1001 units is Rs.60400, then the increase of Rs.400 in the total cost is _________. ○ Prime cost ○ All variable overheads ◉ Marginal cost ○ None of the above	1	1	1
Q9.	Which of the following options is not characteristic of management accounting? ○ Future-oriented ○ Accounting information ◉ Compulsory accounting ○ Management oriented	1	1	1

Q10. Given Sales is 1,20,000 and Gross Profit is 30,000, the gross profit ratio is- **1 1 1**

- ◯ 24%
- ◉ 25%
- ◯ 40%
- ◯ 44%

Section 2 (Answer all question(s))

Marks CO BL

Q11. Define IFRS. **2 2 2**

Rubric	Marks
IFRS (International Financial Reporting Standards) are a set of globally accepted accounting standards developed by the International Accounting Standards Board (IASB). They provide guidelines for how financial transactions and events should be reported in financial statements to ensure transparency, consistency, and comparability across international markets.(2 marks)	2

Q12. (a) Prepare Journal Entries of Sunrise Ltd for year 2024: The following are the transactions **8 2 2**

1. May 1: Commenced business with cash ₹5,00,000 and furniture ₹1,00,000.
2. May 5: Purchased goods for cash ₹80,000.
3. May 10: Sold goods to Rahul on credit ₹50,000.
4. May 15: Purchased machinery from Gupta & Co. for ₹2,00,000, paid 50% cash, and balance payable after 1 month.
5. May 20: Paid rent ₹12,000 and salaries ₹18,000 by cheque.
6. May 25: Received ₹48,000 from Rahul (allowed ₹2,000 discount).
7. May 28: Withdrew ₹10,000 cash for personal use.
8. May 31: Depreciate machinery by 10% p.a.

Rubric	Marks
May 1: Cash A/c Dr. 5,00,000 Furniture A/c Dr. 1,00,000 To Capital A/c 6,00,000 May 5: Purchases A/c Dr. 80,000 To Cash A/c 80,000 May 10: Rahul A/c Dr. 50,000 To Sales A/c 50,000 May 15: Machinery A/c Dr. 2,00,000 To Cash A/c 1,00,000 To Gupta & Co. A/c 1,00,000 May 20: Rent A/c Dr. 12,000 Salaries A/c Dr. 18,000 To Bank A/c 30,000 May 25: Cash A/c Dr. 48,000 Discount Allowed A/c Dr. 2,000 To Rahul A/c 50,000 May 28: Drawings A/c Dr. 10,000 To Cash A/c 10,000 May 31: Depreciation A/c Dr. 1,667 To Machinery A/c 1,667	8

(OR)

(b) Explain any four concepts and any four conventions of accounting.

Rubric	Marks
According to the explanation (1 mark each for every point) 4 marks for concept and 4 marks for convention	8

Section 3 (Answer all question(s))

Marks CO BL

Q13. What do you mean by outstanding expenses? **2 2 2**

Rubric	Marks
For proper explanation (2 marks)	2

Q14. (a) Prepare a Trial Balance for Shining Brothers Pvt. Ltd. on March 31st, 2024?

Bank Loan: Rs. 14,000	Insurance Expense: Rs. 7,300	Equipments: Rs. 40,000
Marketable Security: 6,500	Owner's Investments: 95,000	Maintenance Exp.: 5,000
Bill Payable: 1,000	Rent & Rates Expense: 400	Miscellaneous Expenses: 4,800
Unearned Revenue: 3,500	Acc. Dep. Equipments: 14,000	Accrued Expenses: 1,500
Sundry Debtors: 12,000	Accrued Revenue: 15,000	Dep. Exp. Equipment's: 2,000
Outstanding Salaries: 2,500	Machinery: 25,000	Unexpired Insurance: 8,500
Prepaid Rent: 2,000	Drawings: 3,500	Vendor's Payables: 500

Rubric		**Marks**
Debit Side	Credit Side	8
Marketable Security: 6,500	Bank Loan: 14,000	
Sundry Debtors: 12,000	Bill Payable: 1,000	
Prepaid Rent: 2,000	Unearned Revenue: 3,500	
Insurance Expense: 7,300	Outstanding Salaries: 2,500	
Rent & Rates Expense: 400	Owner's Investments: 95,000	
Accrued Revenue: 15,000	Accumulated Dep. _ Equipments: 14,000	
Machinery: 25,000	Accrued Expenses: 1,500	
Drawings: 3,500	Vendor's Payables: 500	
Equipments: 40,000		
Maintenance Exp.: 5,000		
Miscellaneous Expenses: 4,800		
Depreciation Exp. _ Equipments: 2,000		
Unexpired Insurance: 8,500		
Total 132,000	Total **132,000**	

(OR)

(b) Following are the balances from the trial balance of Mr. Ankit as on 31st March, 2024: Prepare Trading profit and Loss account and Balance sheet **8 3 3**

Particulars Amount (₹)
Capital 5,00,000
Drawings 30,000
Land and Building 3,00,000
Plant and Machinery 2,00,000
Furniture and Fixtures 40,000
Purchases 4,00,000
Sales 7,50,000
Opening Stock 80,000
Wages 50,000
Salaries 40,000
Rent 24,000
Insurance 12,000
Debtors 1,20,000
Creditors 90,000
Bills Receivable 30,000
Bills Payable 40,000
Cash at Bank 60,000
Bad Debts 5,000
Provision for Bad Debts (old) 2,000
Commission Received 5,000
Interest Received 2,000
Adjustments:
1) Closing stock on 31st March, 2024 was valued at ₹1,00,000.
2) Depreciate Plant and Machinery by 10% and Furniture by 5%.
3) Salaries for March ₹5,000 are outstanding.
4) Insurance includes a premium of ₹2,000 which is prepaid.
5) Interest accrued but not received ₹1,000.
6) Write off additional bad debts ₹3,000 and create a new Provision for Bad Debts at 5% on debtors.
7) Create Reserve for Discount on Debtors at 2% after adjusting provision for bad debts.

Rubric	Marks
Gross Profit: ₹3,20,000 Net Profit: ₹2,11,927 Balance Sheet Total: ₹8,16,927	8

Section 4 (Answer all question(s))

Marks CO BL

Q15. A machine costing ₹50,000 has a scrap value of ₹5,000 and useful life of 5 years. Calculate annual depreciation. **2 2 2**

Rubric	Marks
Depreciation= 50,000−5,000/5 =₹9,000 p.a	2

Q16. (a)	On 1st April, 2020, Harish Traders purchased 5 machines for Rs. 60,000 each. On 1st April, 2022, one of the machines was sold at a loss of Rs. 8,000. On 1st July, 2023, a second machine was sold at a loss of Rs. 12,500. A new machine was purchased for Rs. 1,00,000 on 1st October, 2023. Prepare Machinery Account for 4 years, assuming accounts are closed on 31st March 2024. Depreciation is provided @ 10% per annum as per Straight Line Method.	**8**	**2**	**2**

Rubric	Marks
Total Debits = Rs. 3,00,000 + 2,70,000 + 2,40,000 + 1,86,000 + 1,00,000 = Rs. 10,96,000 Total Credits = Rs. 30,000 + 2,70,000 + 30,000 + 2,40,000 + 40,000 + 8,000 + 24,000 + 1,86,000 + 28,000 + 12,500 + 23,000 + 2,41,000 = Rs. 10,96,000	8

(OR)

(b) Define depreciation. Explain the causes and objectives of providing depreciation.

Rubric	Marks
Definition of providing Depreciation. (2 marks) the causes (3 marks) and objects of providing depreciation. (3 marks)	8

Section 5 (Answer all question(s))

		Marks	CO	BL
Q17.	Differentiate between cost control and cost reduction.	**3**	**2**	**2**

Rubric	Marks
3 differences between Cost Control and Cost Reduction, (1 *3=3 marks)	3

Q18. (a) The cost information computed by the cost accountant is as follows : **7 3 3**
Sales = 1,00,000 units
Selling Price = Rs. 10 per unit
Variable cost or out of pocket-costs = Rs. 6 per unit
Fixed costs or burden = Rs. 60,000 per annum
Compute the following :

- Break even points in units and value
- Make a profit of Rs. 40,000

Rubric	Marks
a) BEP (in units) =Fixed Costs/Contribution Per Unit (3.5 Marks) =Rs. 60,000/Rs. 4 = 15,000 units BEP (in Value) = Fixed Costs/P/V Ratio = Rs. 60,000/0.40 = Rs. 1,50,000 b) Sales volume required to earn a profit of Rs. 40,000 In Units (3.5 marks) = Fixed Costs + Desired Profit/P/V Ratio = Rs. 60,000 + Rs. 40,000/Rs. 0.40 = Rs. 250,000 units	7

(OR)

(b) Write short note on the following types of cost with example:

- Fixed cost vs Variable cost
- Opportunity Cost vs Marginal cost
- Controllable cost vs Uncontrollable cost

Rubric	Marks
As per the explanation (7 marks)	7

Section 6 (Answer all question(s))

Marks CO BL

Q19. A company has: Current Assets = ₹2,00,000 (Incl. Inventory ₹40,000), Current Liabilities = ₹1,00,000 . Calculate current ratio. **2 2 2**

Rubric	Marks
1,00,000/2,00,000 =2:1	2

Q20. (a) Explain the various importance of management accounting. **8 2 2**

Rubric	Marks
As per the explanation (8 marks)	8

(OR)

(b) Fantasy Ltd. has provided the following financial information for the year ended 31st March 2000:

Opening Stock: ₹76,250
Purchases: ₹3,15,250
Carriage and Freight: ₹2,000
Wages: ₹5,000
Gross Profit brought down: ₹2,00,000
Administration Expenses: ₹1,01,000
Selling and Distribution Expenses: ₹12,000
Non-operating Expenses: ₹2,000
Financial Expenses: ₹7,000
Net Profit carried down: ₹84,000
Sales Revenue: ₹5,00,000
Closing Stock: ₹98,500
Non-operating Incomes:
Interest on Securities: ₹1,500
Dividend on Shares: ₹3,750
Profit on Sale of Shares: ₹750
You are required to compute and analyze the following:
(i) Current ratio
(ii) Quick ratio (Acid-test ratio)
(iii) Gross profit ratio
(iv) Net profit ratio
(v) Operating profit ratio
(vi) Inventory turnover ratio

Rubric	Marks
Current Ratio = 3.17:1 Quick Ratio = 1.2:1 Gross Profit Ratio = 40% Net Profit Ratio = 16.8% Operating Profit Ratio = 17.4% Inventory Turnover Ratio = 3.46 times (1 mark each for the ratio and two marks for step marking)	8

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