

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

## POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)

### MID TERM EXAMINATION (TERM -I)

 Subject Name: **Accounting for Managers**

 Time: **01.00 hrs**

Sub. Code: PG103

 Max Marks: **20**
**Note: All questions are compulsory. Read the cases and answer the questions**
**Kindly write the all the course outcomes as per your TLEP in the box given below:**

CO#	Course Outcomes	Bloom's Taxonomy
CO-1	Explain the fundamental forms of business, accounting principles (GAAP and Ind AS/IFRS), and Interpret and evaluate the components of financial statements—Income Statement, Balance Sheet	Understand- L-2
CO-2	Cash Flow Statement— an overall analysis and assess their relevance to stakeholders with the help of cases.	Evaluate- L-5
CO-3	Compare and Analyze the quality and structure of financial reporting in real-world company annual reports and present findings effectively.	Analyze- L-4
CO-4	Perform financial ratio and trend analysis to assess a company's liquidity, profitability, efficiency, and financial stability.	Evaluate- L-5
CO-5	Identify signs of financial misreporting and earning manipulation through case-based analysis of accounting scams.	Evaluate- L-5
CO-6	Apply cost accounting tools—cost sheets, break-even and differential analysis—to support strategic decisions and suggests performance improvements.	Evaluate- L-5

### SECTION - A

Attempt all questions. All questions are compulsory.

	CO	Bloom's Level
<b>Read the case and answer the questions</b>	<b>CO1</b>	<b>L5</b>
<p>It was a quiet afternoon in the finance department of XYZ Ltd., a mid-sized manufacturing company, as the team prepared for the financial year-end closing on March 31, 2025. Ananya, a young accounts executive, was nervously flipping through the trial balance and adjustment sheets. This was her first time assisting in the preparation of the final accounts in full compliance with Schedule III of the Companies Act, 2013. Her manager, Mr. Rao, had handed her the trial balance that read: The company had Equity Share Capital of ₹5,00,000 and had built Reserves and Surplus worth ₹1,50,000. They had borrowed ₹2,00,000 in Long-term borrowings and owed ₹80,000 to trade creditors. An additional ₹20,000 was shown as short-term provisions. They had tangible fixed assets worth ₹4,00,000. Their inventories were valued at ₹2,50,000, and trade receivables stood at ₹1,20,000. Cash and cash equivalents showed ₹80,000. For</p>		

the year, the business earned ₹7,50,000 from operations, and ₹30,000 from other income (like interest on investments and miscellaneous gains). The expenses included ₹3,00,000 as cost of materials consumed, ₹1,50,000 in employee benefits, ₹50,000 for depreciation, ₹80,000 as other expenses. But there were some end-of-year adjustments Ananya had to factor in: Salary worth ₹10,000 were still outstanding. From the ₹80,000 shown as other expenses, ₹5,000 was prepaid insurance. The company needed to provide for tax of ₹25,000. The closing stock was actually valued at ₹2,70,000. Depreciation was already correctly shown and needed no changes.

Ananya sighed and said to herself, “Okay, I have everything. Now I need to prepare the Statement of Profit and Loss and the Balance Sheet, and ensure it all balances out. Let me adjust those expenses and liabilities accordingly.”

**Question: Step into Ananya’s shoes and prepare the Profit and Loss Account and Balance Sheet for XYZ Ltd. for the year ended March 31, 2025. ( 5+5=10 marks)**

#### **Read the case and answer the questions**

Ashish and Varun, co-founders of XYZ Exports Limited, had built a strong reputation for exporting agricultural commodities across the globe. Their company was flourishing on paper. Every year, the net profit figure made the business look healthy—₹500 lakh for the year ended 31st March 2019—but something didn't sit right. “How can we make so much profit and still struggle to pay suppliers and salaries on time?” Varun asked during the year-end review. Despite the impressive profits, they constantly struggled with cash shortages, especially when it came to paying for routine working capital needs.

Their accountant, Shan Mohan Sagili, prepared meticulous accounts. But Ashish and Varun began to suspect that net profit was not telling the full story. They wanted to understand the actual cash position. One day, Varun called a meeting and said, “We need to know where our cash is going. If we made ₹500 lakh in profits, why do we still feel broke?” Shan presented the following summary of financial activities for the year: Key Transactions During the Year (2018-19)- Purchased investment securities worth ₹500 lakh, Paid cash dividends amounting to ₹15 lakh, Sold a piece of land, originally costing ₹40 lakh, for ₹55 lakh, Depreciation on plant and equipment was ₹5 lakh for the year, Issued new common stock and received ₹100 lakh in cash, Repaid a loan, resulting in a loan retirement of ₹50 lakh, Received ₹10 lakh as dividends and interest income from various investments. Table 1 shows additional information for working capital items:

Table 1 Changes in Working Capital (in ₹ lakh)

Item	As on 31-Mar-2019	As on 31-Mar-2018
Accounts Receivable	300	200
Accounts Payable	100	200
Inventory	30	40
Prepaid Rent	2	5
Advance from Customers	150	100
Salaries Payable	17	10

Ashish turned to Shan and said, “We need to figure out why the cash just vanishes.”

#### **Question:**

- 1. You are now part of Shan’s finance team. Help him determining whether XYZ is truly facing a cash crunch? (5 marks)**
- 2. If yes, why? What can be done to improvise the performance? (5 marks)**

**CO2 L4**

Kindly fill the total marks allocated to each CO's in the table below:

COs	Blooms Taxonomy Levels	Marks Allocated
CO1	L5	10 Marks
CO2	L4	10 Marks

Blooms Taxonomy Levels given below for your ready reference:

**L1= Remembering**

**L2= Understanding**

**L3= Apply**

**L4= Analyze**

**L5= Evaluate**

**L6= Create**