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NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, GREATER NOIDA
(An Autonomous Institute Affiliated to AKTU, Lucknow)

MBA

SEM: I - THEORY EXAMINATION (2025 - 2026)

Subject: Accounting for Managers

Time: 3 Hours

Max. Marks: 100

General Instructions:

IMP: Verify that you have received the question paper with the correct course, code, branch etc.

1. This Question paper comprises of **three Sections -A, B, & C**. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.

2. Maximum marks for each question are indicated on right -hand side of each question.

3. Illustrate your answers with neat sketches wherever necessary.

4. Assume suitable data if necessary.

5. Preferably, write the answers in sequential order.

6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.

SECTION-A

20

1. Attempt all parts:-

- 1-a. Lower of cost or market value relates to (CO1, K2) 1
- (a) Consistency
 - (b) Conservatism
 - (c) Materiality
 - (d) Full Disclosure
- 1-b. Similar items treated similarly (CO1, K1) 1
- (a) Materiality
 - (b) Consistency
 - (c) Conservatism
 - (d) Full Disclosure
- 1-c. Carriage Inward is shown in:(CO2, K2) 1
- (a) Profit & Loss A/c
 - (b) Trading A/c (Debit)
 - (c) Balance Sheet
 - (d) None
- 1-d. Provision for Doubtful Debts is shown on:(CO2, K3) 1
- (a) Debit side of P&L A/c
 - (b) Credit side of Trading A/c
 - (c) Balance Sheet Liability
 - (d) Asset

1

- 1-e. A firm's current ratio falls from 2.4:1 to 1.5:1 while sales increase. The most appropriate inference is:(CO3,K3) 1
- Aggressive WC management
 - Declining profitability
 - Over-capitalisation
 - Improved solvency
- 1-f. If GP ratio improves but NP ratio declines, the likely cause is:(CO3,K3) 1
- Increase in operating expenses
 - Higher sales volume
 - Lower COGS
 - Inventory gains
- 1-g. Under Ind AS-7, interest paid by a non-financial firm is generally classified as:(CO4,K2) 1
- Investing
 - Operating
 - Financing
 - Non-cash
- 1-h. Which item appears ONLY in fund flow, not cash flow?(CO4,K2) 1
- Depreciation
 - Bonus shares
 - Cash dividend
 - Asset purchase
- 1-i. Zero-based budgeting starts from a _____ base. (CO5, K1) 1
- Last year's budget
 - Zero base
 - Sales budget
 - Cash budget
- 1-j. Marginal cost is the increase in total cost due to _____ additional unit of output. (CO5, K1) 1
- Fixed cost
 - Variable cost
 - Marginal cost
 - Total cost
2. Attempt all parts:-
- 2.a. Define the principle of Consistency.(CO1, K1) 2
- 2.b. Explain the term "Accrued Income".(CO2, K2) 2
- 2.c. Define Debtors Turnover Ratio. (CO3, K2) 2
- 2.d. State any one difference between Cash Flow Statement and Fund Flow Statement. (CO4, K2) 2
- 2.e. Find P/V ratio if contribution is ₹40,000 and sales are ₹1,00,000. (CO5,K3) 2

SECTION-B

30

3. Attempt all parts:-
- 3.a. Answer any one of the following:-
- 3.a.(i) From the following transactions, prepare journal entries: (i) Cash paid to supplier ₹40,000 (ii) Received commission ₹10,000 (iii) Goods returned to supplier ₹5,000 (iv) Withdrew cash for personal use ₹8,000 (CO1,K3) 6
- 3.a.(ii) Assets of a firm are ₹15,00,000 and external liabilities are ₹6,00,000. Calculate the proprietor's capital. If the proprietor introduces additional capital of ₹2,00,000 and withdraws ₹50,000, what will be the new capital? (CO1, K3) 6
- 3.b. Answer any one of the following:-
- 3.b.(i) Describe the various adjustments made while preparing final accounts.(CO2, K3) 6
- 3.b.(ii) Explain the role of final accounts in business decision-making.(CO2, K2) 6
- 3.c. Answer any one of the following:-
- 3.c.(i) Explain profitability ratios with suitable examples. (CO3, K4) 6
- 3.c.(ii) Distinguish between Comparative Analysis and Ratio Analysis. (CO3, K4) 6
- 3.d. Answer any one of the following:-
- 3.d.(i) Explain the impact of increase in creditors on cash flow. (CO4, K4) 6
- 3.d.(ii) Explain the treatment of purchase and sale of fixed assets in Fund Flow Statement. (CO4, K4) 6
- 3.e. Answer any one of the following:-
- 3.e.(i) At 60% capacity, a factory produces 6,000 units with the following costs: Direct Materials ₹90,000; Direct Labour ₹60,000; Factory Overheads ₹50,000 (50% fixed). Prepare a Flexible Budget for 40%, 80%, and 100% capacity. (CO5, K4) 6
- 3.e.(ii) Explain the concept of zero-based budgeting (ZBB). Identify the differences between ZBB and traditional incremental budgeting. (CO5, K2) 6

SECTION-C

50

4. Answer any one of the following:-
- 4-a. Explain the significance of Indian Accounting Standards. Discuss the process of convergence with IFRS and its impact on Indian accounting practices. (CO1, K5) 10
- 4-b. Prepare journal entries for the following transactions and show ledger posting: (i) Mr. Sharma started business with ₹8,00,000 (ii) He purchased a building for ₹5,00,000, paid ₹2,00,000 by cheque and balance by taking a loan (iii) Purchased goods worth ₹2,50,000 from Kumar Bros., paid 40% by cash (iv) Sold goods for ₹3,00,000, received 60% by cheque (v) Paid salary ₹40,000 and rent ₹25,000 by cash (vi) Paid Kumar Bros. ₹1,20,000 in full settlement of their account (vii) Withdrew ₹30,000 for personal use (viii) Interest on loan paid ₹15,000 (CO1, K3) 10

5. Answer any one of the following:-

- 5-a. Prepare Trading Account, Profit & Loss Account and Balance Sheet from the 10

following data: Sales ₹2,50,000 (Cr); Purchases ₹1,60,000; Wages ₹10,000; Salaries ₹12,000; Administrative Expenses ₹8,000; Factory Rent ₹5,000; Selling Expenses ₹6,000; Debtors ₹40,000; Bills Receivable ₹8,000; Creditors ₹30,000 (Cr); Opening Stock ₹35,000; Building ₹70,000; Plant & Machinery ₹50,000; Capital ₹1,34,000 (Cr). Adjustments: Closing Stock ₹40,000; Outstanding Wages ₹3,000; Provision for Doubtful Debts @ 5%. (CO2, K6)

- 5-b. Prepare Trading Account, Profit & Loss Account and Balance Sheet from the following Trial Balance: Sales ₹1,50,000 (Cr); Purchases ₹90,000; Wages ₹5,000; Salaries ₹8,000; Administrative Expenses ₹4,000; 10

Factory Rent ₹2,000; Selling & Distribution Expenses ₹3,000; Debtors ₹20,000; Bills Receivable ₹5,000; Creditors ₹15,000 (Cr); Opening Stock ₹25,000; Land & Building ₹40,000; Plant & Machinery ₹30,000; Capital ₹66,000 (Cr). Adjustments: Closing Stock ₹30,000; Outstanding Wages ₹2,000; Create 5% Provision for Doubtful Debts. (CO2, K6)

6. Answer any one of the following:-

- 6-a. Examine the concept and significance of Return on Capital Employed (ROCE) in evaluating overall financial performance. (CO3, K5) 10
- 6-b. "Financial ratios are indicators and not conclusions." Critically examine this statement with suitable arguments. (CO3, K6) 10

7. Answer any one of the following:-

- 7-a. Discuss the preparation of Schedule of Changes in Working Capital and its role in fund flow analysis. (CO4, K4) 10
- 7-b. "Profit does not necessarily mean cash." Critically examine this statement with reference to Cash Flow Statement. (CO4, K6) 10

8. Answer any one of the following:-

- 8-a. At an activity level of 50%, a factory produces 5,000 units with the following costs: Materials ₹75,000; Labour ₹50,000; Variable Overheads ₹25,000; Fixed Overheads ₹40,000. 10
Prepare a Flexible Budget for 75% and 100% activity levels. (CO5, K4)
- 8-b. A company sells 20,000 units at a selling price of ₹25 per unit. Variable cost per unit is ₹15 and fixed cost is ₹1,20,000. 10
Calculate:
(a) Present profit
(b) Revised profit if selling price increases by 10%
(c) Revised profit if variable cost increases by ₹2 per unit
(d) New break-even point after both changes
(CO5, K4)