

1M6115

Roll No. _____

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1M6115

M.B.A I Sem. (Main & Back) Exam. Jan. 2014

M-105 A Accounting for Management

Time: 3 Hours

Maximum Marks: 70

Min. Passing Marks: 28

Instructions to Candidates:-

- 1) The question paper is divided in two sections.
- 2) There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study/application based question which is **compulsory**.
- 3) All questions are carrying **equal** marks.

1. _____

2. _____

SECTION-A

Q.1 "Accounting concepts are different from accounting conventions". Explain any 6 accounting concepts. [6+8]

Q.2 Write short notes on:-

- (a) Users of Accounting
- (b) Responsible accounting
- (c) Zero based budgetary
- (d) Return on capital Employed [4+4+3+3]

Q.3 (a) What do you mean by 'Depreciation'? How depreciation is different from Amortization, Depletion, obsolescence, and dilapidation? [7]

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[4960]

- (b) In 2010, a company acquired a mine at a cost of Rs. 5,00,000. The estimated resource of minerals is 50,00,000 tonnes, of which 80% is expected to be realised. The first 3 years raisings are 1,50,000; 2,00,000 and 2,50,000 tonnes respectively. Calculate depreciation for 2010, 2011 & 2012 under depletion method. [7]

Q.4 Calculate the value of goodwill by (i) 3 year's purchase of actual average profits; (ii) 10 year's purchase of super profit; and (iii) Capitalization method from the following information:-

- (a) Average capital employed Rs 4,00,000.
(b) Net trading profits of past four years:-
Rs 68,000; Rs 75,000; Rs 80,000; and Rs 92,000.
(c) Normal rate of return in similar type of business is 15%.
(d) Net profit of last 2 years includes the income from non-trade investment Rs. 3,000 per annum.
(e) Fair remuneration of owner for his services Rs 15,000 per annum. [14]

Q.5 What do you mean by cash flow statement? How do you treat following items in the preparation of cash flow statement:-

- (i) Interim Dividend
(ii) Provision for taxation
(ii) Provision for taxation
(iii) Accumulated Depreciation
(iv) Provision for doubtful Debts. [14]

Q.6 Following balances have been extracted from the books of Shri Ram Rayons on 31st March 2011:-

Opening stock Rs. 15,000; Purchases Rs. 50,000; Sales Rs. 80,000; Return Inward Rs. 300; Return Outward Rs. 2,000; Debtors Rs. 40,500; Fixed deposit in Bank Rs. 10,000; Creditors Rs. 25,000; B/R Rs. 11,400; B/P Rs. 8,000; Interest received on Fixed deposit Rs. 900; Drawings Rs. 6,300; Cash Rs. 1,000; Capital Rs. 37,300; Discount (Dr.) Rs. 600; Commission (Cr) Rs. 2,200; Repairs Rs. 800; Wages Rs. 2,400; Salaries for 11 months Rs. 5,500; Advertisement Rs. 1,200; Trademark Rs. 1,500; Building Rs. 10,000; Bad debt Rs. 800; Provision for bad debts Rs. 1,900.

Prepare Final Account for the year under 31st March 2011 after taking into consideration of following adjustments:

- (1) Stock on 31st March 2011 Rs. 28,400.
- (2) ~~Interest accrued on fixed deposit in Bank for 3 months~~ Commission received in advance Rs 400.
- (3) Further bad debts Rs. 500 and maintain provision for bad debts at 5% on debtors.
- (4) Depreciate building by 5%
- (5) Goods worth Rs. 300 were donated for which no entry was made in the books.
- (6) Provide for manager's commission 5% on net profit after charging this commission.

[14]

SECTION-B

Q.7 Prepare trading A/c and balance sheet from the following particulars of Vaidhya Ltd.

Stock turnover – 6times

Creditor payment period – 2 months

Gross profit margin – 20%

Gross profit – Rs 60,00,000

Capital Turnover Ratio – 4

Debit collection period – 3 months

Excess of closing stock over opening stock – Rs. 5,00,000

Assume that no cash purchases and cash sales are made. Bank balance is the balancing figure in the balance sheet.

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Gross profit – Rs 60,00,000

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Excess of closing stock over opening stock – Rs. 5,00,000

Assume that no cash purchases and cash sales are made. Bank balance is the balancing figure in the balance sheet.

[14]

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