

1M6115

Roll No. _____

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M. B. A. I Sem. (Main/Back) Exam., Jan. 2016

M-105 A Accounting for Management

Time: 3 Hours

Maximum Marks: 70

Min. Passing Marks: 28

Instructions to Candidates:

- (i) *The question paper is divided in two sections.*
- (ii) *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.*
- (iii) *All questions carry equal marks.*

1. NIL

2. NIL

SECTION-A

Q.1 Discuss in detail the concepts and conventions of accounting. [6+8=14]

Q.2 What is the importance of ratio analysis to management? Explain briefly any two ratios each for measuring. [4+5+5=14]

- (a) Profitability and
- (b) Liquidity

Q.3 What considerations are necessary in the selection of accounting policies? Give requirement of the disclosure of accounting policies as per accounting standard 1. (AS-1). [4+10=14]

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[3100]

Q.4 The following balances were ascertained from the account books of Mohit on [14]

31st December, 2015

| | ₹ | ₹ |
|--|-----------------|-----------------|
| Capital Account | - | 50,000 |
| Opening Stock | 10,000 | - |
| Discount | 500 | - |
| Goodwill | 10,000 | - |
| Provision for doubtful debts | - | 3,000 |
| B/R and B/P | 3,000 | 2,000 |
| Cash in hand | 1,000 | - |
| Wages | 9,000 | - |
| Purchases & Sales | 80,000 | 1,20,000 |
| Returns | 2,000 | 3,000 |
| Carriage in words | 2,000 | - |
| Factory Rent | 1,500 | - |
| Commission | - | 2,000 |
| Machinery | 20,000 | - |
| Furniture | 6,000 | - |
| Debtors and creditor | 30,000 | 20,000 |
| Insurance premium | 1,800 | - |
| Salary - 11 months | 4,400 | - |
| Loan to Ram on 1.7.15 at 12% R.a. interest | 10,000 | - |
| Tread mark | 8,800 | - |
| | <u>2,00,000</u> | <u>2,00,000</u> |

Taking into consideration the following adjustments, prepare trading and profit and loss account for the year ending 31st December, 2015 and a balance sheet on that date:

- Closing stock ₹ 30,000.
- Goods costing ₹ 1,800 was sent to a customer on 31st Dec, 2015 on sale or approval which was recorded as Sales for ₹ 2,000 by mistake.
- Charge depreciation @ 10% p.a. on machinery and furniture.
- Interest on Capital @ 10% p.a. is payable.
- Write of further bad debts for ₹ 500 and increase the provision for doubtful debts by ₹ 1,500.
- ¼ Part of the commission relates to next year.

Q.5 Oil India is a bulk distributor of high octane petrol. A periodic inventory of petrol on hand is taken when the books are closed at the end of each month. The following summary of information is available for the month of June, 2015: [7+7=14]

| | |
|--|------------|
| Sales | ₹ 9,45,000 |
| General administration cost | ₹ 25,000 |
| Opening Stock: 100000 Litres @ ₹ 3 per litre | ₹ 3,00,000 |
| Purchase (including freight) | |
| June 1, 200000 litres @ ₹ 2.85 per litre | |
| June 30, 100000 litres @ ₹ 3.03 per litre | |
| Closing Stock June 30: 1,30,000 Litres | |

Compute the value of inventory on June 30, by the first in first out and weighted average methods of inventory costing.
All material has been issued before June,30.

Q.6 From the following balance sheet of 'A' Ltd. Prepare a statement of changes in working capital and funds flow statement for the year ended [14]

| 31 st march,2015 | | |
|---|-----------|-----------|
| | 31.3.2014 | 31.3.2015 |
| | ₹ | ₹ |
| Assets | | |
| Goodwill | 1,00,000 | 80,000 |
| Machinery at cost | 4,10,000 | 5,40,000 |
| Investment (long-term) | 30,000 | 80,000 |
| Discount on issue of Debentures | 5,000 | - |
| Cash at bank | 1,20,000 | 1,30,000 |
| Sundry Debtors | 80,000 | 1,90,000 |
| Stock in trade | 40,000 | 55,000 |
| | 7,85,000 | 10,75,000 |
| Liabilities | | |
| Share capital | 3,00,000 | 3,50,000 |
| Debentures | 1,50,000 | 2,50,000 |
| General Reserve | 1,00,000 | 1,50,000 |
| Profit and loss account | 60,000 | 70,000 |
| Provision for depreciation on machinery | 90,000 | 1,30,000 |
| Sundry creditors | 75,000 | 1,10,000 |
| Bills payable | 10,000 | 15,000 |
| | 7,85,000 | 10,75,000 |

During the year investment costing ₹ 30,000 were sold for ₹ 28,000. A machine was sold for ₹ 25,000. It had cost ₹ 40,000 and accumulated depreciation on it was ₹ 8,500.

SECTION-B

Q.7 ABC Ltd. gives you the following information. You are required to prepare cash flow statement by using indirect method as per As-3 (Revised) for the year ended 31.3.2015:

| Balance Sheet as on..... | | |
|----------------------------|-----------|-------------|
| | 31.3.14 | 31.3.15 |
| | ₹ | ₹ |
| Liabilities | | |
| Capital | 50,00,000 | 50,00,000 |
| Retained earnings | 26,50,000 | 36,90,000 |
| Debentures | - | 9,00,000 |
| Current Liabilities | | |
| Creditors | 8,80,000 | 8,20,000 |
| Bank Loan | 1,50,000 | 3,00,000 |
| Liability for expenses | 3,30,000 | 2,70,000 |
| Dividend Payable | 1,50,000 | 3,00,000 |
| | 91,60,000 | 1,12,80,000 |
| Assets | | |
| Plant and machinery | 27,30,000 | 40,70,000 |
| Less- Depreciation | 6,10,000 | 7,90,000 |
| | 21,20,000 | 32,80,000 |
| Current Assets | | |
| Debtors | 22,40,000 | 26,40,000 |
| Cash | 15,20,000 | 18,20,000 |
| Marketable securities | 11,80,000 | 15,00,000 |
| Inventories | 20,10,000 | 19,20,000 |
| Prepaid Expenses | 90,000 | 1,20,000 |
| | 91,60,000 | 1,12,80,000 |

Additional Information:

- (a) Net profit for the year ended 31st March, 2015 after charging depreciation ₹ 1,80,000 is ₹ 22,40,000.
- (b) ABC Ltd. declared dividend of ₹ 12, 00,000 for the year 2014-15. [14]