

M.B.A Examination I April 2016

Semester-I

Paper No.102

Paper Name: Accounting for managers

Paper Code: 3120

Times; 2 ½ Hours

Marks: 70

Instructions: All questions carry equal mark

All Questions are compulsory

Q.1. Explain the "Accounting Concepts" and Accounting Conventions in detail." Do you agree that both the terms represent the same meaning? Explain (14)

OR

Q.1 Give the effects of following transaction during the year - 2015 in the accounting equation (14)

June 1 st	RAMA invested Rs. 50,000 cash in Fashion Concepts Company in Exchange for 5000 shares of Rs. 10 Each in the share capital of the Company.
June 2 nd	Purchased office supplies for cash Rs.2,000
June 3 rd	Paid office rent for June Rs. 1500
June 4 th	Purchased office equipment from Agrwal Company for a total price of Rs.9,000. The terms of the agreement provided for a down payment of the Rs. 3,000 and for the balance to be paid in six equal installments on the last day of the month beginning
June 5 th	Signed an agreement with ethnic wear Company for developing a special design. The agreement for payment of a fee of Rs. 12,000 by ethnic Wear on Completion of the Work.
June 6 th	Paid Rs. 720 for a one year fire insurance policy that will expire next year on may 31.
June 7 th	Collected a professional fee of Rs. 2,000 for designs supplied
June 8 th	Collected an advance fee of Rs. 1,500 from Kids wear, a customer for services to be provided late.
June 9 th	Purchased office supplies on account from Mohan Company Rs. 3500
June 10 th	Billed shah Company Rs. 9,000 for designs completed.
June 14 th	Paid Mohan company Rs. 1,000 of the amount owned
June 18 th	Collected from Shah Company Rs. 4,000 out of the amount due.
June 27 th	Received and paid telephone bill of Rs.200
June 28 th	Paid the assistant's June salary Rs. 800

June 29 th	Received but not paid the electricity bill of Rs. 150
June 30 th	Paid Agrawal Company Rs. 1,000 of the amount owned.
June 30 th	Declared and paid a dividend of Rs. 2,200

Q.2 (A) With the help of the following particulars prepares store account, showing issue of material on the basis of LIFO method.

(7)

Purchases	
1 st June, 2015	250 kg @ Rs 2.00 per kg
8 th June, 2015	175 kg @ Rs 2.10 per kg
18 th June, 2015	300 kg @ Rs 2.20 per kg
25 th June, 2015	250 kg @ Rs 2.30 per kg
Issues	
9 th June, 2015	300 kg on requisition No. 1
19 th June, 2015	225 kg on requisition No. 2
28 th June, 2015	255 kg on requisition No. 3
30 th June, 2015	75 kg on requisition No. 4

Assume that there was no opening stock.

(B) A machine is purchased for Rs 4,00,000. Expenses incurred on it Rs 1,00,000. The residual value at the end of its expected useful life of 4 years is estimated at Rs. 2,00,000. Calculate the amount of depreciation for the first year ending on March 31, 2009 if it is purchased on; (7)

- ✓ April 1, 2008
- ✓ July 1, 2008
- ✓ Jan 1, 2009

OR

Q2. Define "Depreciation." Explain its significance. Elucidate the determinants of depreciation. And differentiate between straight line method and written down value method of depreciation. (14)

Q3. Vedant Ltd. Issued 10,000 equity shares of Rs 10 each payable at Ra. 2.50 on application, Rs 3 on allotment, Rs 2 on first call and the balance Rs 2.50 on the final call. All the shares were fully subscribed and paid except of a shareholder having 100 shares who could not pay for the final call. Give journal entries to record these transactions.

Also pass journal entries if 100 shares on which there were calls-in- arrears have been forfeited and reissued at Rs 9 per share fully paid. (14)

OR

Q3. What is cash flow and cash flow statement? Explain the use of cash flow statement and limitation of cash flow statement. Also prepare format of cash flow statement as per indirect method. (14)

Q4. What is financial statement? Explain the purposes and significance of financial statements. Also explain the technique of financial statement analysis. (14)

OR

Q4. Complete the following annual financial statement on the basis of ratios provided as under

Profit and Loss Account for the year Ended mar31, 2009

(14)

	Rs.		Rs.
To cost of goods sold	3,00,000	By sales	10,00,000
To operating expenses	----- (?)		
To EBIT	----- (?)		
To debentures interest	5,000	By earning before interest and tax	-----
To income tax	----- (?)		
To Net Profit	----- (?)		

Balance sheet as on 31st March, 2015

	Rs.		Rs.
Net worth	(?)-----	Fixed Assets	(?)
Share capital	(?)-----	Current Assets	
Reserve and surplus	(?)-----	Cash =	
10% Debentures	(?)-----	Stock=	
		Debtors=	17,500
Sundry Creditors	30,000		
Total			

- (a) Net profit to sales 5%
- (b) Current ratio 1.5
- (c) Return on net worth 20%
- (d) Inventory turnover = 1.5 times (based on cost of goods sold)
- (e) Share Capital to Reserve = 4:1
- (f) Rate of income tax 50%

Q.5. What is the full form of GAAP? Explain about Institutions that influence Indian GAAP **(14)**

OR

Q.5. What is Environment accounting? Explain in detail Forms, Need, Methods and Limitation of Environment accounting **(14)**