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1M6115

Roll No. _____

Total No of Pages: **4**

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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 standard1. (AS-1). [4+10=14]

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% P.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
	₹	₹
<u>Assets</u>		
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
	31.3.2014	31.3.2015
	₹	₹
<u>Liabilities</u>		
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
	₹	₹
<u>Liabilities</u>		
Capital	50,00,000	50,00,000
Retained earnings	26,50,000	36,90,000
Debentures	-	9,00,000
<u>Current Liabilities</u>		
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
	₹	₹
<u>Assets</u>		
Plant and machinery	27,30,000	40,70,000
Less- Depreciation	6,10,000	7,90,000
	21,20,000	32,80,000
<u>Current Assets</u>		
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]