

1M6115

Roll No. _____

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MBA I - Sem. (Main / Back) Exam., Dec. 2019

M-105 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 Explain the different accounting concepts and conventions. [14]
- Q.2 Journalise the following transactions. Post them into ledger and prepare trial balance. [14]
- 2018
- April 1 Anand commenced business with cash ₹ 20,00,000.
- April 2 Deposited into bank ₹ 17,00,000.
- April 3 Bought goods for cash ₹ 2,00,000.
- April 4 Bought furniture for office for cash ₹ 60,000.
- April 10 Draw cash from bank for office ₹ 50,000.
- April 13 Goods sold to Gopal on credit ₹ 1,00,000.
- April 15 Bought goods for Ram on credit ₹ 1,10,000.
- April 18 Paid sundry expenses ₹ 30,000.
- April 19 Received cash from Gopal ₹ 95,000.
- April 25 Paid salary ₹ 20,000.
- April 28 Paid Ram in full settlement ₹ 1,06,000.
- April 30 Paid rent ₹ 20,000.
- April 30 Purchased stationary in cash ₹ 5,000.

Q.3 Explain the concepts, objectives and inclusions of a financial statement. [14]

Q.4 Following are the details regarding the receipts and issues of material X in respect of a firm.

Receipts :	Jan. 1	Balance	50 units @ ₹ 4/unit
	Jan. 5	Purchase order No. 10	40 units @ ₹ 3/unit
	Jan.8	Purchase order No. 12	30 units @ ₹ 4/unit
	Jan.15	Purchase order No. 11	20 units @ ₹ 5/unit
	Jan.26	Purchase order No. 13	40 units @ ₹ 3/unit

Issues :	Jan. 10	Material Requisition No. 4	70 units
	Jan. 12	Material Requisition No. 5	10 units
	Jan. 20	Material Requisition No. 6	20 units
	Jan. 24	Material Requisition No. 7	10 units

The firm follows the perpetual inventory system for maintaining its stores records. You are required to calculate the value of inventory on Jan. 31 according to : (i) FIFO, (ii) LIFO and (iii) HIFO Methods. [14]

Q.5 Write notes on the following –

- (a) Zero Based Budgeting [4]
- (b) Responsible Accounting [3]
- (c) IFRS [4]
- (d) Trend Analysis [3]

Q.6 The accompanying balance sheet and P & L account relate to XYZ Ltd. Convert these into common size statements. [14]

Balance Sheet		
(As at March 31 st)		
Particulars	(Amount in lakh of rupees)	
	Previous Year	Current Year
Liabilities		
Equity share capital (of ₹ 10 each)	240	240.0
General Reserves	96	182.0
Long Term Loans	182	169.5
Creditors	67	52.0
Outstanding expenses	6
Other current liabilities	9	6.5
Total	600	650.0
Assets		
Plant (net of accumulated depreciation)	402	390
Cash	54	78
Debtors	60	65
Inventories	84	117
Total	600	650

Income statement for the year ended March 31st
(Amount in lakh of rupees)

Particulars	Previous Year	Current Year
Gross sales	370	480
Less : Returns	20	30
Net sales	<u>350</u>	<u>450</u>
Less : Cost of goods sold	190	215
Gross profit	<u>160</u>	<u>235</u>
Less : Selling, General and Adm. Cost	50	72
Operating Profit	<u>110</u>	<u>163</u>
Less : Interest expenses	20	17
EBT	90	146
Less: Taxes	<u>31.5</u>	<u>51.5</u>
EAT	<u>58.5</u>	<u>94.5</u>

SECTION - B

Case Study

Q.7 Mr. Amit, the president and majority shareholder, was a superb operating executive. He was an imaginative, aggressive marketing man and an ingenious, creative production man. But he had little patience with financial matters. After examining the most recent balance sheet and income statement, he muttered, "We have enjoyed ten years of steady growth, this year was our most profitable year. Despite this, we are in the worst cash position in our history. Just look those current liabilities in relation to our available cash! This whole picture of the more you make, the poorer you get, just does not make sense. These statements must be cockeyed."

The balance sheet (in lakh of rupees) of Amit Engineering Ltd. is given below :

Assets	Current Year	Previous Year	Liabilities	Current Year	Previous Year
Cash	2	10	Current Liabilities	105	30
Receivables (net)	60	30			
Inventories	100	50	Long Term Debt	150
Plan assets (net of accumulated depreciation)	300	100	Stock Holder's equity	207	160
Total assets	462	190	Total equities	462	190

Net income before taxes ₹ 81 lakh. Taxes paid are ₹ 27 lakh. Net income was ₹ 54 lakh. Cash dividend paid were ₹ 7 lakh. Depreciation was ₹ 20 lakh. Fixed assets were purchased for ₹ 220 lakh, ₹ 150 lakh of which was financed via the issuance of long term debt outright for cash.

Using cash flow statement (based on AS – 3). Write a short memorandum to Mr. Amit explaining why there is such squeezed for cash. Show working. [14]