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13705

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# 13705

## MBA I Sem. (Old Scheme) Back Exam., Dec. - 2019

## M-105 Accounting for Management

**Time: 3 Hours** **Maximum Marks: 70**
**Minimum 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* ***1*** *question which is* ***compulsory.***

*(iii) All questions carry* ***equal*** *marks.*

1. NIL 2. NIL

## SECTION – A

Q.1 Financial ratios are one of the important tools used by different stakeholders in decision making. These ratios are subject to certain limitations, and one need to take precautions before calculating and using the ratios. Do you agree with this? Discuss. [14]

Q.2 Explain the concept of IFRS. Is it different from Indian Accounting Standards? Discuss the provision of IFRS 16 relating to accounting for lease. [14]

Q.3 An equipment was purchased on 1st April, 2015 at a cost of ₹ 1,90,000 and additionally an installation cost of ₹ 30,000 was spent on it. Company uses straight line method of depreciation and its estimated life is 5 years with an estimate of salvage value of ₹ 40,000. Calculate annual depreciation for the first three years, assuming company



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closes its books every year on 31st December. Also find out the book value of the equipment at the end these years. [14]

If the equipment is replaced at the end of third financial year for a trade – in – value of ₹ 60,000/- and net amount paid on exchange is ₹ 1,40,000. Then find out the following –

(a) Profit/loss on sale of equipment in third year when such exchange (replacement) takes place. http://www.btubikaner.com

(b) Depreciation base for the new equipment which has been purchased in exchange.

(c) Depreciation on the equipment for fourth financial year from the beginning, if the new equipment is subject to written down depreciation method @ 20%.

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Q.4 Discuss the concept of accounting for price level changes. How it can be implemented. Why companies do not present their financial statements using this concept? [14]

Q.5 Consider below given facts – [14]

(a) Current ratio 1.75:1

(b) Liquid ratio 1.25:1

(c) Stock turnover ratio 9

(d) Gross profit ratio 25%

(e) Reserves and surplus to capital 0.20

(f) Debt collection period 1.50 month

(g) Turnover to fixed assets 1.20 times

(h) Fixed assets to net worth 1.25

(i) Sales for the year ₹ 12,00,000

(j) Debt equity ratio 0.4375:1

Prepare balance sheet of the company with as many details possible.

Q.6 Define accounting concepts how these are different from accounting conventions. Explain any four accounting concepts and all the four accounting conventions. [14]



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## SECTION – B

### Case Study

Q.7 Consider below given facts (purchase and sales have been given in the order of date as these occurred). [7+7=14]

| Particulars | Units | Rate (₹). |
|---|---|---|
| Purchase | 200 | 20 |
| Sales | 50 | 42 |
| Purchase | 80 | 18 |
| Sales | 25 | 45 |
| Purchase | 20 | 17 |
| Sales | 175 | 46 |

Company uses perpetual system of inventory valuation.

(a) If FIFO method is used then –

(i) Calculate value of ending inventory,

(ii) Value of cost of goods sold, and

(iii) Gross profit.

(b) If LIFO method is used then –

(i) Calculate value of ending inventory,

(ii) Value of cost of goods sold, and

(iii) Goss profit

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