41 PGDBM–ACFM 4

2019

ACCOUNTING & FINANCE FOR MANAGERS

Paper : DBM-04

Full Marks : 80/100

Time : Three hours

The figures in the margin indicate full marks for the questions.

*For **New Students** Q. No. **1** is **not** required.*

1. Write explanatory notes on ***any five*** of the following : 4×5=20

   (a) Doctrine of Conservatism

   (b) International Accounting Standards

   (c) Classification of Accounts

   (d) Cash Book

   (e) Manufacturing Account

Contd.

(f) Contingent Liabilities

(g) Common-size statements.

2. Answer ***any four*** of the following : 8×4=32

(a) Define Ratio Analysis. Briefly explain different types of commonly used ratios in accounting.

(b) What do you mean by "Final Accounts"? Explain in details the constituents of Final Accounts.

(c) Define Depreciation. Explain different methods of providing Depreciation.

(d) Explain the concept of Capital Budgeting. Also explain different techniques of evaluating Capital investment proposals.

(e) From the undermentioned particulars prepare a Bank Reconciliation Statement as on 31st July 2019 :

Cheques deposited in Bank on 28th July, but credited to the trader's account in the first week of August 2019 — Rs. 15,000.

Cheques issued by the trader on 30th July but presented to Bank for payment the next month — Rs. 18,000.

Bank charges debited by the Bank in July 2019 — Rs. 800.

Bank balance as per Cash Book on 31st July 2019 amounted to Rs. 50,000. A cheque of Rs. 3,800 was credited direct into the account and was not passed through the Cash Book.

3. Answer ***any three*** of the following : 16×3=48

(a) A project offers after-tax cash flows of Rs. 90,000 a year for 3 years and Rs. 50,000 a year for another 3 years, after which it must be scrapped.

A company offers to sell the right to invest in this project for Rs. 3,20,000. Should the offer be accepted by a firm which wants to invest in this kind of a project if its after-tax required rate of return is 8% ?

(b) From the following information, you are required to prepare working capital requirement statement of M/s Jalan Brothers :

Normal production — 2,40,000 units per year	
Raw material in stock	— 2 months
Processing period (assume 50% completion)	— 1 month
Finished goods	— 3 months
Credit-allowed customer	— 3 months
Selling price per unit	— Rs. 20

Expected ratio of cost to selling price :

Raw materials	— 60%
Direct wages	— 10%
Overheads	— 20%
Profit on sales	— 10%

(c) From the following details prepare the Balance Sheet of a firm —

Stock Turnover ratio	— 6
Capital Turnover ratio	— 2
Fixed Assets Turnover ratio	— 4

Gross Profit	— 20%
Debt Collection Period	—2 months
Creditors Payment Period	— 73 days

The Gross Profit was Rs. 60,000, closing stock was Rs. 5,000 in excess of the opening stock.

(d) From the following Balance Sheets of a Company, prepare *(i)* Statement of changes in working capital and *(i)* Funds Flow Statement —

LIABILITIES	**31.3.18 Rs.**	**31.3.19 Rs.**	**ASSETS**	**31.3.18 Rs.**	**31.3.19 Rs.**
Capital	1,20,000	1,50,000	Machinery	1,00,000	1,25,000
Sundry Creditors	37,000	25,000	Building	75,000	90,000
Bills Payable	15,000	17,000	Patent	7,000	9,500
Profit & Loss A/c	60,000	69,000	Debtors	33,000	13,500
			Cash	17,000	23,000
	2,32,000	**2,61,000**		**2,32,000**	**2,61,000**

Depreciation of Rs. 20,000 and Rs. 25,000 have been charged on Machinery and Building respectively during year ended 21.03.2019.

(e) From the following particulars taken from the books of Nirmal Traders, prepare Trading and Profit & Loss A/c for the year ended 31.03.2019 and the Balance Sheet as on that date :

Ledger Balance	Rs.	Ledger Balance	Rs.
Land & Buildings	94,000	Machinery	70,000
Cash	4,600	Patents	24,000
Debtors	7,600	Furniture	9,400
Sales	1,89,000	Travelling expenses	17,000
Bills Receivable	2,400	Salesman's commission	2,600
Purchases	33,600	Carriage Inwards	800
Wages	47,800	Packing	1,200
Creditors	10,400	Advertising	3,600
Salaries	33,000	Bank balance	1,200
Sales Returns	800	Loans	84,800
Loss by fire	1,000	Trucks	37,000
Discounts received	400	Capital	1,30,000
Opening stock	13,000		

Provide for 15% depreciation on Machinery. Write-off Patents by a third. An amount of Rs. 1,700 was due to workers. An overpayment of Rs. 400

made to the salesman towards commission. The Insurance Company agreed to meet the losses by fire totally. Closing stock was valued at Rs. 7,400.