FACULTY OF MANAGEMENT STUDIES

UNIVERSITY OF DELHI

Semester Examination 2013

Name of Examination.........MBA Paper Name......FINANCIAL ACCOUNTING   ..Paper No..........6104

Time allowed THREE Hours   Maximum Marks.........50

...ATTEMPT ANY FIVE QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS.........

Serial No. of Question		Marks
	1. a) Accelerated depreciation methods are more realistic in today's world." Give examples to illustrate your answer. b) Which depreciation method is best for income tax purposes? Explain with examples.	
	2. a) Is the statement of cash flows an optional financial statement? Explain? b) What questions about cash are answered by the statement of cash flows?	
	3. a) Distinguish between opportunity cost and Imputed cost? Can the two terms be used interchangeably? Illustrate with examples. b) "Sunk Costs are irrelevant costs". Discuss with examples	

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The operating performance of the two divisions of a company is as shown below:

	Div A	Div B
Sales	25,00,000	80,000
Operating Profits	7,00,000	30,000
Investment	15,00,000	1,20,000

Calculate the most profitable division if the criterion is operating profit margin, required rate of return on investment.

5. a) Describe a profit center, cost center, expense center. Give examples to illustrate your answer.

   b) Describe an investment center? What is the logic of using an investment center as a basis for performance evaluation?

6.

The beginning inventory of Product M and data on purchases and sales for a two-month period follow. The company closes its books at the end of each month:

November 1 Inventory	50 units @ Rs. 200
November 9 Sale	25 units
November 15 Purchase	100 units @ Rs. 220
November 20 Sale	60 units
December 4 Purchase	100 units @ Rs. 230
December 10 Sale	100 units
December 16 Purchase	50 units @ Rs. 234

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December 20 Sale	40 units
December 23 Purchase	60 units @ Rs. 240
December 25 Sale	30 units
December 31 Sale	10 units

Required: Compute the value of the ending inventory of Product M on November 30 and December 31 on a FIFO and LIFO basis. In addition, determine cost of goods sold for November and December.