FACULTY OF MANAGEMENT STUDIES

UNIVERSITY OF DELHI

Semester Examination 2012

Name of
Examination.........MBA...

Paper Name......FINANCIAL ACCOUNTING   ..Paper
No...........6104........................Option...

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

Instructions to candidates regarding the number of question to be answered etc. should be indicated in space provided below.

...ATTEMPT ANY FIVE QUESTIONS. ALL QUESTIONS CARRY EQUAL
MARKS...
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Serial No. of Question		Marks
1.	Explain the following concepts with examples a. Money measurement concept b. Business entity concept c. Going concern Concept d. Conservatism concept	10
2.	a. Core solutions purchases computer equipment for Rs 120000 to be used for the next 4 years. The Company estimates that the equipment will have a salvage value of Rs 20000. Compute the depreciation expense and the book value for each of the four years assuming 1. Written Down Value method 2. Sum of Years Digit method. b. Differentiate between DEPRECIATION, DEPLETION AND AMORTIZATION	10
3.	Briefly discuss the following cost concepts with examples: a. Sunk Costs b. Fixed versus Variable Cost. c. Discretionary Cost. d. Period versus Product Cost. e. Opportunity Cost. f. Controllable and Non-controllable Costs.	10

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4. The following information refers to the Delco Company which has two segments. Results of operations for 2012 were as follows:

	Segment A Rs.	Segment B Rs.	Total Rs.
Sales	60,000	80,000	1,40,000
Variable Expenses	30,000	40,000	70,000
Fixed Expenses			
Direct	6,000	12,000	18,000
Indirect	12,000		

(a) Delco Company has total operating assets of Rs. 2,00,000 of which Rs. 1,75,000 are identified with the two segments as follows:-

	Segment A Rs.	Segment B Rs.
Assets directly used by and identified with the segment	75,000	1,00,000

(a) Prepare a statement showing segmental contribution to indirect expenses and the total income for the Delco Company.

(b) Determine the return on investment for evaluating each segment and also for the entire Company.

(c) Comment on the above results.

5. From the following data of the balance sheet as on 31-12-2011, calculate the following ratios: Shareholder's funds to total assets; Shareholder's funds to fixed assets; receivable turnover ratio, net profit to sales; net profit to total capital employed; net profit to net capital employed; net profit to shareholders' funds; net profit to share capital; capital gearing as expressed by debt equity ratio; book value per share. For the year under consideration, the total sales were Rs. 120,000. The net profit for the year was Rs. 20,000. The face value of each share is Rs. 10.

Balance sheet as on 31-12-2011

Liabilities	Rs.	Assets	Rs.
Share capital (30,000 Share)	30,000	Land	4,000
Retained earnings	10,000	Building	8,000
Long-term loan	16,000	Machinery	28,000
Accounts payable	6,000	Investment	6,000
Creditors	8,000	Inventory	6,000
		Receivable	6,000
		Cash	12,000
	Rs. 70,000		Rs. 70,000

10

6. The following data relates to the opening stock and purchases of a given product for a Company for the year 2011:

Inventory January 1	5,000 @ Rs. 2.00
February 28	4,000 @ Rs. 2.10
April 3	7,000 @ Rs. 2.25
June 15	5,000 @ Rs. 2.40
November 20	3,000 @ Rs. 2.60
	24,000

During the year 21,000 units were sold. Calculate the ending inventory under each of the following method:

(a) FIFO

(b) LIFO

(c) Weighted Average

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