

(Lib)

Financial Accounting & Management of Technology
(3 Hours) [Total Marks : 100

Innovation

- N.B.:(1) Question No. 1 is compulsory.
(2) Attempt any four questions out of the remaining questions. 31/12/09

1. (a) Give definition for accounting concepts, Creative Accounting. 10
(b) Define the following :— 10
 - (i) Innovation
 - (ii) Invention
 - (iii) Innovation strategy
 - (iv) Intellectual Property
 - (v) Entrepreneur.

2. State the five main adjustments to Trial balance. 5
Manish has the following balance : 15

Manish Trial Balance as at 31st December 2007

				Debit (\$)	Credit(\$)
Hotel				40,000	
Van				10,000	
Sales					25,000
Purchases				15,000	
Capital					51,900
Bank				8,000	
Electricity				1,500	
Wages				2,500	
Debtor				400	
Creditor					500
			Total	77,400	77,400

Prepare Manish's trading and profit and loss account for the year ended 31st December 2007 and balance sheet as at 31st December 2007.

3. (a) What are different depreciation method ? Explain. 10
(b) State whether the following are **true** or **false** and if **false** explain why ? 10
 - (i) Assets and liabilities show how much the business owns and owes.
 - (ii) The profit and loss account shows the income, expenses and thus the net assets of a business.
 - (iii) Stewardship is now recognized as the primary objective of financial accounting.
 - (iv) When running a small business the owner must be careful to separate business from private expenditure.
 - (v) The matching and prudence accounting concepts sometimes conflict.

4. (a) Give the relationship between Financial and Management Accounting. What is cost accounting? 10
- (b) The following details for ABC of transactions with customers and suppliers are given below : 10
- (i) 1st March credit purchases of Rs. 8,000, Rs. 6,000 and Rs. 5,000 from Ron, Fletcher and Saha respectively.
 - (ii) 4th March ABC returns goods unpaid of Rs. 1,000 and Rs. 2,000 to Ron and Fletcher respectively.
 - (iii) 6th March ABC makes credit sales of Rs. 4,000, Rs. 7,000 and Rs. 6,000 to Tom, Ribery and Steve respectively.
 - (iv) 7th March Steve returns Rs. 1,000 goods unpaid which are faulty.

Required :

Write up the relevant ledger accounts.

5. Case Study :

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Ford's problem is no longer learning to make cars cheaply but also designing them quickly and cheaply enough. Ford's most ambitious attempt at global design, the simultaneous development of the Contour (as it is known in America) and the Mondeo (Europe) is a case in point. Both cars were based on the same basic chassis. Design teams in Michigan and Cologne were wired into the same computer. Yet the Contour/Mondeo project ran a year late and cost \$6 billion. Too many regional managers managed, as before, to get in the way. Now Mr. Trotman is giving a small cadre of managers global authority, while, lower down the ladder, local managers will have more freedom to take smaller decisions without referring them to head office. GM's reorganization is likely to follow similar lines.

..... both Ford and GM managers admit they have learnt something from Chrysler. For the past three years, Chrysler has been concentrating on developing models faster and stripping out bureaucracy. On April 19th Chrysler unveiled its best ever quarterly net profit.....

Chrysler is reaping the profits from having already reorganized its designers and engineers into 'platform teams'—as Ford is now doing. Anyone involved in a particular vehicle—from marketing into manufacturing—works out of the same office, eliminating potential design snags, speeding up product development and sharply reducing costs. The Chrysler Cirrus and Dodge Stratus models will come to market this autumn, less than three years after the project won approval (and two years faster than the models they replace). Their development cost of \$900 m is less than a sixth of that for Ford's Mondeo.

- (i) What do you understand by centralization, decentralization and external collaboration.
- (ii) What is the problem of linking research and development with rest of the firm ?
- (iii) What are the benefits from globalization of product developments ?
- (iv) Outcome of investment in innovation is uncertain.—Discuss.

- (iv) **When running a small business the owner must be careful to separate**
6. (a) What are the effect of technology on business organizations ? **10**
(b) What are the factors that will influence innovation in an organization ? **10**
7. Write short notes on any **two** of the following :— **20**
- (a) Why balance sheet balances ?
 - (b) Inventory Pricing
 - (c) Effect of Technology on Society
 - (d) Innovation Process.
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