

(REVISED COURSE)

04/08/09

(216)

(3 Hours)

[Total Marks : 100

3 p.m. to 6 p.m.]

- N.B. : (1) Question No. 1 is compulsory.
(2) Attempt any four questions out of remaining six questions.
(3) All questions carry equal marks.

1. (a) Define the following :— 10
 (i) Accounting conventions
 (ii) Basic accounting terms
 (iii) Debit and credit
 (iv) Creative accounting
 (v) Current assets.
- (b) Explain the following in brief :— 10
 (i) Technological Innovation
 (ii) Knowledge and Technology
 (iii) Process Innovation
 (iv) Product innovation
 (v) Innovation Strategy.
2. Trial balance for ABC company is given as at 31st December, 2001. Prepare final account with 20
 adjustments (trading, profit and loss and balance sheet as on 31st December, 2001).

	Debit	Credit
Sales		2,50,000
Sales return	800	
Purchases	1,00,000	
Purchase return		600
Carriage inward	200	
Carriage outward	300	
Discount allowed	150	
Discount receivable		175
Dividends receivable		225
Interest receivable		100
Drawing	26,690	
Advertising	1,250	
Telephone	2,150	
Wages	27,000	
Electricity	3,700	
Business rates	1,500	
Traveling expenses	1,200	
Van repair	650	
Petrol	3,800	
General expenses	1,200	
Insurance	1,500	

	Debit	Credit
Premises at cost	80,000	
Accumulated Depreciation on premises at 1 Jan 2001		8,000
Machine at cost	75,000	
Accumulated Depreciation on machine as at 1 Jan 2001		7,500
Opening stock	9,000	
Cash at bank	7,050	
Bank overdraft		3600
Debtors	4,800	
Provision for doubtful debt		240
Long term loan	15,600	
Interest payable	1,150	
Capital		70,800

Extra information :—

- Closing stock at 31st Decembr, 2001 was 8600.
- Of the insurance 500 was paid in advance.
- Owes 450 for the telephone.
- Bad debts are 320. The provision for doubtful debt has increased from 240 to 480 and is 10% of debtors.

3. (a) You have following extract from XYZ transport company.

15

Profit before taxation	1,12,000
Taxation paid	(33,600)
Net profit after Taxation	78,400
Dividend paid	(35,800)
Retained profit	42,600

After adding interest received 13000 and deducting interest paid 6500.

[TURN OVER

Balance sheet as at 31 Dec

	2000		2001	
Fixed Asset				
Patents		8,000		42,200
Land and building	1,44,000		1,64,000	
Accumulated Depreciation	(28,000)	1,16,000	(44,000)	1,20,000
Total fixed asset		1,24,000		1,62,200
Current Asset				
Stock	1,12,000		1,10,000	
Debtors	18,000		11,000	
Cash	7,000		10,000	
Current Liabilities				
Creditors	(45,000)		(20,000)	
Accruals	(4,000)		(5,000)	
Long term Creditors		(16,000)		(28,000)
Total net asset		1,96,000		2,40,200
Capital and reserves				
Share capital		1,77,000		1,78,600
Profit and loss		19,000		61,600
Total Shareholders fund		1,96,000		2,40,200

Prepare a cash flow statement using the indirect method for the year ended 31st December, 2001.

- (b) What is the relationship between financial accounting and management accounting ? 5
 - 4. (a) Explain the quantitative methods (NPV, IRR, Real option) used for choosing a project. 10
 - (b) What do you understand by ratio analysis ? What are the main types of ratio analysis ? 10
- State the advantages and disadvantages of ratio analysis.

5. Read the **case study** and use it to give examples, wherever required, for the questions given below :—

PHILIPS AND SONY: The alliance between Philips and Sony to develop, produce and commercialize the compact disc (CD) is a good example of the multiple objectives of strategic alliances. Philips had developed the prototype for the CD by 1978, after six years of development, but recognized that it would be difficult for the company to turn the concept into a world standard. Philips had previously experienced the commercial failure of its video laser disc system. Therefore in 1979 Philips approached Sony to form a strategic alliance. Sony was chosen because it had the requisite development and manufacturing capability, and provided access to the Japanese market. Also, like Philips, Sony had recently suffered commercial defeat with its Betamax video format. Philips had developed the basic prototypes of the recording technologies, but the two firms jointly developed the commercial chips necessary for the modulation, control and correction of the digital signal. Sony also developed three integrated circuits which eliminated 500 components, making the CD player smaller, cheaper to produce and more reliable.

Philips and Sony quickly moved to establish their technology as the international standard, both by official and de facto means. Their format was adopted by the influential Electronic Association of Japan, which effectively blocked competing standards from Japanese manufacturers. Moreover, both firms used their in-house recording and pressing facilities to produce CD recordings, CBS/Sony in Japan and Philips / PolyGram in Germany, and thus ensure a supply of music titles. In 1982 the CD was launched in the Japanese market, and in Europe and the USA in 1983. Sales of CD players and recording exceeded all forecasts: 3 million players in 1985, 9 million in 1986; a cumulative total of 59 million CD recordings by 1985, and 136 million by 1986.

- (a) Why do firms collaborate ? 5
 - (b) What are the different types of collaboration ? 5
 - (c) Mention the factors that lead to success in strategic alliances. 5
 - (d) For successful alliance, should the motives of the partners be complementary or competitive ? 5
- Discuss.

- 6. (a) Explain the S-curve model in technology improvement and state its limitations. 10
- (b) What are the various stages of Technology innovation? 10

- 7. Write short notes on any **two** :— 20
 - (a) Technology and society
 - (b) The three critical trajectories impacting the innovation process
 - (c) Inventory Pricing
 - (d) Depreciation methods.