

Paper Code & Roll No. to be filled in your Answer Book

Roll No.

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Odd Semester Examination-2016

**MBA (Semester-I)**

**FINANCIAL ACCOUNTING**

[Time : 3 Hours]

[Maximum Marks : 70]

**Note :** Attempt **All** questions.

1. Answer any four: [3.5×4=14]
- (a) Describe any two concept of accounting.
- (b) Write a brief note on comparative statement.
- (c) Shine Limited has a current ratio 4.5:1 and quick ratio 3:1; if the stock is 36,000, calculate current liabilities and current assets.
- (d) What is the primary reason for the business students and others to familiarise themselves with the accounting discipline?

(e) Define :

(i) Ledger

(ii) Trial Balance

2. Answer any four: [3.5×4=14]

(a) What are the different types of errors that are usually committed in recording business transaction?

(b) Distinguish between capital and revenue expenditure.

(c) How does fund flow statement differ from balance sheet?

(d) What do you mean by Ratio Analysis?

(e) Explain the rules of debit and credit in case of the following :

(i) Revenue

(ii) Expense

(iii) Real Account

(iv) Capital

(v) Nominal Account

3. Answer any two: [7×2=14]

(a) Accounting convention and concepts are foundation of accounting principles. Describe the various conventions and concept while explaining this statement.

(b) Describe the role of accounting in the economic development?

(c) What will be the effect of the following on the accounting equation?

(i) Vineet started business with cash Rs. 18,000

(ii) Purchase goods for cash Rs. 5,000 and on credit Rs. 2,000

(iii) Sold goods for cash Rs. 4,000 (costing Rs. 2,400)

(iv) Rent paid Rs. 1,000; and rent outstanding Rs. 200

4. Answer any two: [7×2=14]

(a) From the following balances of M/s Bajaj Bros. You are required to prepare trading and profit and loss account and a balance sheet of March 31, 2016 :

Debit Balance	Amount	Credit Balance	Amount
Plant and Machinery	1,30,000	Sales	3,00,000
Debtors	50,000	Return outwards	2,500
Interest	2,000	Creditors	2,50,000
Wages	1,200	Bills payable	70,000
Salary	2,500	Provision for bad debts	1,550
Carriage inwards	500	Capital	2,20,000
Carriage outwards	700	Rent received	10,380
Return inwards	2,000	Commission received	16,000
Factory rent	1,450		
Office rent	2,300		
Insurance	780		
Furniture	22,500		
Building	2,80,000		
Bills receivable	3,000		
Cash in hand	22,500		
Cash at bank	35,000		
Commission	500		
Opening stock	60,000		
Purchases	2,50,000		
Bad debts	3,500		
	8,70,430		8,70,430

**Adjustment:**

- Provision for bad debts @ 5% and further bad debts Rs. 2,000.
  - Rent received in advance Rs. 6,000.
  - Prepaid insurance Rs. 200.
  - Depreciation on furniture @ 5%, plant and machinery @ 6%, building @ 7%.
- (b) What are the different types of account? Explain with example their rules of debit and credit.
- (c) Define a computerised accounting system. Distinguish between a manual and computerised accounting system.

5. Answer any two: [7×2=14]

- What do you understand by analysis and interpretation of financial statements? Discuss their importance.
- Accounting equation remains intact under all circumstances. Justify the statement with the help of an example.

(c) From the following information given below, prepare a comparative income statement.

Particular	31.03.2015	31.03.2016
Sales	3,00,000	4,00,000
Sales return	1,00,000	2,00,000
Cost of goods sold	60% of sales	50% of sales
Administrative expenses	20% on gross profit	10% on gross profit
Income tax	40%	40%

----- X -----

Gross Profit Ratio is 25%. Calculate Inventory Turnover.

- 4.3 What is a Cash Flow Statement? How does Cash Flow Statement differ from Funds Flow Statement?

**Answer Any Four (4×5=20)**

- 5.1 "Recent developments in corporate financial reporting indicate a greater emphasis on better voluntary disclosures by the companies regarding their performance and state of affairs." In view of this statement explain the recent changes in Corporate Reporting by the companies in India.
- 5.2 Why International Financial Reporting Standards (IFRS) is important for companies that have dealings in several countries. Also give an overview of International Financial Reporting Standards (IFRS).
- 5.3 What are the main advantages of using FIFO and LIFO?

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**MBA I Year (I Sem.)**

Odd Semester Examination-2015

**FINANCIAL ACCOUNTING**

*Time : 3 Hours]*

*[Maximum Marks :100*

**Answer Any Four (4×5=20)**

- 1.1 What are the objectives of financial accounting?
- 1.2 Explain the nature of the accounting function.
- 1.3 Write a note on 'Role of Accountants in the Society.'
- 1.4 What is accounting information system? What are the qualitative characteristics of accounting information?
- 1.5 Why it is important to adopt a consistent basis for the preparation of financial statements?

**Answer Any Four (4×5=20)**

- 2.1 Discuss the advantages and importance of Double Entry System.

- 2.2 Describe the fundamental accounting equation. How are the revenue and expenses account related to it.
- 2.3 Give five transactions that will lead to Increase in an asset and increase in a liability.
- 2.4 X did the following transactions. Use accounting equation to show effect of transactions on his assets, liabilities and capital.

- |   |           |
|---|-----------|
| a) Started business with cash                 | Rs. 5,000 |
| b) Purchased goods on credit                  | Rs. 400   |
| c) Purchased goods for cash                   | Rs. 100   |
| d) Purchase Furniture                         | Rs. 50    |
| e) Withdrew for personal use                  | Rs. 70    |
| f) Paid Rent                                  | Rs. 20    |
| g) Received Interest                          | Rs. 10    |
| h) Sold goods costing Rs. 50<br>on credit for | Rs. 70    |
| i) Paid to creditors                          | Rs. 40    |
| j) Paid for Salaries                          | Rs. 20    |
| k) Further capital invested                   | Rs. 1,000 |
| l) Borrowed from P                            | Rs. 1,000 |

- 2.5 Explain the rules of Debit and Credit for different accounts.

**Answer Any Four (4×5=20)**

- 3.1 Prepare a balance sheet for a hypothetical company showing all the major heads as per the statutory order.
- 3.2 'Accounting software is an integral part of the computerized accounting system.' In view of this statement explain the generic considerations before sourcing accounting software.
- 3.3 Explain the options available in Account Books Menu in Tally.

**Answer Any Four (4×5=20)**

- 4.1 Describe the financial information provided by income statement, balance sheet and statement of cash flows.
- 4.2 Innovative company supplied you the following information regarding the year ended 31st December, 2015:  
Cash Sales=Rs. 85,000 Credit Sales=Rs. 2,00,000 Return Inward=Rs. 10,000 Opening Stock= Rs. 25,000 Closing Stock-Rs. 30,000

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MBA First Semester Examination 2014

Financial Accounting

Paper ID:-410021

Time : Three Hours]

[Max. Marks : 70

**Note :** Attempt all questions.**Section A (Marks 16)**

Q.1 Rajeev Sharma is the new Accounts Officer with Shyam Lal and Sons ,You have also joined the company an account assistant ,On joining Mr Sharma was handed over the ledgers by the outgoing Account Officer Mr. Bhatia along with the trial balance for the financial year 20X1-X2

Particulars	Debit Rs	Credit Rs
Sundry debtors	5,00,000	
Sundry Creditors		2,00,000
Outstanding Liability for Expenses	55,000	
Wages	1,00,000	
Carriage Outwards	1,10,000	
Carriage Inwards	50,000	
General Expenses	70,000	

Cash Discount	20,000	
Bad Debts	10,000	
Motor Car	2,40,000	
Printing and Stationery	15,000	
Furniture and Fittings	1,10,000	
Advertisements	85,000	
Insurance	45,000	
Salesmen's Commission	87,500	
Postage and Telephone	57,500	
Salaries	1,60,000	
Rates and Taxes	25,000	
Drawings	20,000	
Capital		14,43,000
Purchases	15,50,000	
Sales		19,87,500
Stock on 1st April 20X1	2,50,000	
Cash in bank	60,000	
Cash in hand	10,500	
	36,30,500	36,30,500

Mr Rajeev Sharma collected the following information for adjustment:

- 1) Stock on 31st March, 20X2 was valued at Rs 725,000



March 3	300 units
March 10	500 units
March 17	400 units
March 26	500 units
March 31	200 units

Or

What role ratio analysis plays in Financial Statement analysis? What are the various ratios used? Elaborate the ones used by creditors and investors?

---X---

- 2) Provision for Bad Debt is to be created to the extent of 5% on Sundry Debtors
- 3) Depreciate Furniture and Fittings at 10% and Motor Car at 20%
- 4) Goods worth Rs 25,000 were withdrawn for personal use
- 5) Purchases included purchase of Furniture worth Rs 50,000.

Mr. Rajeev Sharma asked you to prepare Trading Profit and loss account and balance sheet for the year ending 1st April 20X2.

### Section B

(Marks 3X4)

Q.2 Write short notes on any three

- a) Computerised Accounting
- b) Trend analysis
- c) Objectives of Accounting
- d) Subsidiary books
- e) Difference between ledger and Journal
- f) Advantages and disadvantages of Double-Entry book-keeping

## Section C

(Marks 14x3)

Q.3 Is the Agreement of Trial balance a conclusive proof of the accuracy of the book-keeper? If not, what are the various errors that remain undetected by the Trial Balance along with examples? Also discuss errors disclosed by a Trial balance?

Or

Prepare a Fund-flow statement for ABC Ltd

### Balance sheet

Liabilities			Assets		
	20x1	20x2		20x1	20x2
Capital	400000	500000	land	800000	600000
Retained Earnings	342000	600000	Buildings	400000	400000
General reserves	318000	420000	furniture	500000	300000
loan	640000	400000	Stocks	200000	400000
Accumulated depreciation	90000	120000	cash	62000	600000
Current liabilities	672000	700000	Debtors	500000	440000
	2462000	2740000		2462000	2740000

### Adjustments

Land was purchased costing Rs 250000

Furniture costing Rs 200000 with accumulated depreciation Rs 70000 was sold for Rs 100000

(4)

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Payment of Dividend Rs 50000

Payment of taxes Rs 35000

4) What are various Accounting concepts and conventions and Generally accepted accounting principles? Explain them?

Or

What are the factors which cause depreciation? How is depreciation different from depletion and amortization? What are the various methods for charging depreciation? Explain any three with examples?

5) Calculate the value of closing inventory using UFO method on 31st March 20x1 using

1) Periodic inventory system

2) Perpetual inventory system

Stock on March 1, 20x1 (opening stock)

400 units @ Rs 750 each

Purchases

March 5                      600 units @ Rs.800 each

March 15                     500 units @ Rs.900 each

March 15                     400 units @ Rs.850 each

March 15                     300 units @ Rs.950 each

Issue

(5)

PTO

Additional information :-

- 1- Closing Stocks Rs. 1500
- 2- Outstanding rent and taxes Rs. 500
- 3- Charges depreciation on building @ 5 % and on machinery @ 10 %
- 4- wages prepaid Rs. 500
- 5- Further bad debts to the extent of Rs. 200 . Create a provision for bad debts to the extent of 5% on debtors.

**OR**

The comparative balance sheet of a company are given below:-

Particulars	Amount	Amount	Particulars	Amount	Amount
	-2012	-2013		-2012	-2013
Share Capital	35000	37000	Cash	4500	3900
Debenture	6000	3000	Book Debts	7450	8850
creditors	5180	5920	Stocks	24600	21350
Provision for doubtful Debts	350	400	Land	10000	15000
Profit and loss	5020	5280	Goodwill	5000	2500
	51550	51600		51550	51600

Additional information:

- 1- Dividend paid amounted to Rs. 1750
  - 2- Land was purchased for Rs. 5000 & amount provided for the amortization of goodwill amounted to Rs. 2500
  - 3- Debentures were are paid to the extend of Rs. 3000
- You are required to prepare Cash flow statement.
5. Define inventory and discuss the significance of inventory valuation.

**OR**

What are the purpose of charging depreciation? Explain briefly the various methods of charging depreciation

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(4)

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**MBA-102**

**Printed Pages : 4**

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**MBA**

**I-SEMESTER, UTU EXAMINATION, 2013-14**

**Financial Accounting**

Time : Three Hours]

[Max. Marks : 70

**Section A (Marks 16)**

1. You have been hired as an analyst for Mellon Bank and your team is working on an independent assessment of Daffy Duck Food Inc. (DDF Inc.) DDF Inc. is a firm that specializes in the production of freshly imported farm products from France. Your assistant has provided you with the following data for Flipper Inc and their industry.

Ratio	2013	2012	2011	2013- Industry Average
Long-term debt	0.45	0.4	0.35	0.35
Inventory Turnover	62.65	42.42	32.25	53.25
Depreciation/Total assets	0.25	0.014	0.018	0.015
Days' sales in receivables	113	98	94	130.25
Debt to Equity	0.75	0.85	0.9	0.88
Profit Margin	0.082	0.07	0.06	0.075
Total Asset Turnover	0.54	0.65	0.7	0.4
Quick Ratio	1.028	1.03	1.029	1.031
Current Ratio	1.33	1.21	1.15	1.25
Times Interest Earned	0.9	4.375	4.45	4.65
Equity Multiplier	1.75	1.85	1.9	1.88

(1)

MBA-102 / 3260 / 4

- In the annual report to the shareholders, the CEO of Flipper Inc wrote, "2011 was a good year for the firm with respect to our ability to meet our short-term obligations. We had higher liquidity largely due to an increase in highly liquid current assets (cash, account receivables and short-term marketable securities)." Is the CEO correct? Explain and use only relevant information in your analysis.
- What can you say about the firm's asset management? Be complete as possible given the above information, but do not use any irrelevant information.
- You are asked to provide the shareholders with an assessment of the firm's solvency and leverage. Be as complete as possible given the above information, but do not use any irrelevant information.

**Section B**  
(Marks 3\*4)

2. Write a short note (any 3)
- Trend Analysis
  - Computerised Accounting
  - International Financial Reporting Standard
  - Users of Accounting information
  - Turnover Ratios

**Section C (Marks 14\*3)**

3. "Is Trial Balance merely a proof of Arithmetical accuracy"? explain the errors which are not disclosed by a trial balance.

**OR**

"Cash flow statement is useful in long as well as short term financial analysis of the enterprise." In the light of this statement discuss the importance of cash flow statement to different stakeholders.

4. From the following trial balance and additional information, you are required to prepared final accounts.

**Trial Balance**  
(as on 31<sup>st</sup> December, 2013)

Particulars	Amounts (Dr.)	Amounts (Cr.)
Capital		200000
Sundry Debtors	125000	
Drawings	10000	
Machinery	50000	
Wages	1000	
Purchases	20000	
Opening Stock	1000	
Sales		30000
Bank Balance	1000	
Carriage inwards	500	
Salaries	2500	
Rents & taxes	500	
Sundry Creditors		20000
Bad Debts	500	
Buildings	30000	
Cash in Hand	8000	
	250000	250000





PAPER ID : 610102

MBA-102

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M.B.A.

(SEM I) (ODD SEM.) (Reg. & Back) EXAMINATION, 2012-13

FINANCIAL ACCOUNTING

Time : 3 Hours]

[Total Marks : 70

- 1 'The accounting equation is the basis for recording all transaction in financial in financial accounting'. Comment on which basic accounting concept is this equation based? Illustrate your answer with at least five typical business transactions and their effect on the accounting equation 16
- 2 Answer any three of the following: 4×3
- a What do you mean by Profit and Loss A/c?
  - b What is the need for providing depreciation?
  - c Briefly discuss the scope of accounting standards.
  - d What is Journal?
  - e Trademarks and copyright
  - f Capital and Revenue expenditure
- 3 a What is Trial balance? How it is useful for the Owner of a company? Explain its format also. 7
- b Explain the Matching of Indian Accounting Standards with International accounting Standards. 7

OR

- a What is Ledger? Explain its format. What are main differences between Journal & Ledger? 7
- b Explain with examples. the following Accounting concepts : 7
  - Realization concept
  - Materiality concept

4. Prepare ledger Postings for the following transactions. 14  
 And show their balances in Trial Balance.  
 Started business with cash Rs. 8, 00,000 and furniture Rs. 10,000.  
 Purchased machine for Rs. 1, 00,000 by paying Rs. 60% in cash immediately.  
 Deposited cash in to bank Rs. 50,000.  
 Salary payable Rs. 60,000 .However only 40% has been paid during the year.  
 Sold goods costing Rs. 50,000 for Rs 80,000.

OR

✓ On 1<sup>st</sup> January 2000 XYZ ltd. Purchased a machine 14 for Rs. 58,000 and spent Rs. 2000 on its installation.  
 On 1<sup>st</sup> July 2000, an additional machinery costing Rs.2,000 was purchased. On 1<sup>st</sup> July 2002 the machine purchased on 1<sup>st</sup> January, 2000 was sold for Rs. 1,8,600 and on the same date a new machine was purchased at a cost of at accost of Rs. 40,000.  
 Depreciation was provided annually on 31<sup>st</sup> December, at the rate of 10% P.a. on W.D.V. method. In 2003 the company decided to change the method of depreciation from W.D.V. to Straight line method @ 5% P.a. Prepare the machinery account for the first four calendar years.

- 5 a Capital employed Rs. 2,00,000, Working Capital Rs. 40,000, Cost of goods sold Rs. 6,40,000, Gross profit Rs. 1,60,000. Calculate Fixed assets turnover ratio. 8
- b What is Ratio Analysis? How it is useful for the shareholders and creditors of a company? Explain. 6

OR

- a 'There are five basic elements of Accounting. Explain each one in detail. 7
- b How is the 'Balance sheet' prepared? Give its basic format with some items of Assets and Liability. 7

Salaries = 60000

w.c = C.A - C.L

200000 =

- 5 Define the relevance of Trial Balance and Profit and Loss Account with suitable examples.

OR

From the figures given below, prepare a statement showing sources and applications of funds during the year 2005.

Particulars	2004 Rs.	2005 Rs.
<b>Assets :</b>		
Fixed Assets (net)	5,10,000	6,20,000
Investments	30,000	80,000
Current Assets	2,40,000	3,75,000
Discount on debentures	10,000	5,000
	<b>7,90,000</b>	<b>10,80,000</b>
<b>Liabilities and capital :</b>		
Equity Capital	3,00,000	3,50,000
9% Preference Capital	2,00,000	1,00,000
8% Debentures	1,00,000	2,00,000
Reserves	1,10,000	2,70,000
Provision for doubtful debts	10,000	15,000
Current liabilities	70,000	1,45,000
	<b>7,90,000</b>	<b>10,80,000</b>

The provision for depreciation stood at Rs. 1,50,000 on 31<sup>st</sup> December, 2004 and at Rs. 1,90,000 on 31<sup>st</sup> December, 2005. During the year : (a) A machine costing Rs. 70,000 (book value Rs. 40,000) was disposed off for Rs. 25,000. (b) On 1-1-2005 preference shares were redeemed at a premium of 5%. (c) Dividend at 15% was paid on equity shares for the year 2004.



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M. B. A.

(SEM. I) (ODD SEM.) EXAMINATION, 2011-12

FINANCIAL & MANAGEMENT ACCOUNTING

Time : 3 Hours]

[Total Marks : 70

**SECTION - A (Case Study)**

- 1 As Finance Manager draw a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity. 16

Particulars	At 80% capacity Rs.
Variable overheads :	
Indirect labour	12,000
Stores including spares	4,000
Semi-variable overheads :	
Power (30% fixed, 70% variable)	20,000
Repairs and maintenance (60% fixed, 40% variable)	2,000
Fixed overheads :	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total overheads	<b>62,000</b>
Estimated direct labour hours	1,24,000 hrs.

Also give suggestions for Flexible Budget and Other Budgets which can be used for better decision-making.

### SECTION - B (Part I)

- 2 Write short notes (any four). 3×4=12
- Scope of Accounting.
  - Fixed Budget and its relevance.
  - Assumptions of break-even analysis.
  - Limitations of Management accounting.
  - Subsidiary Books in Accounting.
  - Responsibility Accounting.
  - Marginal cost and its applications in business.
  - Financial Reporting.

### SECTION - B (Part II)

14×3=42

- 3 Explain the various accounting concepts and conventions with applications in business.

OR

- 3 Prepare final accounts on the basis of following trial balance of S.Kumar & Co. as on 31<sup>st</sup> March, 2010.

Particulars	Rs.	Rs.
Capital		1,00,000
Buildings	15,000	
Drawings	18,000	
Furniture & Fittings	7,500	
Motor Van	25,000	
Loan from Hari		15,000
@ 12% interest		
Interet paid on above loan	900	
Sales		1,00,000
Purchases	75,000	
Opening Stock	25,000	
Establishment expenses	15,000	
Wages	2,000	
Insurance	1,000	

Commission		7,500
S. Debtors	28,100	
Bank Balance	20,000	
S. Creditors		10,000
<b>Total</b>	<b>2,32,500</b>	<b>2,32,500</b>

Consider the adjustments :

- Closing Stock is Rs. 32,000.
- Outstanding wages Rs. 500.
- Prepaid Insurance Rs. 300.
- Commission received in advance Rs. 800.
- Allow interest on Capital @ 10%.
- Depreciation on Building @ 2.5%, Funiture and Fittings @ 10%, Motor Van @ 10%.
- Charge Interest on Drawing Rs. 500.

- 4 How does management accounting helps in planning and controlling the functions of an organization and also discuss the utility of budgetary control.

OR

The standard material cost to produce one ton of a chemical in ABC Chemicals is as follows :

300 kg. of A @ Rs. 10 per kg.

600 kg. of B @ Rs. 5 per kg.

500 kg. of C @ Rs. 6 per kg.

During a period 100 tons of chemicals were produced from the usage of :

35 tons of A @ Rs. 9,000 per ton

42 tons of B @ Rs. 6,000 per ton

53 tons of C @ Rs. 7,000 per ton.

Calculate material variances and also explain the utility of other variances.



- 4 (x) A certain project is composed of nine activities where time estimates, in weeks, are as given below :

Activity	Expected Duration 1 week		
	Optimistic	Most likely	Pessimistic
1-2	1	1	7
1-3	3	5	7
1-4	2	2	8
2-5	1	1	1
3-5	3	6	9
4-6	2	5	8
5-6	4	6	14
6-7	6	8	10
5-7	3	7	11

Draw the project network and trace all the possible paths from it. What is the expected minimum project length ?

- (y) Explain Vogel's approximation method.  
 (z) Applications of PERT and CPM in project planning and control.

- (c) What are the main features of a two-person-zero sum game ? Explain with the help of an example.  
 (d) How CPM is different from PERT ? Explain with suitable example.  
 (e) What is Monte-Carlo simulation ? Explain by an illustration.  
 (f) Outline the steps involved in the Simplex method for solving a linear programming problem.  
 (g) Define the various methods for finding initial feasible solution of a transportation problem and state the advantages and disadvantages.  
 (h) In what areas of management can Markov processes be used for analysis ? Explain how it can be used for predicting salesforce requirements.

- 3 (a) Shri Ram Chemical Company produces two compounds A and B. The following table gives the units of ingredients C and D per kg. of compounds A and B as well as minimum requirements of C and D and cost per kg of A and B. Using the Simplex method, find the

quantities of A and B which would give a supply of C and D at minimum cost :

Ingredient	Compounds		Minimum Requirement
	A	B	
C	1	2	80
D	3	1	75
Cost per kg	4	6	

- (b) What do you mean by pure and mixed strategy game ?
- (c) Narrate the objectives of using Network analysis and explain the significance of dummy activities.

**OR**

- 3 (x) Solve the following two person zero sum game in terms of optimal strategies for both players and the value of game :

Player A	Player B				
	B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>	B <sub>5</sub>
A <sub>1</sub>	2	-4	6	-3	5
A <sub>2</sub>	-3	4	-4	1	0

- (y) What are the advantages and disadvantages of Monte Carlo simulation as a problem solving technique ?

- (z) Explain the meaning 'Crashing of networks' and state its usefulness in business decision making.

- 4 (a) Give the following transition matrix, 14  
determine the equilibrium market share for each company :

$$\begin{matrix}
 & X & Y & Z \\
 X & \begin{pmatrix} 0.25 & 0.25 & 0.50 \end{pmatrix} \\
 Y & \begin{pmatrix} 0.05 & 0.85 & 0.10 \end{pmatrix} \\
 Z & \begin{pmatrix} 0.10 & 0.20 & 0.70 \end{pmatrix}
 \end{matrix}$$

- (b) 'Operation Research advocates a system approach and is concerned with optimization. It provides a quantitative analysis for decision making.' Comment.
- (c) 'Operation Research is no more than a quantitative analysis of the problem.' Explain.

**OR**



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M. B. A.

(SEM. I) (ODD SEM.) EXAMINATION, 2010-11

FINANCIAL & MANAGEMENT ACCOUNTING

Time : 3 Hours]

[Total Marks : 70

- 1 The following ratios have been worked out for the year 2007-2008 for Anant Chemicals Ltd. as also for Chemical Industry as a whole in the country. Assuming that most of the units in the industry are comparable, write an analytical report on the profitability and financial health of Anant Chemicals Ltd.

*Anant Chemicals Ltd.*      *Chemical Industry*

(a)	Current Ratio .....	2.5	.....	3.1
(b)	Quick Ratio .....	1.7	.....	1.2
(c)	Inventory Turnover Ratio .....	8 times	.....	5 times
(d)	Operating Ratio .....	17%	.....	20%
(e)	Net Profit Ratio .....	12%	.....	10%
(f)	Dividend Payout Ratio .....	60%	.....	70%
(g)	Debt-equity Ratio .....	2.1	.....	1.5
(h)	Average Collection Period ....	40 days	.....	60 days
(i)	Return on capital employed ....	9%	.....	11%

2 Write short notes (upto fifty words) on any **four** of the following : (3 marks each)

- (a) Double entry system
- (b) Flexible budget
- (c) Uses of BEP analysis
- (d) Financial reporting
- (e) Classification of cost
- (f) Accounting concepts
- (g) Preparation of cash flow statement
- (h) Responsibility accounting

3 "Accounting is concerned with the process of recording, classifying, summarising and interpreting the financial transactions". Critically examine the above statement and discuss the nature and scope of financial accounting. 14

OR

3 In each of the following cases, name and explain the accounting principle under which an accountant is justified : 14

- (a) In deferring an expenditure to be charged against future profit.
- (b) In maintaining a separate account in the name of a proprietor.
- (c) In showing asset at cost.
- (d) In recording the total cost of a paper weight as revenue expenditure.

4 (a) "Accounting ratios are mere guides and complete reliance on them in decision making is suicidal". Elucidate. 7

(b) "Cash flow statement is useful in long as well as short term financial analysis of the enterprise." In the light of this statement discuss the importance of cash flow statement to different stakeholders. 7

5 (a) Why are price level adjustments required? Describe different methods used for such adjustments. 7

(b) Define responsibility centre. Why are they created? Explain the various kinds of responsibility centres. 7

- (c) A company is presently operating at 50% capacity and producing 800 units. The cost structure is as follows :

	Cost per unit (Rs.)
Material	160
Labour	80
Direct expenses	15
Administrative expenses	100
Selling and Distribution expenses	75
Total cost per unit	<u>430</u>

60% of administrative expenses and 40% of selling and distribution expenses are fixed. Prepare a flexible budget and ascertain cost per unit at 75% and 100% capacity utilization.

7



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Roll No. 0936050007

**M. B. A.**

(SEM. I) (ODD SEM.) EXAMINATION, 2009-10

**FINANCIAL & MANAGEMENT ACCOUNTING**

Time : 3 Hours]

[Total Marks : 70

*Note :* Use of **Calculator** is permitted.

### SECTION - A

1 Attempt any **four** of the following :

- (a) 'Debits are bad, Credits are good.' **3.5**  
Comment on this statement.
- (b) "Measurement of business income requires **3.5**  
matching of cost with revenue." - Explain.
- (c) "A trial balance assumes that the amounts in **3.5**  
the financial statements are correct." Do you agree ? - Explain.
- (d) State whether each of the following is 'True' **3.5**  
or 'False' :
- (i) Accounting principles are rules of action or conduct, which are adopted by the accountants universally while recording accounting transactions.

- (ii) It is on the basis of going concern concept that the assets are always valued at market price.
  - (iii) The convention of disclosure implies that all material information should be disclosed in the accounts.
  - (iv) The convention of conservatism takes into account all prospective profits but leaves all prospective losses.
  - (v) In accounting all business transactions are recorded as having a dual aspect.
  - (vi) The "Posting" is done in the Journal.
  - (vii) Ledger is a set of accounts.
- (e) Explain the rules regarding posting of transactions into the ledger. 3.5

**SECTION - B**

2 Attempt any **four** of the following :

- (a) Define responsibility accounting. 3.5
- (b) What do you mean by Tender Price ? How is it calculated ? 3.5

**Additional information :**

- (i) Depreciations of Rs. 10,000 and Rs. 20,000 have been charged on plant and land and building respectively in 1992.
- (ii) An interim dividend of Rs. 20,000 has been paid during the year.
- (iii) Income-tax Rs. 35,000 has been paid during the year 1992.

**SECTION - E**

5 Attempt any **two** of the following :

- (a) "Cost Accounting system is neither unnecessary nor expensive, rather it is a profitable investment." - Comment. 7
- (b) In a factory, 100 workers are engaged and the average rate of wage is 50 paise per hour. Standard working hours per week are 40 and the standard performance is 10 units per gang hour.

During a week in March, wages paid for 50 workers were at the rate of 50 paise per hour, 10 workers at 70 paise per hour and 40 workers 40 at 40 paise per hour. Actual output was 380 units.

The factory did not work for five hours due to break-down of machinery. Calculate appropriate labour variances.



## SECTION - C

3. Attempt any **two** of the following :
- (a) The trading results of a company for the last two years are given below : 7

Year	Sales	Profit
2003	150 lakh	18 lakh
2004	200 lakh	30 lakh

You are required to calculate :

- (i) Break-even sale (ii) Profit when sales in Rs. 100 lakh. (iii) Required sales to earn a profit of Rs. 50 lakh.
- (b) From the following trial balance of Mr. Mahesh, prepare Trading and Profit and Loss account for the year ended 31<sup>st</sup> March, 2007 and Balance Sheet as on that date : 7

Particulars	Rs.	Rs.
Capital .....		60,000
Sundry expenses .....	5,400	
Manufacturing expenses .....	1,500	
Reserve for bad debts .....		1,000
Productive wages .....	21,500	
Office Rent .....	2,000	
Plant and Machinery .....	28,000	
Furniture and Fittings .....	10,000	
Insurance .....	1,200	
Bills receivables/payables .....	3,300	4,200
Factory rent .....	4,000	
Salaries .....	16,000	
Carriages inward .....	1,500	
Carriages outward .....	1,700	
Cash in hand .....	4,700	
Sundry debtors/Creditors .....	23,500	14,300
Purchases/Sales .....	68,000	
Opening stock .....	20,500	1,40,500
Drawings .....	7,200	

- Take into account the following adjustments :  
 Closing stock amounted to Rs. 27,000.  
 Write off Rs. 500 as bad debts and maintain the reserve for bad debts at Rs. 1,150.  
 Unexpired insurance amounted to Rs. 300.  
 Sales include Rs. 500 worth of goods taken out by the proprietor for personal use.  
 Depreciate Machinery by 10% and Furniture at 5%.
- (c) Discuss the basic 'concepts' and conventions of accounting. What are the limitations of traditional financial accounting system ?

## SECTION - D

4. Attempt any **two** of the following :
- (a) Describe the meaning of budget, budgeting and budgetary control. Why budgetary control is known as control techniques ? 7
- (b) The Balance sheet of Sriram Ltd., as on 31-12-2002 is as follows : 7

Liabilities	Rs.	Assets	Rs.
Equity share capital (shares of Rs.10 each	5,00,000	Land and buildings	6,00,000
10% preference shares capital (share of Rs.100 each)		Plant and Machinery	5,00,000
Reserves and surplus	2,00,000	Stock in trade	2,40,000
12% debentures (Rs.100 each)	3,00,000	Sundry debtors	1,95,000
Sundry creditors	4,00,000	Cash in hand	60,000
Bank overdraft	1,50,000	Prepaid expenses	5,000
	50,000		
	<b>16,00,000</b>		<b>16,00,000</b>

Calculate :

- (i) Current ratio
- (ii) Liquid ratio
- (iii) Debt-equity ratio.
- (iv) Capital Gearing ratio
- (v) Proprietary ratio.

- (c) From the following balance-sheets of A Ltd. 7  
make out (i) Statement of changes in the working capital and (ii) funds flow statement :

**A Ltd. Balance Sheet**

Liabilities and Assets	1991 Rs.	1992 Rs.
<b>Liabilities :</b>		
Equity share capital	3,00,000	4,00,000
8% redeemable preference share capital	1,50,000	1,00,000
General Reserve	40,000	70,000
Profit and Loss A/c	30,000	48,000
Proposed dividend	42,000	50,000
Creditors	55,000	83,000
Bills payable	20,000	16,000
Provisions for taxation	40,000	50,000
<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>
<b>Assets :</b>		
Goodwill	1,15,000	90,000
Land and Buildings	2,00,000	1,70,000
Plant	80,000	2,00,000
Debtors	1,60,000	2,00,000
Stock	77,000	1,09,000
Bills receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash at bank	10,000	8,000
<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>

- (c) Correct the following trial balance : 3.5

Particulars	Amount Rs.	Particulars	Amount Rs.
Cash at bank	2,600	Cash in hand	1,400
Buildings	60,000	Sundry debtors	86,000
Motor car	20,000	Opening stock	62,000
Sundry creditors	43,000	Furniture and fixtures	21,400
Loan from Vinay	30,000	Office equipments	16,000
Bad debt reserve	30,000	Salaries	11,000
Purchases	1,40,000	Freight on purchases	1,200
Purchases return	2,600	Carriage outwards	2,000
Sales	2,30,000	Drawings	12,000
Sales return	4,200	Printing and Stationery	1,800
Rent for Godown	5,500	Electric charges	2,200
Interest on loan from Vinay	2,700	Insurance premium	5,500
Rates and Taxes	2,100	General expenses	3,000
Discount allowed	2,400	Bad debts	2,000
Discount received	1,600	Bank charges	1,600
Capital account	1,62,000	Motor car expenses	3,600
<b>Total</b>	<b>4,72,200</b>	<b>Total</b>	<b>4,72,200</b>

- (d) Briefly state four uses of the statement of cash flows. 3.5
- (e) Define fixed cost, variable cost, semi-variable cost and give examples of each one of them. 3.5