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Printed Pages : 3	Paper Code: RMB	103
(Following Paper ID and Roll No. to be filled in your Answer Books)		
PAPER ID : 7003	Roll No.	

M.B.A.

(SEM - I) THEORY EXAMINATION 2017-18

Financial Accounting for Managers

Time: 3 Hours *Total Marks: 70*

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.
2. Any special paper specific instruction.

SECTION - A

1:- **Attempt *all* questions in brief.** **2 x 7 = 14**

a. What is the relevance of accounting as an information system?
b. Explain the meaning and significance of the following.
(i) Convention of Consistency (ii) Cost Concept
c. Why Owner's capital is recorded as liability?
d. What do you understand by a 'contra entry'?
e. While launching a new product, massive advertisement campaign was undertaken. It is revenue expenditure?
f. What is the purpose of preparing Profit & Loss Appropriation Account?
g. Do all transactions create flow of funds? Give two examples

SECTION - B

2:- Attempt any *three* of the following: **7 x 3 = 21**

a. "Without accounting concepts and conventions objective, reliable, consistent and comparable accounts cannot be maintained." Comment.
b. Discuss the significance of Human Resource Accounting in a modern business world. Explain the major elements that constitute in the HRA?
c. Trading Account shows only Gross Profit, while the Net Income may be known from Profit & Loss account" Discuss.
d. "Ratios Analysis is a tool to examine the health of a business with a view to make the financial results more intelligible? Explain.
e. What do you mean by funds from operations? How will you calculate funds from operations for the purpose of preparing funds flow statements?

SECTION - C

3:- Attempt any *one* part of the following: **7 x 1 = 7**

(a) How will you explain this statement that for every debit there must be an equivalent credit and vice versa, if the accounts are to be strictly maintain under Double Entry System?
(b) Explain the importance of 'Depreciation' and distinguish between the 'Original Cost Method' and 'Diminishing Balance Method' by which depreciation is provided on the fixed assets.

4:-Attempt any *one* part of the following: **7 x 1 = 7**

(a) "Accounting principles are optional while accounting standards are mandatory."Do you agree? Discuss with examples and any four important accounting principles.
(b) What is forensic accounting? How is a forensic accounting analysis different from an audit?

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5:-Attempt any *one* part of the following: **7 x 1 = 7**

(a) "A trial balance is a list showing all account titles in the ledger and the total cost of debits and credits in each account." Do you agree to this statement? Why and why not?

(b) **From the following information prepare final accounts:**

Trial Balance as on June 30,2017			
Purchases (Adjusted)	1,49,600	Sales	1,60,000
Wages	10,450	Capital	37,550
Rent of Building	4,200	Commission	450
Insurance and Rates (Including premium of Rs.150 p.a. paid up to 31-12-2017)	200	Creditors	15,000
Stock (30-06-2017)	20,625		
Cash	925		
Loose Tools	2000		
Plant	17,000		
Debtors	3,000		
Sundry Expenses	5,000		
Adjustments:-			
(i) Loose tools were value at Rs.1,600 on 30-06-2017			
(ii) Depreciate plant by 10%.			
(iii) Manager is entitled to a commission of 10% of net profits after charging such commission.			
(iv) Provide 5% for doubtful debts.			
(v) One-third of the building was occupied by the employees who reside in the business building. Treat the value of the perquisite as wages.			
(vi)Wages include Rs. 500 paid for the installation of a plant on 01-01-2017.			
(vii)Loss of stock by fire on 20-06-2017 amounted to Rs.10,000 and 100% claim was admitted by the insurance company.			

6:-Attempt any *one* part of the following: **7 x 1 = 7**

(a) What are the objectives of the analysis and interpretation of financial statements? Discuss, with appropriate examples, the various tools of financial analysis pointing out their nature and significance.

(b) **From the following balance sheet of Rim Zim Ltd. As on 31st March, 2017, Calculate:**

(i) Current Ratio **(ii)** Absolute Liquidity Ratio **(iii)** Ratio of Inventory to Working Capital **(iv)** Ratio of Current Assets to Fixed Assets **(v)** Debt to Equity Ratio **(vi)** Proprietary Ratio and **(vii)** Capital Gearing Ratio

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity Share Capital	10,00,000	Goodwill	5,00,000
6% Preference share capital	5,00,000	Plant & Machinery	6,00,000
General reserve	1,00,000	Land & Building	7,00,000
Profit & loss A/c	4,00,000	Furniture & Fixtures	1,00,000
Provision for Tax	1,76,000	Stock – in Trade	6,00,000
Bills payable	1,24,000	Bills Receivable	30,000
Bank overdraft	20,000	Debtors	1,50,000
Creditors	80,000	Bank	2,00,000
Debentures	5,00,000	Marketable securities	20,000
	29,00,000		**29,00,000**

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7:-Attempt any *one* part of the following: **7 x 1 = 7**

(a) Explain different concepts of funds used in the preparation of statement of changes in financial possition.Which concept of funds is appropriate under what circumstances and objectives?

(b) What is Cash Flow Statement? What are the objectives behind making a Cash Flow Statement? Distinguish between Cash Flow and Funds Flow Statement.

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