

Registration No. :

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Total number of printed pages – 3

MBA
MGT 105

First Semester Examination – 2013
FINANCIAL ACCOUNTING FOR MANAGERS

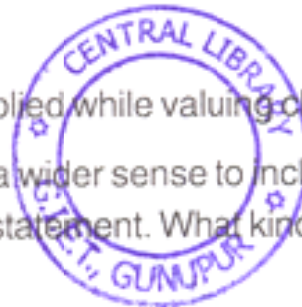
QUESTION CODE : C-621

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 and 2 which are compulsory and any **four** from the rest.
The figures in the right-hand margin indicate marks.*

1. Answer the following questions : 2×10
- Why gains are recorded if reasonably certain, whereas losses are recorded even if reasonably probable ? Explain citing the principle involved in it.
 - Why should business houses follow accounting standards ?
 - Explain cash basis, accrual basis and hybrid basis of accounting.
 - Nominal accounts are closed at the end of the accounting year whereas personal accounts and real accounts are carried forward to the next accounting period. Why ?
 - How is conservatism principle applied while valuing closing stock ?
 - The expression 'Cash' is used in a wider sense to include cash equivalents as well while preparing cash flow statement. What kind of items are included in cash equivalents.
 - What is marshalling of Balance Sheet ?
 - Which five ratios are used to predict financial insolvency ?
 - Define the term asset, liability and equity.
 - What is accounting cycle ? Explain with a diagram.



P.T.O.

2. The Swadeshi Industries removed their works to more suitable premises. State which items would be charged to capital expenditure and which to revenue expenditure and why ? 10
- A sum of Rs. 4,750 was expended on dismantling, removing and reinstalling plant and machinery.
 - The removal of stock from the old works to the new one amounted to Rs. 500.
 - Plant and machinery, which stood in the books at Rs. 75,000 included an obsolete machine at a book value of Rs. 1,700. This machine was sold off for Rs. 450 and was replaced by a new one costing Rs. 2,400.
 - The freight and carriage on the new machine amounted to Rs. 150 and the installation charges amounted to Rs. 275.
 - The fixtures and furniture appeared in the books at Rs. 76,500. Out of this, some furniture valued at Rs. 1,500 was discarded and sold at Rs. 600. New furniture worth Rs. 1,200 was acquired.
 - A sum of Rs. 1,100 was spent on painting the new factory.
3. The details of income and expenses of NDTV Limited for the year 2012-13 are given as follows :

<u>Particulars</u>	<u>(Rs. Crore)</u>
Advertising revenue	173.25
Equipment hire revenue	17.26
Interest on fixed deposits	8.48
Rental income	1.32
Production expenses	54.63
Salary, wages and other benefits	38.03
Rent expenses	11.89
Provision for doubtful debts	3.34
Other expenses	17.22
Depreciation on equipments	5.53
Amortization of software licenses	6.73
Interest on bank loans	14.34
Other finance charges	0.33
Current tax on income	10.14
Deferred tax	3.87

You are required to prepare the profit and loss account for the company using suitable headings for income and expenses. 10

4. The following details are available from MNC Company Ltd. :

Liabilities	31.12.11 (Rs.)	31.12.12 (Rs.)	Assets	31.12.11 (Rs.)	31.12.12 (Rs.)
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Debtors	14,900	17,700
Reserve for doubtful debts	700	800	Stock	42,200	42,700
Trade Creditors	10,360	11,840	Land	20,000	30,000
P/L A/c	10,040	10,560	Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,000	1,03,200

1. Additional information : Dividend paid total Rs. 3,500.
2. Land was purchased for Rs. 10,000.
3. Amount provided for amortization of goodwill Rs. 5,000.
4. Debentures paid off Rs. 6,000.

Prepare Cash Flow Statement.

5. Find out the balance as per pass book from the following particulars : 10
 - (a) Bank Overdraft as per cash book on 30th April, 2002 Rs. 2,000.
 - (b) Cheques issued but not presented for payment Rs. 1,350.
 - (c) Cheques deposited but not yet collected by the banker Rs. 560.
 - (d) Bank charges Rs.80 made by the bank not yet entered in the cash book.
 - (e) Interest on Investments collected by the bankers and credited in the pass book amounted to Rs. 905.
6. Why is accounting called language of business ? Explain the accounting needs of various stakeholders of business. 10
7. Differentiate between (any **two**) : 5×2
 - (a) Tangible assets and Intangible assets
 - (b) Depreciation, Depletion and Amortization
 - (c) Finance lease and Operating lease.
8. (a) Discuss the importance of financial ratios. 5
 - (b) What are the limitations of accounting ratios ? 5