

TERM END EXAMINATION – DECEMBER, 2018

Diploma in Management (DIM)

2015 Syllabus

DIM-05: Accounting for Managers

Time – 3 hours

Full Marks – 100

*Answer all questions from 'Group-A', any four questions from 'Group-B',
any four questions from 'Group-C' and any two questions from 'Group-D'*

Group-A

1. Answer all the questions.

(1x10=10 Marks)

i. Prepaid rent given in the Trial Balance will be treated as a (an):

- a) Asset
- b) Liability
- c) Revenue
- d) Deferred expense

ii. Bookkeeping mainly concerns with which part of accounting process?

- a) Analysing
- b) Preparing financial statements
- c) Recording financial information
- d) Auditing the books of accounts

iii. _____ is concerned with the maximization of a firm's earnings after taxes.

- a) Shareholder wealth maximization
- b) Profit maximization
- c) Stakeholder maximization
- d) EPS maximization

iv. What is the most appropriate goal of the firm?

- a) Shareholder wealth maximization.
- b) Profit maximization.
- c) Stakeholder maximization.
- d) EPS maximization.

v. The _____ decision involves determining the appropriate make-up of the right-hand side of the balance sheet.

- a) asset management
- b) financing
- c) investment
- d) capital budgeting

vi. The only feasible purpose of financial management is

- a) Wealth Maximization
- b) Sales Maximization
- c) Profit Maximization
- d) Assets maximization

vii. Finance Function comprises

- a) Safe custody of funds only
- b) Expenditure of funds only
- c) Procurement of finance only
- d) Procurement & effective use of funds

viii. The accounting ratios are applied to study the relationship in between the _____ information available and to take decision on the financial performance of the firm.

- a) Quantitative
b) Qualitative
ix. Liquid Asset = Current Assets – (_____ + Prepaid Expenses)
a) Closing Stock
b) Debtor
x. Efficiency and effectiveness of the firm is studied through
a) Liquidity ratios
c) None of these
d) All of these
c) Cash
d) Cheque
b) Leverage ratios
d) Profitability ratios
c) Turnover ratios

Group-B

2. Answer any four from the following (each within 50 words). (5x4= 20 Marks)

- Discuss the salient features of the traditional approach to corporation finance.
- What is the normative goal of Financial Management?
- What are the advantages of debt financing from the point of the company and investors?
- What are the key internal and external users of accounting information?
- Is there any difference between book-keeping and accounting?
- How would a change in depreciation expense flow through the financial statements?

Group-C

3. Answer any four questions (each within 200 words). (10x4=40 Marks)

- Why does an investor need to consider the liquidity and profitability aspect before making every investment?
- What is Common size financial statement analysis? Discuss its objective and advantages.
- Discuss briefly the users of financial statement analysis?
- What is accounting concept? Describe the different concepts of Accounting.
- Journalize the following transactions in the journal of Mr. Vikrant. April 2017
 - Started business with cash Rs.2, 50,000, Goods Rs. 1,00,000, Furniture RS.1,00,000.
 - Deposited into bank Rs. 1, 00,000.
 - Placed an order with Shahrukh for the supply of goods of the list price of Rs.1,00,000.
 - Shahrukh supplied goods of the list price of Rs.1, 00,000 less 10% trade discount.
 - Purchased goods from Salman of the list price of Rs.1,00,000 less 10% trade discount. Cheque paid to him under a cash discount of 5%.

- e. Goods sold to Shyam of the list price of Rs.1,00,000 less 10% trade discount . He paid half of the amount due from him.
 - f. Goods costing Rs.80, 000 sold to Mr. Y for cash at a profit of 25% on cost price less 20% trade discount and 5% cash discount.
 - g. Goods taken away by the proprietor for the personal use (Cost price Rs.5,000; Sale price Rs. 10,000).
 - h. Shyam became insolvent and paid only 80 paisa in rupee in full and final settlement.
 - i. Paid Sharrukh 98% of the amount due to him in full and final settlement of account.
 - j. Paid life insurance premium Rs. 2,000.
- vi. Enter the following transactions in the Journal of Suresh, post them to the Ledger and prepare the Trial Balance on November 2018
- a) Suresh started business with Rs.5,50,000
 - b) Deposited into bank Rs.1,50,000
 - c) Purchased goods of Rs.3,00,000
 - d) Sold goods of Rs.4,00,000

Group-D

4. Answer any two questions (each within 250 words).

(15x2=30 Marks)

- a) What is financing decision? Briefly discuss different types of financing decision.
- b) Discuss Depreciation and its Methods and Techniques with suitable examples.
- c) From the following Trial Balance of ABC Ltd., prepare Trading and Profit & Loss account for the year ended 31-3-2017 and a Balance Sheet as on that date:

Particulars	Amounts (Rs.)	Particulars	Amounts (Rs.)
Land & Building	800000	Capital	500000
Machinery	340000	Loan	700000
Furniture	75000	Creditors	35000
Drawings	7500	Sales	760000
Cash in hand & at bank	75000	Purchases Returns	5000
Purchases	350000		
Stock (1-4-2016)	20000		
Carriage inwards	7500		
Carriage outwards	12000		
Salaries	200000		
Power & fuel	10000		
Wages	25000		
Rent	12500		
General expenses	10500		
Debtors	50000		
Sales Returns	5000		
Total	2000000	Total	2000000

At the end of the year it found that closing stock was Rs.15,000, outstanding Salaries was Rs.18,000 and depreciation was 10% on fixed assets.

d. The Balance sheet of Naronath & Co. as on 31.12.2017 shows as follows:

Equity capital Rs.1,00,000, 15% Preference shares Rs.50,000, 12% Debentures Rs.50,000, Retained Earnings Rs.20,000, Creditors Rs.45,000, Fixed Assets Rs.1,80,000, Stores Rs.25,000, Debtors Rs.55,000, Bills Receivable Rs.3,000, Bank Rs.2,000

Comment on the financial position of the Company i. e., Debt – Equity Ratio, Fixed Assets Ratio, Current Ratio, and liquid ratio.