

**TERM END EXAMINATION - DECEMBER, 2018**  
**DIPLOMA IN OFFICE MANAGEMENT (DOM)**  
**DOM-06: INTRODUCTION TO ACCOUNTING AND FINANCE**

**DOM-06**

**Total Marks: 100**

**Time: 3 Hrs.**

**(Instructions: Answer all the questions from Group A, answer any four questions from Group B, any four from Group C and any two questions from Group D)**

**Group A**

**Q.1 Multiple-Choice Questions-**

**(1×10=10)**

- i. In the earlier years, financial management was treated synonymously with the
  - a) Investment of funds
  - b) Raising of funds
  - c) Capital
  - d) Equity
  
- ii. ....is also known as Value maximization or Net Present Worth maximization...
  - a) Profit maximisation
  - b) Investment maximisation
  - c) Wealth maximisation
  - d) Fund maximisation
  
- iii. Long-term funds from preference shares can be raised through a .....of shares.
  - a) Private placement
  - b) Issue to financial institutions
  - c) Issue to corporate
  - d) Public issue
  
- iv. Book-keeping provides a permanent record of each .....
  - a) Event
  - b) Account
  - c) Transactions
  - d) Journal
  
- v. Accounts relating to properties or assets are known as .....
  - a) Personal Account
  - b) Real Accounts
  - c) Nominal Account
  - d) All the above
  
- vi. The expenditure incurred for acquiring a fixed asset or which results in increasing the earning capacity of the business is known as .....
  - a) Revenue Expenditure
  - b) Deferred Revenue Expenditure
  - c) Capital Expenditure
  - d) All the above
  
- vii. The receipts which arise out of normal course of a business are known as .....
  - a) Revenue Receipts
  - b) Revenue Receipts
  - c) Deferred Revenue Receipts
  - d) All the above
  
- viii. Financial statement analysis is to
  - a) Inter firm comparison
  - b) Intra firm comparison
  - c) Industrial average comparison
  - d) All of these
  
- ix. Main objectives of the financial statements analysis is
  - a) To study the changes in the financial performance
  - b) To study the liquidity, solvency of the firm
  - c) To undergo financial planning based upon the yester financial performance
  - d) All of these
  
- x. Which of the following would NOT improve the current ratio?
  - a) Borrow short term to finance additional fixed assets.
  - b) Issue long-term debt to buy inventory.
  - c) Sell common stock to reduce current liabilities.
  - d) Sell fixed assets to reduce accounts payable.

### Group B

**Q.2 Answer any 4 within 50 words each.**

**(5×4=20)**

- a) What is a journal? Discuss the format of a journal.
- b) Explain Depreciation, Depletion and Amortization.
- c) Describe profit maximization.
- d) What are the meaning & objectives of Accounting?
- e) Describe the salient features of partnership deed.
- f) Narrate the objectives of financial statement analysis

### Group C

**Q.3 Answer any 4 within in 200 words each-**

**(10×4= 40)**

- a) Discuss the different Adjustment Entries in Final Accounts.
- b) Discuss debt capital with its advantages and disadvantages
- c) What is Trend Analysis? Discuss objectives and advantages of Trend Analysis,
- d) What do you mean by registration of partnership how is it done?
- e) Prepare different ledgers from the following transactions in the books of Mr. N
  - i. Started business with capital Rs.1,00,000
  - ii. Bought furniture Rs.25,000
  - iii. Bought goods for cash Rs.20,000
  - iv. Bought goods from Ram on Credit Rs.5,000
  - v. Sold goods for cash for Rs.15,000
  - vi. Sold goods to Shyam on credit Rs.8,000
  - vii. Paid cash to Ram Rs.4,000
  - viii. Received cash from Shyam Rs.5,000
  - ix. Paid Cash into Bank Rs.25,000
  - x. Withdrawn from bank Rs.10,000
- f) On January 1, 2017, the Director of X Ltd. issued for public subscription 50,000 equity shares of Rs.10 each at Rs.12 per share payable as to Rs.5 on application (including premium), Rs.4 on allotment and the balance on call on May 01, 2017. The lists were closed on February 10, 2017 by which date applications for 70,000 shares were received. Of the cash received Rs.40,000 was returned and Rs.60,000 was applied to the amount due on allotment, the balance of which was paid on February 16, 2017.

All the shareholders paid the call due on May 01, 2017 with the exception of an allottee of 500 shares. These shares were forfeited on September 29, 2017 and reissued as fully paid at Rs.8 per share on November 01, 2017. The company, as a matter of policy, does not maintain a calls-in-arrears account. Give journal entries to record these share capital transactions in the books of X. Ltd.

### Group D

**Q.4 Answer any 2 within 250 words each –**

**(15×2= 30)**

- a) What are the responsibilities of Modern Finance Manager?
- b) Explain the sources from which a big business enterprise can raise funds for financing its working capital requirements.

- c) Bhanu and Etika are partners sharing profit and losses in the ratio of 3:2 respectively. Their Balance Sheet as on March 31, 2017 was as under:

Balance Sheet of Bhanu and Etika as on December 31, 2017

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Creditors	28,000	Cash in hand	3,000
Capitals:		Cash at Bank	23,000
Bhanu Rs.70,000		Debtors	19,000
Etika Rs.70,000	1,40,000	Buildings	65,000
		Furniture	15,000
		Machinery	13,000
		Stock	30,000
<b>Total</b>	<b>1,68,000</b>	<b>Total</b>	<b>1,68,000</b>

On that date, they admit Deepak into partnership for 1/3 share in future profit on the following terms: (i) Furniture and stock are to be depreciated by 10%. (ii) Building is appreciated by Rs.20,000. (iii) 5% provision is to be created on Debtors for doubtful debts. (iv) Deepak is to bring in Rs.50,000 as his capital and Rs.30,000 as goodwill. Make necessary ledger account and balance sheet of the new firm.

- d) From the following Trial Balance of Mr.Suresh, 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.)
Drawings	10000	Sales	650000
Insurance	2500	Capital	750000
General expenses	7800	Purchases Returns	5000
Debtors	75000	Creditors	55000
Furniture	125000	Loan	400000
Plant & machinery	400000		
Building	575000		
Stock (1-4-2016)	25000		
Carriage inwards	5000		
Carriage outwards	7500		
Salary & wages	70200		
Power & fuel	7500		
Productive wages	15500		
Sales Returns	4000		
Purchases	480000		
Cash in hand & at bank	50000		
<b>Total</b>	<b>1860000</b>	<b>Total</b>	<b>1860000</b>

At the end of the year it found that closing stock was Rs.40,000, outstanding Salaries was Rs.3,000 and depreciation was Rs.8,000 on fixed assets.

