

**TERM END EXAMINATION- JUNE, 2019**  
**P.G Diploma in Rural Management (PGDRM)**  
**Advance Diploma in Rural Management (ADRM)**  
**Diploma in Rural Management (DRM)**

**Finance and Accounting for Management**

**Time - 3 Hours**

**Full Marks - 100**

(Answer All the 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'**

**Q. No. 1** Answer all the questions, each within one or two sentences

**Marks: 1 × 10= 10**

- a) Define the term profit maximization.
- b) What is hedging?
- c) Explain amortization.
- d) Write the meaning of debt equity ratio.
- e) What is capital employed?
- f) What is market capitalization?
- g) Define time value of money.
- h) Describe money measurement concept.
- i) What is a bad debt?
- j) Describe zero coupon bond.

**Group 'B'**

**Q. No. 2** (Answer any four questions each within 100 words)

**Marks: 5 × 4= 20**

- a) Discuss the various sources of obtaining financial information for taking appropriate financial decisions.
- b) What will happen, if time value of money is not considered while taking financial decisions?
- c) What do you mean by ledger? Why ledger is called as book of secondary entry?
- d) What are the factors to be considered while computing depreciation?
- e) What do you mean by a trading account? How is it different from a manufacturing account?
- f) Discuss the meaning, objectives and advantages of trend analysis.

**Group 'C'**

**Q. No. 3** (Answer any four questions, each within 200 words)

**Marks: 10 × 4= 40**

- a) Discuss the sources from which a big business enterprise can raise funds for financing its working capital requirements.
- b) What is an income statement? Why is it known as performance statement? Illustrate with an example.
- c) What do you mean by a financial ratio? Narrate the different types of financial ratios.
- d) What do you understand by finance function? Differentiate between traditional and modern approaches of finance function.
- e) Enter the following transactions in the Journal of Suresh, post them to the Ledger and prepare the Trial Balance on November 2018.
  - i. Suresh started business with Rs.5,50,000
  - ii. Deposited into bank Rs.1,50,000
  - iii. Purchased goods of Rs.3,00,000
  - iv. Sold goods of Rs.4,00,000
- f) On 1st April 2013, X Ltd. Purchased a machine for Rs.95,000 and spent Rs.5,000 on its installation. It is expected that the useful life of the machine shall be four years and the scrap value at the end of its useful life is Rs.10,000. On 30th September 2015, the machine is sold for Rs.42,000. Depreciation is charged on straight line method. Pass journal entries and prepare

ledger accounts (Machinery Account and Depreciation Account) for three years. The accounts are closed on 31st March.

**Group 'D'**

**Q. No. 4 (Answer any two questions, each within 300 words)**

**Marks: 15 × 2= 30**

- a) What is Accounting Concept? Discuss the different accounting concepts.  
 b) The following information has extracted from the annual reports of Torrent Pharmaceuticals. Analyze the liquidity and profitability position of the company.

Particulars	2015-16 (Rs.)	2016-17 (Rs.)
Shareholders' Funds	3685.99	4453.71
Total Debt	1797.35	2208.74
Fixed Assets	2699.49	3523.49
Inventories	970.13	1032.29
Current Assets	2746.93	3148.11
Current Liabilities	1845.72	1418.06
Sales Turnover	5439.45	4592.68
Gross Profit	3025.50	2451.00
Operating Profit	2626.50	1127.15
Net Profit	1422.20	1500.25

- c) From the following Trial Balance, prepare Trading, Profit & Loss account and Balance Sheet 31st March 2019.

Particulars	Amounts (Rs.)	Particulars	Amounts (Rs.)
Plant & machinery	300000	Sales	725000
Furniture	80000	Capital	950000
Land & Building	750000	Purchases Returns	10000
Opening Stock	75000	Creditors	50000
Carriage inwards	20000	Loan	850000
Carriage outwards	15000	Bills Payble	95000
Salaries	300000	Bank Overdraft	70000
Bills Receivable	35000		
Cash in hand & at bank	250000		
Power & fuel	25000		
Wages	45000		
Sales Returns	15000		
Insurance	10000		
Office expenses	35000		
Debtors	50000		
Purchases	720000		
Drawings	25000		0
Total	2750000	Total	2750000

At the end of the year it found that closing stock was Rs.30,000, outstanding wages was Rs.10,000 and depreciation was Rs.1,00,000 on fixed assets.