

Term End Examination : June – 2018
Diploma in Office Management
Finance and Accounting for Management

Time: 3 hours

Full Marks: 100

Read the instructions carefully before attempting questions from each group.

GROUP – A

Q.No. 1. Answer all questions selecting the right options. Each carries 1 Mark [1 X 10 = 10]

- i. All of the following are solvency ratios except the:

a) free cash flow.	c) debt to total assets ratio
b) current ratio	d) interest coverage ratio

- ii. In vertical analysis, the base for each income statement item is:

a) gross profit.	c) net sales.
b) net income	d) sales.

- iii. A journal is not useful for
 - a. Closing in one place the complete effect of a transaction.
 - b. Preparing financial statements.
 - c. Providing a record of transactions.
 - d. Locating and preventing errors

- iv. Which accounting assumption assumes that an enterprise will continue in operation long enough to carry out its existing objectives and commitments?

a. Money measurement	c. Going concern
b. Business entity	d. Accounting period

- v. If beginning capital was Rs.25,000, ending capital is Rs.37,000, and the owner's withdrawals were Rs.23,000, the amount of net income or net loss for the period was:

a. – Rs.35,000	d. –Rs. 14,000
b. Rs.35,000	e. None of the above.
c. Rs. 14,000	

- vi. The financial statement that shows the amount and make up a business's assets , liabilities and capital at a specific point of time is the ----

a. Capital statement	c. Balance sheet
b. Income statement	d. Statement of cash flow

- vii. What is the correct accounting name given to the net income which is kept in a corporation for future use and not distributed to shareholders?

a. Additional assets	c. Preference shares
b. Reserve assets	d. Retained earnings

- viii. XYZ is an oil based business company, which does not have adequate working capital. It fails to meet its current obligation, which leads to bankruptcy. Identify the type of decision involved to prevent risk of bankruptcy.

a) Investment decision	c) Liquidity decision
b) Dividend decision	d) Finance decision

- ix. Uses of funds include a (an):

a) decrease in cash.	c) increase in fixed assets.
b) increase in any liability.	d) tax refund.

- x. The liabilities that are payable in more than a year and are not be liquidated from current assets
- | | |
|------------------------|---------------------------|
| a) Current liabilities | c) Contingent liabilities |
| b) Fixed liabilities | d) All of the above |

GROUP – B

Q.No. 2. Answer any 4 (four) questions each within 50 words. Each carries 5 marks [5 X 4 = 20]

- a) What is a manufacturing account? Discuss the content of manufacturing account.
- b) Describe the important factors in the measurement of depreciation.
- c) If time value of money is not considered while taking financial decisions, what will happen?
- d) Discuss the concept of revenue realization.
- e) What are the limitations of Journal?
- f) Describe the advantages of ratio analysis.

GROUP – C

Q.No.3. Answer any 4 (four) questions each within 200 words. Each carries 10 Marks [10 X 4 = 40]

- a) Explain the principle of diversification with the help of a hypothetical example.
- b) Discuss the meaning, objective and advantages of comparative analysis,
- c) Discuss relationship between journal and ledger with example.
- d) Who is a financial analyst? Elaborate the role of financial analyst.
- e) Journalise the following transactions in the books of Shankar & Co.2018.
 - June 1 Started business with a capital of Rs.60,000
 - June 2 Paid into bank Rs.30,000
 - June 4 Purchased goods from Kamal on credit Rs.10,000
 - June 6 Paid to Shiram Rs.4,920
 - June 6 Discount allowed by him Rs.80
 - June 8 Cash Sales Rs.20,000
 - June 12 Sold to Hameed Rs.5,000
 - June 15 Purchased goods from Bharat on credit Rs.7,500
 - June 18 Paid Salaries Rs.4,000
 - June 20 Received from Prem Rs.2,480
 - June 20 Allowed him discount Rs.20
 - June 25 Withdrew from bank for office use Rs.5,000
 - June 28 Withdraw for personal use Rs.1,000
 - June 30 Paid Hanif by cheque Rs.3,000
- f) Prepare ledger and trial balance from the following transactions in the books of Mohan for 2018March
 1. Mohan started business with Rs.25,000
 2. Bought goods from B Rs.20,000
 3. Paid into bank Rs.10,000
 4. Returned goods to B Rs.1000
 5. Sold goods to R Rs.2500

GROUP – D

Q.No.4. Answer any 2 (two) questions each within 250 words. Each carries 15 Marks. [15 X 2 = 30]

- a) Discuss the different long term sources of finance with their advantages and disadvantages.
- b) Discuss the different type of financial statement analysis.
- c) From the following Trial Balance of Mr.Rajesh, 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.)
Opening Stock	25000	Sales	1440000
Purchases	550000	Purchases Returns	10000
Carriage inwards	7500	Capital	800000
Carriage outwards	10000	Loan	1200000
Salaries	275000	Creditors	50000
Wages	100000		
Rent	55000		
Printing & Stationery	25000		
Power & fuel	15000		
Sales Return	6000		
Discount allowed	6500		
Land & Building	1200000		
Machinery	800000		
Furniture	300000		
Cash in hand & at bank	80000		
Debtors	45000		
Total	3500000	Total	3500000

At the end of the year it found that closing stock was Rs.80,000, outstanding Salaries was Rs.7,000 and depreciation was Rs.40,000 on fixed assets.

- d) 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
Operating Profit	2626.50	1127.15
Net Profit	2422.22	1002.25

