



Name :

Roll No. :

Invigilator's Signature :

**CS/MHA/SEM-2/MHA-205/2010
2010**

FINANCIAL MANAGEMENT - I

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

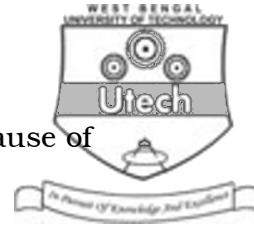
GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for the following :

10 × 1 = 10

- i) A Bill of exchange is a
 - a) current asset
 - b) fixed asset
 - c) investment
 - d) fictitious asset.
- ii) The maximum amount of capital which a company can raise as mentioned in its Memorandum of Association is known as
 - a) Subscribed capital
 - b) Authorised capital
 - c) Issued capital
 - d) Preference share capital.



- iii) Capital is shown under liabilities because of
- a) Conservatism concept
 - b) Accrual concept
 - c) Matching concept
 - d) Entity concept.
- iv) If a machine costing Rs. 18,000 is sold after 2 years for Rs. 16,000 and the depreciation rate is 15% p.a. on straight line method, then the profit/loss from the sale is
- a) Rs. 3,400 (loss) b) Rs. 3,400 (profit)
 - c) Rs. 2,995 (loss) d) Rs. 2,995 (profit).
- v) Which of the following is regarded as an artificial person by law ?
- a) Partnership firm b) Sole proprietorship
 - c) Company d) NGO.
- vi) A trial balance is prepared to
- a) calculate profit/loss
 - b) check arithmetical accuracy
 - c) both (a) and (b)
 - d) none of these.
- vii) As per AS 3, purchase of fixed asset is a/an
- a) investing activity b) financing activity
 - c) operating activity d) no activity.
- viii) Intangible asset includes
- a) goodwill b) patents
 - c) brand equity d) all of these.



- ix) Current assets / Current liabilities is known as
- a) current ratio
 - b) gross profit ratio
 - c) net profit ratio
 - d) capital gearing ratio.
- x) Which basis of accounting recognises expenses as they are incurred and not when they are paid ?
- a) Cash basis
 - b) Accrual basis
 - c) Both (a) and (b)
 - d) None of these.

GROUP – B

(Short Answer Type Questions)

Write short notes on any *three* of the following. $3 \times 5 = 15$

- 2. Classification of accounts.
- 3. Inventory turnover ratio.
- 4. Gross profit ratio.
- 5. Current assets and current liabilities.
- 6. Subdivisions of journal.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

- 7. What is the role of Finance Manager ? What are the decision making areas of financial management ?
- 8. Describe the concept of Project Plan in detail.
- 9. Write in detail on GAAP or elaborate on Overhead distribution in detail.

CS/MHA/SEM-2/MHA-205/2010



10. The trial balance of XYZ Ltd. as on 31/3/10 is given below :

Trial Balance as on 31/12/10

| | Dr. | Cr. |
|---------------------|-----------------|-----------------|
| Returns | 25,900 | 10,900 |
| Discount received | | 5,200 |
| Sales | | 6,12,700 |
| Commission | | 11,500 |
| Bill Receivable | 65,300 | |
| Carriage Inwards | 14,900 | |
| Plant and Machinery | 85,600 | |
| Investment | 22,400 | |
| Sundry Creditors | | 60,000 |
| Salaries | 15,500 | |
| Premises | 1,05,000 | |
| Capital | | 1,50,000 |
| Purchase 3,40,000 | | |
| Reserve | | 75,000 |
| Wages | 65,800 | |
| Discount Allowed | 6,500 | |
| Sundry Debtors | 85,800 | |
| Freight | 12,400 | |
| Bills Payable | | 45,800 |
| Furniture 48,600 | | |
| Carriage Outward | 15,200 | |
| Stock | 35,900 | |
| Cash at bank | 24,700 | |
| Cash in hand | 1,600 | |
| | <u>9,71,000</u> | <u>9,71,000</u> |

Prepare

- (i) Trading and Profit and Loss Account for the year ended 31/3/10
- (ii) Balance Sheet as on that date after taking into account the following adjustments
 - a) Closing stock Rs. 85,000.
 - b) Outstanding liabilities for :
 - (i) Salaries Rs. 4,500 (ii) Wages Rs. 9,800.
 - c) Depreciate furniture by 15% and Plant and machinery by 20%.
 - d) Sundry Debtors include Rs. 1,800 as bad which is to be written off
 - e) Create Provision for Bad Debts @ 5% on Sundry Debtors.