

**(SEM I) ODD SEMESTER EXAMINATION 2015-16
ACCOUNTING AND FINANCIAL MANAGEMENT**

[Time: 3 hrs.]

[Max. Marks: 100]

Note: Attempt All Questions. All Questions carry equal marks:-**Q.1. Attempt any two part of the following: (10x2=20)**

- a) What is the meaning and process of accounting? Why do the users need accounting information? What is “cash basis of accounting”?
- b) “Accounting equation holds good under all circumstances.” Justify this statement. State the procedure for developing accounting equation
- c) What are the basic concepts of accounting? Name them. Explain any four of them with example.

Q.2. Attempt any two part of the following: (10x2=20)

- a) Determine the scope of financial management. What are the basic financial decisions? How should the finance function of an enterprise be organized?
- b) Discuss the various accounting conventions with example.
- c) Define assets. What is the relationship between net assets and owner’s equity?

Q.3. Attempt any two part of the following: (10x2=20)

- a) Why do we create Ledgers? Write the procedure of Ledger posting. Explain the rules Ledger balancing.
- b) Briefly explain the contents of trading account. Prepare Profit & Loss account from the following information:
Purchase Rs. 2,40,000, Sale Rs. 4,80,000, return inward Rs.12,000, return outward Rs.10,000, Discount (cr) Rs 4,000, wages Rs 48,000, salary Rs 60,000, interest on bank loan Rs 22,0000, advertisement Rs 14,000, commission Rs 5,000, Tax & insurance Rs 12,000, Opening stock Rs 50,000, carriage Rs 12,000, closing stock Rs 45,000.
- c) How are balance sheet & income statement related? Prepare a balance sheet in order of liquidity from the following information
Capital Rs. 3,50,000, Drawings Rs.25,000 , Plant & machinery Rs.1,50,000, Debtors Rs. 90,000, Creditors Rs. 60,000, Furniture Rs. 34,000, stock Rs. 26,000, cash Rs. 12,000 , cash at bank Rs. 25,000, 10% loan Rs.2,20,000, Building Rs.3,00,000, net profit Rs.28,700.

Q.4. Attempt any two part of the following: (10x2=20)

- a) Calculate current assets, liquid assets and inventories when current liabilities are Rs. 80,000, current ratio 2:1 and quick ratio 1.5:1.
When Debt-Equity Ratio is 2, state giving reasons, whether this ratio will increase or decrease or will have no change in each of the following case **i)** sale of land(book value Rs 4,00,000) for Rs 5,00,000. **ii)** Issue of Equity shares for the purchase of Plant and Machinery worth Rs 10,00,000.

- b) What are Profitability ratios? What are their objectives?
From the following information, you are required to calculate i) rate of stock turnover ii) Percentage of Gross Profit to turnover
Sales Rs. 35,000, Sales Returns Rs.500, Opening Stock Rs.1,500, Closing Stock Rs.2,500, Gross Profit Rs. 9,000
- c) What does Debt Equity ratio indicate? Calculate stock at the end from the following information, Opening Stock Rs.75,000 , Purchase Rs.5,55,000, Sales Rs. 8,00,000, Rate of Gross profit on cost $33\frac{1}{3}\%$.

Q.5. Attempt any two part of the following:

(10x2=20)

- a) What is the meaning of Fund Flow Statement ? What is Fund from Operation? How is the amount of Fund From Operation computed?
- b) What will be the impact of the following on the amount of net working capital other things remaining the same?
i) An increase in stock ii) An increase in creditors iii) A decrease in the value of debtors iv) A decrease in bills payable v) A decrease in the value of machinery
- c) From the following balance sheets prepare schedule of changes in working capital

Liabilities	19X1 Rs.	19X2 Rs.	Assets	19X1 Rs.	19X2 Rs.
Equity share capital	1,00,000	1,00,000	Goodwill	8,000	9,000
General Reserve	5,000	15,000	Prepaid expenses	6,000	7,000
Profit & loss A/c	21,000	26,000	Debtors	85,000	87,000
Creditors	12,000	18,000	B/R	21,000	25,000
B/P	2,000	5,000	Patent	15,000	35,000
Outstanding expenses	8,000	11,000	Accrued Interest	3,000	3,500
Bank overdraft	20,000	25,000	cash	25,000	32,500
Provision for doubtful debts	5,000	7,000	Plant	10,000	8,000