

**COMMONWEALTH EXECUTIVE
MBA/MPA PROGRAMME**

Term-End Examination

December, 2010

**C-09 : ACCOUNTING AND FINANCE FOR
MANAGERS**

Time : 3 hours

Maximum Marks : 100

Weightage : 70%

Note : Attempt any five questions. All questions carry equal marks.

1. Explain fully with examples the following accounting concepts :
 - (a) Concept of Conservatism
 - (b) Materiality Concept
 - (c) Consistency Concept
 - (d) Periodicity Concept

2. (a) What are the purposes of accounting information ? Explain.
(b) Distinguish between net profit , as shown in Profit and Loss a/c. and Funds from Business operations as shown in Funds Flow statement.

3. What is a budget ? Explain and differentiate between the concepts of Performance budgeting and Zero Base budgeting.

4. What is Operating Leverage ? Explain its significance and discuss how is it measured ?
5. Discuss the concept of working capital. Explain the criterion on which efficiency of working capital management is evaluated.
6. What is dividend ? Discuss the factors that are taken into consideration while taking dividend decisions.
7. The following Trial Balance extracted from the books of M/S ABC on 31.03.2010

Particulars	Dr. (Rs.)	Cr. (Rs.)
Furniture and fittings	640	-
Motor vehicle	6,250	-
Building	7,500	-
Capital	-	12,500
Bad Debts	125	-
Provision for doubtful debts	-	200
Sundry debtors and creditors	3,800	2,500
Stock as on 01.04.2009	3,460	-
Purchase and sales	5,475	15,450
Bank overdraft	-	2,850
Sales and purchase return	200	125
Advertising	450	-
Interest on bank overdraft	118	-
Commission	-	375
Cash	650	-
Taxes and Insurance premium	782	-
General Expense	1,250	-
Salaries	3,300	-
Total :	34,000	34,000

Adjustments :

- (a) Stock in hand as on 31.03.2010 Rs.3250
- (b) Depreciate building @ 5% p.a.; furniture @ 10% p.a.; motor vehicles @ 20% p.a.
- (c) Rs. 85 is due for interest on bank overdraft.
- (d) Salaries Rs. 300 and taxes Rs. 200 are outstanding.
- (e) Insurance premium amounting Rs. 100 prepaid.
- (f) One third of the commission received is in respect of work to be done next year.
- (g) Write off from debtors a further sum of Rs. 100 as bad debts and create provisions for doubtful debts @ 5% on debtors.

You are required to prepare a Trading and Profit and loss A/C for the year 01.04.2009 to 31.03.2010. and Balance sheet as on 31.03.2010.

8. Following is the balance sheet of M/S XYZ as on 31st December 2009.

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity share capital	5,00,000	Fixed Assets, 18,00,000	
12% pref. Share capital	1,00,000	Less : Depreciate <u>5,00,000</u>	13,00,000
Reserve fund	4,00,000	Investment (short term)	1,50,000
14% Debentures	7,00,000	Stock	3,00,000
Sundry Creditors	60,000	Book Debts	2,00,000
Bills payable	1,00,000	Bank	50,000
Tax provision	1,30,000		
Outstanding exp	10,000		
Total : Rs.	20,00,000	Total : Rs.	20,00,000

Other information supplied are as follows :

Rs.

Net sales 30,00,000

Cost of goods sold 25,80,000

Net income before taxes 2,00,000

Net income after taxes 1,00,000

You are required to calculate the following ratios :

- Quick ratio
- Proprietary ratio
- Current ratio
- Debtors turnover ratio
- Net profit ratio.