

00939

**MASTER OF BUSINESS  
ADMINISTRATION (RETAIL)  
(MBARS)**

**Term-End Examination**

**December, 2010**

**MRS-006 : COMMERCIAL ACCOUNTING AND  
FINANCIAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

*Note : Attempt any Five questions. All questions carry equal marks.*

1. How would you use your knowledge of accounting and financial management for the purpose of decision making in your organisation? Give specific examples to highlight the importance of accounting and financial management data in modern times. 10,10
  
2. State the meaning and objective of 'financial statement analysis'. Briefly describe the various methods that enable this kind of analysis. Which ratios would you calculate to know the short-term and long-term solvency of an organisation? Give suitable examples also. 4,6,6,4

3. What do you understand by the term 'Generally Accepted Accounting Principles' ? Describe the major accounting concepts that help in preparing the accounting information. 5,15
4. ".... Finance has changed .... from a field that was concerned primarily with the procurement of funds to one that includes the management of assets, the allocation of capital and valuation of the firm." Do you agree ? Give your views on the role, goal and functions of a finance manager in modern business world. 4,16
5. What do you mean by 'working capital' ? What are its components ? State the objectives of working capital management. Briefly describe the various methods of working capital management. 3,3,4,10
6. Quality Products Ltd. manufactures and markets a single product. The following data are available: 20

	<u>Rs. Per Unit</u>
Materials	16
Variable Cost	12
Dealer Margin	4
Selling Price	40

Fixed Cost = Rs.5 lacs per annum

Present Capacity = 90,000 units

Capacity Utilisation = 60%

There is acute competition and extra efforts are necessary to sell. Suggestions have been made to increase sales by :

- (a) reducing selling price by 5%
- (b) increasing dealer margin by 25% over the existing rate.

Which of the above two options should be preferred if the company desires to maintain the present profit amount ? Give reasons for your answer.

- 7. Outline the process of 'budgetary control' in an organisation. What advantages would you expect by installing a system of 'budget' and 'budgetary control' in your organisation ? 12,8
  
- 8. Write short notes on *any two* of the following : 10,10
  - (a) Financial Statements and Objectives.
  - (b) Management Accounting and its uses.
  - (c) Computerised Accounting.
  - (d) Inventory Management.