

**COMMONWEALTH EXECUTIVE  
MBA/MPA PROGRAMME**

**Term-End Examination**

**June, 2010**

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

*Time : 3 hours*

*Maximum Marks : 100*

*Weightage : 70%*

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

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1. Explain the following accounting concepts :
  - (a) Money Measurement Concept
  - (b) Continuity Concept
  - (c) Cost Concept
  - (d) Accrual Concept
2.
  - (a) Discuss the role of accounting feedback in the process of control.
  - (b) Explain the uses of earning information.
3. What do you understand by Budget and Budgetary control ? Briefly discuss the various budgets that are normally prepared by companies.
4. Discuss the concept of financial leverage and explain its significance. How it is measured ? Describe.

5. What are the various components of working capital ? Discuss the various factors that determine the working capital requirements of a business concern.
  
6. What do you understand by capital structure of a firm ? Explain the factors which determine the capital structure.
  
7. From the Trial Balance of M/S XZY prepare a Trading and Profit and Loss Account for the year ending 31<sup>st</sup> March 2010 and a Balance sheet as on that date.

Particulars	Dr. (Rs)	Particulars	Cr. (Rs)
Cash	10,000	Sales	1,80,500
Stock	40,800	Returns	195
		Loans at 12% (on 01-07-2009)	20,000
Wages	22,525	Creditors	30,305
Purchases	1,30,295	Discount	530
Returns	2,400	Capital	37,500
Repairs	1,675		
Bad Debts	2,310		
Interest on loan	600		
Salaries	8,000		
Sales tax	800		
Octroi	500		
Insurance	1,000		
Charity	125		
Rent	2,000		
Machinery	16,000		
Debtors (including Shyam for dishonoured bill of Rs. 800)	30,000		
<b>Total</b>	<b>2,69,030</b>	<b>Total</b>	<b>2,69,030</b>

Adjustments :

- (a) Wages include Rs. 2000 for erection of new machinery on 01-04-2009
- (b) Stock on 31<sup>st</sup> March 2010 was valued at Rs. 40925
- (c) Provide depreciation on machinery @ 5% p.a.
- (d) Unpaid Salaries Rs. 800
- (e) Half the amount of Shyam's bill is irrecoverable
- (f) Create a provision at 5% on other debtors
- (g) Rent paid up to 31<sup>st</sup> July 2010
- (h) Unexpired Insurance Rs. 300

8. The following are the summarised Profit and Loss a/c of XYZ Ltd. for the year ending 31<sup>st</sup> December 2009 and Balance sheet as on that date.

Profit and Loss A/C

Particulars	Amount Rs.	Particulars	Amount Rs.
To Opening stock	99,500	By sales	8,50,000
To Purchase	5,45,250	By Closing stock	1,49,000
To Carriage inward	14,250		
To Gross profit c/d	3,40,000		
	<u>9,99,000</u>		<u>9,99,000</u>
To Operating exp		By Gross profit b/d	3,40,000
Selling & Distribution 30,000		By Non-operating income	
Administration 1,50,000	1,80,000	Interest 3,000	
To finance exp	15,000	Profit on sale 6,000	9,000
To non operating loss on sale of assets	4,000	of shares	
To net profit	1,50,000		
<b>Total</b>	<b>3,49,000</b>	<b>Total</b>	<b>3,49,000</b>

## Balance Sheet

Liabilities	Amount Rs.	Assets	Amount Rs.
2000 Equity shares of Rs. 100	2,00,000	Land & Building	1,50,000
Reserves	90,000	Plant & Machinery	80,000
Current liabilities	1,30,000	Stock in trade	1,49,000
Profit & Loss A/c	60,000	Sundry debtors	71,000
		Cash at Bank	30,000
<b>Total</b>	<b><u>4,80,000</u></b>	<b>Total</b>	<b><u>4,80,000</u></b>

From the above statements you are required to calculate the following :

- (a) Current ratio
- (b) Operating ratio
- (c) Stock turnover
- (d) Return on total assets
- (e) Fixed asset turnover ratio

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