

**SIKKIM MANIPAL UNIVERSITY – DDE**  
**Master of Business Administration (MBA)**  
**Semester – I**

**MBA104/MB0041 - FINANCIAL AND MANAGEMENT ACCOUNTING – 4 CREDITS**  
**(Book ID B1624)**

**Model Question Paper**

**Duration: 3 hours**

**Total marks: 70**

**Section A**

**Multiple Choice Questions (MCQ)**

[Please answer **ALL** the following questions , each question carries TWO marks]

(2\*10=20 marks)

1.

i. Consider the following statements

- I. Fictitious assets are those written off during the financial year.
- II. Equity is the residual interest in the assets of the enterprise after deducting all its liabilities.

State True or False.

- a. I- False, II- True
- b. I- False, II- False
- c. I- True, II- False
- d. I- True, II- True

ii. Fill in the blanks

I. IFRS are standards, interpretations and framework for the preparation and presentation of financial statements and are issued by \_\_\_\_\_.

II. Bad Debt Recovery is Posted to the credit of \_\_\_\_\_.

- a. I- IASC, II- Outstanding Liability Account
- b. I- ICAI, II- Bad Debt Account
- c. I- IASB, II- P & L Account
- d. I- RBI, II- Cash Book

iii. Fill in the blanks

- I. Net worth or Equity consists of \_\_\_\_\_
- II. Journal entry for trade discount received is credited to \_\_\_\_\_
- a. Total assets minus outside liabilities, II- nowhere
- b. Share capital plus current assets, II- Purchase account
- c. Current assets plus current liabilities plus fixed assets , II- Trading account
- d. Total liabilities minus current assets, II- Discount received account

iv. Fill in the blanks

- I. Balance Score Card is an integrated \_\_\_\_\_ management system.
- II. In a common size \_\_\_\_\_ statement sales converted to 100 and its components are proportionately converted.
- a. inventory, II- performance
- b. cost, II- financial
- c. performance, II- income
- d. assets, II- integrated

v. Fill in the blanks

- I. Gross Working Capital means \_\_\_\_\_.
- II. A sound financial policy requires long-term assets to be financed using \_\_\_\_\_.
- a. I- net working capital plus current liabilities, II- short term capital
- b. I- total assets minus current liabilities, II- debentures and long term loans
- c. I- quick assets plus current liabilities, II- reserves and surplus
- d. I- current assets only, II- long term sources

vi. Consider the following statements

- I. Increase in sundry debtors results in increase in working capital
- II. Decrease in outstanding expenditure results in decrease in working capital.
- III. Decrease in inventories results in increase in working capital.
- IV. Increase in sundry creditors results in increase in working capital.

State True or False.

- a. I. Correct. But II, III and IV are wrong
- b. I and II Correct. But III and IV are wrong
- c. I, II and III are correct. But IV is wrong
- d. I and IV are correct. But II and III are wrong.

vii. Consider the following statements:

- I. As per AS3 Cash comprises of cash on hand and demand deposits in banks.
- II. AS3 contains guidelines for preparation of Cash Flow and Fund Flow Statements.

State True or False.

- a. I- False, II- True
- b. I- True, II- False
- c. I- False, II- False
- d. I- True, II- True

viii. Consider the following statements:

- I. Capital turnover ratio indicates the efficiency to use its capital to generate profit.
- II. Value added = Sales – cost of goods & services used in producing those sales.

State True or False.

- a. I- True, II- False
- b. I- False, II- True
- c. I- True, II- True
- d. I- False, II- False

ix. Fill in the blanks:

Debtors Velocity = No. of days a year ÷ \_\_\_\_\_

COGS = \_\_\_\_\_

- a. Net sales, Sales – Net Profit
- b. Debtors+Bills Receivable, Cost of Sales
- c. Net credit sales, Sales + Gross Profit – Closing Stock
- d. Debtors turnover, Opening Stock + Purchase – Closing Stock

x. Fill in the blanks:

- I. Payment of tax is \_\_\_\_\_ activity as per AS3.
- II. Break Even (Sales) = TFC ÷ \_\_\_\_\_
  - a. financing, contribution
  - b. investing, Margin of safety
  - c. operating, P/V ratio
  - d. non-operating, Variable cost

### **Section B**

#### **SHORT ANSWER QUESTIONS (5 Marks each)**

[Please answer **any FOUR** questions on the **Answer Sheet** provided separately for the purpose.]

(4\*5=20 Marks)

2. Give examples of five adjustment entries that might occur after Trial balance has been drafted.
3. What is ASB ? Explain the scope and functions of ASB.
4. In a Triple Column Cash Book explain the treatment of Discount with examples.
5. Explain Du Pont Chart.
6. Calculate the capital gearing ratios from the following :

Equity Share capital	Rs. 10,00,000
Redeemable Preference Share Capital	Rs. 5,00,000
8 % Debentures	Rs. 3,00,000
Long Term Liabilities	Rs. 2,00,000
Reserves and Surplus	Rs. 2,00,000

7. Differentiate between Cash Flow and Fund Flow Analysis.

**Section C**

**ESSAY-TYPE QUESTIONS (10 Marks each)**

[Please answer **any THREE** questions on the **Answer Sheet** provided separately for the purpose.]

(10\*3=30 Marks)

8. Explain the procedure to prepare a Cash Flow Statement.
9. Distinguish between Management Accounting and Financial Accounting. What are the differences between Financial Accounting and Management Accounting.
10. What are the Activity ratios or turnover ratios ? Give examples.
11. Practical case:

A company has the option of buying one machine, out of the two : **Machine A & Machine B**. From the information given below, calculate:

- (a) The BEP in respect of each Machine
- (b) The level of Sales at which both are equally profitable, and
- (c) The range of sales at which one is more profitable than the other :

	<b>Machine A</b>	<b>Machine B</b>
Output p.a. (units)	10,000	10,000
Fixed costs p.a. (Rs.)	30,000	16,000
Profit at full capacity (Rs.)	30,000	24,000

Both the machines will produce identical products. The annual market demand for such product is 10,000 units @ Rs. 10 per unit.