

M.TECH DEGREE EXAMINATION
Model Question Paper
First Semester
Specialization: Industrial Engineering and Management
MMEIM 103 - FINANCIAL MANAGEMENT AND ACCOUNTING
(Regular 2013 Admission)

Time: Three Hours

Maximum: 100 Marks

Answer all questions.
Each full question carries 25 marks.

1. (a) Enumerate any five factors that determine the rate of return in a market economy.
(b) List and explain broad areas of financial decision-making.
(c) What are indirect taxes? Explain any two in detail.
(d) Discuss the importance and limitations of financial statement analysis.
- (3+5+7+10= 25 marks)

Or

2. (a) What is current asset?
(b) Contrast the salient features of the traditional and modern approaches to financial management.
(c) Discuss the important items found in a profit and loss account.
(d) Elaborate on the primary objective of corporate manager.
- (3+5+7+10= 25 marks)

3. (a) What inference can be made out of PE ratio?
(b) Outline the effect of 'Earnings per share' and 'Dividend per share' on the book value of a business enterprise.
(c) What is liquidity ratio? Explain.
(d) What is a leverage ratio? Explain.
- (3+5+7+10= 25 marks)

Or

4. (a) What is break-even analysis?
(b) What is book value per share?
(c) Write short notes on business risk and financial risk.
(d) Determine the sales of a firm with the following financial data:
- | | |
|--------------------------|---------------|
| Current ratio | = 1.5 |
| Acid-test ratio | = 1.2 |
| Current liabilities | = Rs.8,00,000 |
| Inventory turnover ratio | = 5 times |
- (3+5+7+10= 25 marks)

5. (a) What is a bank reconciliation statement? What is the procedure for preparing a bank reconciliation statement?
(b) Differentiate between asset and expense in financial statements.
(c) What are the limitations of financial statements?
(d) What are the errors that occur in the trial balance and what are the methods for their rectification.
- (5+5+5+10= 25 marks)

Or

6. (a) What is a double entry system? Discuss the rules of it.
(b) What is trial balance account. Explain with suitable example.
(c) Explain Adjusting, closing and transfer entries, with examples.

(5+10+10= 25 marks)

7. (a) What is the significance of preparing a balance sheet? What is it used for?
(b) What is the objective of preparing funds flow statement? In what way is it different from balance sheet?
(c) Differentiate between trading and non-trading accounts.
(d) What is meant by financial analysis? What are the limitations of financial statements?

(5+5+5+10= 25 marks)

Or

8. (a) What is the purpose of preparing the income and expenditure account?
(b) The following trial balance has been drawn from the books of a merchant as on 31st March, 2011.

PARTICULARS	DEBIT(Rs.)	CREDIT(Rs.)
Plant and machinery	1,00,000	
Furniture and fittings	12,000	
Capital/ Drawings	2,000	
Loose tools	20,000	
Goodwill	10,000	
Operating stock	20,000	
Returns	8,000	4,000
Discount received		6,000
Purchase/ Sales	2,12,000	4,68,000
Wages and other expenses	1,00,000	
Provision for doubtful debts		2,000
Carriage inwards	12,000	
Salaries	41,600	
General expenses/insurance	72,000	
Rent and taxes	14,400	
Postage	4,000	
Bank overdraft		20,000
Sundry debtors/creditors	56,000	24,000
Cash and Bank balances	16,000	
Total	7,00,000	7,00,000

The following additional information is also given:

- (a) Closing stock Rs. 30,800
(b) Depreciation plant and machinery @ 5% and Furniture and Fixtures @ 6%.
(c) Provision for doubtful debts to be maintained @ 5%
(d) Unexpected insurance was Rs. 400.

Prepare Trading profit and Loss Account and Balance sheet of the merchant.

(5+20 = 25 marks)