

(Following Paper ID and Roll No. to be filled in your Answer Book)

Paper ID :100506

Roll No.

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NMCA

THEORY EXAMINATION, 2015-16

ACCOUNTING AND FINANCIAL MANAGEMENT

[Time:3 hours]

[Maximum Marks:100]

**SECTION- A**

1. Attempt all parts. All parts carry **equal** marks. Write answer of each part in **Short**. **10 x 2 = 20**

- a) What is balance sheet ?
- b) What are intangible assets ?
- c) What is closing stock ?
- d) Define trial balance.
- e) Define Capital & Revenue Expenditure with Example.
- f) What is ratio analysis ?
- g) What do you mean by working capital ?
- h) What do you mean by fund ?
- i) Define the term Window Dressing.
- j) What do you mean by Cost Accounting ?

## SECTION - B

Attempt any **five** questions from this section. **10 x 5 = 50**

2. What is networking capital? What 'are the various sources of networking capital..?'
3. There are five basic elements of accounting; assets, liabilities, equity, income and expenses. Explain each one.
4. What are the uses and limitations of financial activity ratios?
5. Prepare Accounting Equation from the following transactions
  - (a) Mr. sunder commenced business with cash Rs.1,00,000.
  - (b) Good Purchased from ramesh for Rs. 15,000 on credit.
  - (c) Goods sold to satish for Rs. 10,000 on credit.
  - (d) Interest paid Rs. 5,000,
  - (e) Furniture Purchased for Rs. 10,000
6. What is the need of Accounting Concepts and Conventions? Discuss various Accounting concepts.
7. Differentiate Book Keeping and Accounting. Discuss double entry system and explain its merit and demerit.
8. On 1<sup>st</sup> January, 2014, Supreme Ltd. purchased a machine for Rs.5,00,000. On 1<sup>st</sup> July, 2014, an additional machinery costing Rs.3,00,000 was purchased. On 1<sup>st</sup> July, 2015 the machine purchased on January 1, 2014 was sold for Rs. 3,70,000. Show the Machinery Account for the first three calendar years after charging depreciation at 10% by Straight Line Method
9. Define Accounting, its objectives & limitations.

### SECTION – C

Attempt any **Two** question from this sections.

**(15 x 2 = 30)**

10. Below are selected ratio for 2 companies in the same industry alongwith industry average

RATIO	A	B	Industry
Current Ratio	221%	561%	241%
Acid-test ratio	121%	320%	131%
Debt-asset ratio	36%	5%	35%
Operating Expense ratio	18%	17.5%	20%
No. of times interest earned	6	12	5
Debtors Turnover	11.0	15.0	11.4
Rate of return on total assets	17%	10%	3.5%

Can we say on the basis of the above ratio and information that company B is better than company A because its ratio are better in six out eight areas ? The company B is better than the industry average in the same six categories.

11. From the following Balance sheet and Additional Information prepare Cash Flow Statement.

## BALANCE SHEET

<b>Liabilities</b>	<b>2014</b>	<b>2015</b>	<b>Assets</b>	<b>2014</b>	<b>2015</b>
Share Capital 12000	1,00,000 12000		1,00,000	Good Will	
General Reserve	14000	28000	Building	40000	36000
Profit & Loss A/c	6000	3000	Plant	37000	46000
Creditors	8000	5400	Investment	10000	11000
Bill Payable	1200	800	Stock	30000	23400
Provision for Tax	16000	18000	Bill	2000	3200
			Receivable		
Prov. For Doubtful Debt	400	600	Debtors	18000	19000
			Cash	6600	15200
<b>TOTAL</b>	<b>155600</b>	<b>165800</b>	<b>TOTAL</b>	<b>155600</b>	<b>155600</b>

Additional Information :

- (i) Depreciation change on Plant was 4000 and on Building was 4000
- (ii) Provision for Taxation of 19000 was made during the year 2015
- (iii) Interim Dividend of 8000 was paid during the year 2015

12. Distinguish between Funds Flow Statement and Balance Sheet.