

REG.NO:

--	--	--	--	--	--	--	--	--	--



**DHANALAKSHMI SRINIVASAN COLLEGE  
OF ARTS & SCIENCE FOR WOMEN  
(AUTONOMOUS)**  
(For Candidates admitted from 2020-2021 onwards)



**PG DEGREE EXAMINATIONS APRIL - 2021  
M.B.A - BUSINESS ADMINISTRATION  
FINANCIAL MANAGEMENT**

Time: 3 Hrs

Max.Marks: 75

## PART - A

CHOOSE THE CORRECT ANSWER

(10X1=10)

1. Goods valued Rs. 1500 taken by the proprietor for his personal use should be debited to:
  - a) Drawing account
  - b) Sales account
  - c) Purchases account
  - d) Stock account
2. Closing stock is valued at
  - a) Cost price
  - b) Cost or market price whichever is lower
  - c) market price
  - d) Cost or market price whichever is higher
3. Which of the following represents the value of shares with which a company is registered?
  - a) Called up capital
  - b) Paid up capital
  - c) Authorized Capital
  - d) Uncalled capital
4. Which one of the following is not a right of a shareholder?
  - a) To receive a dividend declared by the company
  - b) To attend and vote a meetings
  - c) To receive the company's accounts
  - d) To manage company affairs
5. Current Ratio is referred to as \_\_\_\_\_ ratio.
  - a) Solvency
  - b) Profitability
  - c) Financial
  - d) Working capital
6. Which of the following will result into Application of funds?
  - a) Sale of Plant
  - b) Issue of share capital
  - c) Purchase of Land
  - d) Payment to Creditors
7. The excess of current assets over current liabilities is called \_\_\_\_\_.
  - a) Net tangible worth
  - b) Networth
  - c) Gross working capital
  - d) Net working capital.
8. Amount of current assets that varies with seasonal requirements is referred to as \_\_\_\_\_ working capital.
  - a) Permanent
  - b) Net
  - c) Temporary
  - d) Gross
9. External sources of finance does not include \_\_\_\_\_.
  - a) Leasing
  - b) Retained earnings
  - c) Overdraft
  - d) Debentures
10. Under the lease agreement, the lessee gets the right to \_\_\_\_\_.
  - a) Share profits earned by the lessor
  - b) Use the asset for a specified period
  - c) Participate in the management of the organization
  - d) Sell the assets

**PART- B**

**ANSWER ALL THE QUESTIONS**

**(5X7=35)**

11. a) Bring out the difference between Financial and Management accounting.

**(OR)**

b) What do you mean by Human Resources accounting? List out its objectives.

12. a) Ganesh Ltd. was registered on 1.7.2007 to acquire the running business of Suneel & Co., with effect from 1.1.2007. The following was the Profit and Loss account of the company on 31.12.2007.

Particulars	Amount	Particulars	Amount
To Office expenses	54,000	By Gross Profit	2,25,000
To Formation expenses (written off)	10,000		
To Stationery & Postage	5,000		
To Directors' fees	60,000		
To Net Profit	20,000		
	76,000		
	2,25,000		2,25,000

You are required to prepare a statement showing profit earned by the company in the pre and post incorporation periods. The total sales for the year took place in the ratio of 1:2 before and after incorporation respectively.

**(OR)**

b) What are the advantages and disadvantages of buy back of securities?

13. a) From the following details, find out: (a) Current Assets, (2) Current Liabilities, (3) Liquid Assets and (d) Stock

Current Ratio – 2.5; Liquid Ratio – 1.5; Working Capital – Rs. 90,000

**(OR)**

b) From the following Profit and Loss account, compute Cash from Operation.

Particulars	Amount	Particulars	Amount
To Salaries	5,000	By Gross Profit	25,000
To rent	1,000	By Profit on Sale of Land	5,000
To Depreciation	2,000	By Income Tax refund	3,000
To Loss on sale of Plant	1,000		
To Goodwill written off	4,000		
To Proposed dividend	5,000		
To Provision for Taxation	5,000		
To Net Profit	10,000		
	<b>33,000</b>		<b>33,000</b>

14.a) Justify how adequate working capital is important.

(OR)

b) Bring out the motives of holding cash.

15 .a) Differentiate between shares and debentures.

(OR)

b) Write a note on: (1) Venture Capital (2) Mutual funds.

### PART-C

ANSWER ANY THREE QUESTIONS

(3X10=30)

16. Discuss in brief the important accounting concepts and conventions.

17. A Ltd. was registered with an authorized capital of Rs. 6, 00,000 in equity shares of Rs. 10 each. The following is its Trial Balance on 31 March 2008.

Particulars	Debit balance	Credit balance
Goodwill	25,000	-
Cash	750	-
Bank	39,900	-
Purchases	1,85,000	-
Preliminary expenses	5,000	-
Share capital	-	4,00,000
12% Debentures	-	3,00,000
P & L a/c (Cr.)	-	26,250
Calls in arrear	7,500	-
Premises	3,00,000	-
Plant & Machinery	3,30,000	-
Interim dividend	39,250	-
Sales	-	4,15,000
Stock (1.4.2007)	75,000	-
Furniture & fixtures	7,200	-
Sundry debtors	87,000	-
Wages	84,865	-
General expenses	6,835	-
Freight & carriage	13,115	-
Salaries	14,500	-
Directors fees	5,725	-
Bad debts	2,110	-
Debenture interest paid	18,000	-
Bills payable	-	37,000
Sundry creditors	-	40,000
General reserve	-	25,000
Provision for bad debts	-	3,500
	12,46,750	12,46,750

Prepare Profit & Loss Account, Profit & Loss Appropriation A/c and Balance Sheet in proper form after making the following adjustments:

- (i) Depreciate plant and machinery by 15%
- (j) Write off Rs.500 from preliminary expenses
- (k) Provide for 6 months interest on debentures
- (l) Leave bad and doubtful debts provision at 5% on sundry debtors
- (m) Provide for income tax at 50%
- (n) Stock on 31.3.2008 was Rs. 95,000.

18. From the following balance sheets of Malar Industries as on 31<sup>st</sup> Dec. 2017 and 31<sup>st</sup> Dec. 2018. Prepare Schedule of changes in Working capital and Sources and application of funds.

Liabilities	2017	2018	Assets	2017	2018
Eq. share capital	40,000	40,000	Fixed assets	41,000	40,000
7% Redeemable Preference shares	-	10,000	(-) Depreciation	11,000	15,000
General Reserve	2,000	2,000		30,000	25,000
Profit & Loss A/c	1,000	1,200	<b>Current Assets:</b>		
Debentures	6,000	7,000	Debtors	20,000	24,000
<b>Current Liabilities:</b>			Stock	30,000	35,000
Creditors	12,000	11,000	Prepaid expenses	300	500
Provision for tax	3,000	4,200	Cash	1,200	3,500
Proposed Dividend	5,000	5,800			
Bank Overdraft	12,500	6,800			
	81,500	88,000		81,500	88,000

19. Define Working capital. Explain the factors determining the working capital requirement.
20. What are the different sources of Long term financing?