

MTM–304/MTTM–304**Financial Accounting**

Master of Tourism & Travel Management

(MTM–12/MTTM–16/17)

Third Semester, Examination, 2017

Time : 3 Hours

Max. Marks : 40

Note : This paper is of **forty (40)** marks containing **three (03)** Sections A, B and C. Attempt the questions contained in these Sections according to the detailed instructions given therein.

Section–A**(Long Answer Type Questions)**

Note : Section ‘A’ contains four (04) long answer type questions of nine and half $9\frac{1}{2}$ marks each. Learners are required to answer *two* (02) questions only.

1. From the following Trial Balance of Ram & Co. as on 31-03-2017, prepare a Trading and Profit & Loss Account for the year ended 31-03-2017 and a Balance Sheet as on that date :

Trial Balance

Particulars	Amount Dr. (₹)
Cash in hand	1,200
Purchases	1,20,000
Opening Stock	35,000
Sundry Debtors	50,000
Plant and Machinery	60,000
Furniture	15,000
Bills Receivable	23,000
Rent and Taxes	10,000
Wages	16,000
Salaries	20,000
	3,50,200

Particulars	Amount Cr. (₹)
Capital	83,000
4% Bank Loan	20,000
Bills Payable	22,000
Sundry Creditors	24,000
Sales	2,00,000
Bad Debts Reserve	1,200
	3,50,200

Additional information supplied :

- (i) Closing stock ₹ 40,000.
 - (ii) Provide outstanding liabilities : Rent and Taxes ₹ 2,000; Wages ₹ 3,000; Salaries ₹ 4,000.
 - (iii) Depreciation : On Plant and Machinery @ 5%, on Furniture @ 10%.
 - (iv) Write off ₹ 500 as bad debts.
 - (v) Create bad debt reserve @ 2.5% on Sundry Debtors.
- 2. Define Accounting. State the various branches of Accounting. Also explain the uses and limitations of Accounting.
 - 3. Explain the concept of Financial Management. State its objectives and functions.
 - 4. What is the need for capital budgeting ? How is pay back period calculated ? How is it helpful in capital expenditure decisions ?

Section-B**(Short Answer Type Questions)**

Note : Section 'B' contains eight (08) short answer type questions of four (04) marks each. Learners are required to answer *four* (04) questions only.

- 1. Explain the functions of accountant in modern times.
- 2. Explain any *four* accounting concepts in detail.
- 3. Give Journal entries to rectify the following errors :
 - (i) Repairs of machinery ₹ 400 have been added to Machinery Account.
 - (ii) ₹ 5,000 spent on extension of factory buildings charged to Repairs Account.

- (iii) Furniture purchased for ₹ 2,000 was debited to Purchases Account.
 - (iv) ₹ 1,750 paid to Raghunath for salary for the month of November was debited to his Personal Account.
 - (v) An amount of ₹ 600 withdrawn for personal use by proprietor of the firm has been debited to travelling expenses.
- 4. What is Trial Balance ? How is it prepared ?
 - 5. What is Fund Flow Statement ? Explain its managerial uses.
 - 6. What do you mean by Ratio Analysis ? Explain any *three* accounting ratios.
 - 7. Explain the sources of short-term finance.
 - 8. Explain the nature and causes of under-capitalization.

Section-C

(Objective Type Questions)

Note : Section 'C' contains ten (10) objective type questions of half $\frac{1}{2}$ mark each. All the questions of this Section are compulsory.

State whether each of the following statements is 'True' or 'False' :

- 1. It is on the basis of going concern concept that the assets are always valued at market price.
- 2. Ledger is a set of accounts.
- 3. All intangible assets are fictitious assets.

4. All errors affect the agreement of the trial balance.
5. Profit maximization and wealth maximization are essentially the same.
6. In capital budgeting proposals risk may arise due to different factors.
7. IRR and NPV always give same decisions.
8. Closing stock is a source of funds.
9. Profitability ratio is a calculated in percentage.
10. Vertical analysis is also known as static analysis.

