

MTM-304/MTTM-304**Financial Accounting**

Master of Tourism and Travel Management
(MTM-12/MTTM-16/17)

Third Semester, Examination, 2018

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. The following are the Balances of Mr. Ashok as on 31-3-2017 :

	Amount (₹)
Opening Stock	36,000
Sundry Creditors	11,000
Sundry Debtors	28,000

Bills Receivable	16,000
Carriage on Purchases	1,200
Direct Expenses	13,500
Salary	9,900
Bills Payable	6,500
Repairs	1,350
Miscellaneous Income	566
Capital Account	80,000
Commission (Cr.)	2,500
Reserve for bad and doubtful debts	850
Purchases	77,000
Plant	50,000
Sales	1,59,050
Furniture	9,600
Sundry Expenses	900
Cash	17,016

Prepare the Trial Balance for these balances, the Trading and Profit & Loss Account and the Balance Sheet after taking into consideration the following :

- (i) Closing Stock ₹ 51,400.
- (ii) Unpaid Expenses ; Salary ₹ 1,600; Direct Expenses ₹ 2,100 and Rent ₹ 4,200.

- (iii) Write-off 10% on Plant and 7.5% on Furniture as depreciation
 - (iv) Write-off ₹ 400 on Debtors as bad debts and increase the balance of the Reserve for bad and doubtful debts by 2.5% on Debtors.
2. Explain the objectives and scope of Accounting. Explain any *four* Accounting concepts.
 3. Discuss the objectives and limitations of Analysis of Financial Statements. Explain the methods of analysis of Financial Statements.
 4. Explain the meaning and importance of Capital Budgeting. Explain any *two* methods of Capital Budgeting.

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 uses and limitations of Accounting.
2. State and explain the principles of Double Entry System of Book-keeping.
3. Define a Ledger. What are its objects. Show that relationship between Journal and Ledger.
4. Rectify the following errors :
 - (i) Goods sold to Vaidyanath ₹ 350 were entered in the Sales Book as ₹ 530.
 - (ii) Goods purchased from Moti ₹ 1,450 were posted in the Purchases Book as ₹ 1,540.
 - (iii) Goods sold to P. K. Sahu for ₹ 152 but were recorded in the Sales Book as ₹ 125.

- (iv) Goods worth ₹ 420 returned to Rohit were recorded in the Purchases Return Book as ₹ 204.
 - (v) ₹ 190 paid to Shiv Kumar and ₹ 210 to Rahman, but Shiv Kumar's Account was debited with ₹ 210 and Rohman's Account was debited with ₹ 190.
5. Explain the following with examples in brief :
- (i) Current Ratio
 - (ii) Inventory Turnover Ratio
 - (iii) Debt-Equity Ratio
 - (iv) Capital gearing ratio
6. Explain the need and objectives of Financial Management.
7. Explain the steps of Financial Planning.
8. What are the elements of Working Capital Management ?

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. Assets will be equal to capital if there are no liabilities.
(True/False)
- 2. Materiality principle is an exception to the 'Full Disclosure Principle'.
(True/False)

3. Personal Accounts always show debit balance.
(True/False)
4. Cash Book is both a subsidiary book and a Ledger account.
(True/False)
5. Asset side of Balance Sheet represent Credit Balance.
(True/False)
6. Financial Management refers to financial decision-making.
(True/False)
7. 'Fund' is the difference between fixed assets and current assets.
(True/False)
8. Financial statement include both income statement and position statement.
(True/False)
9. NPV represents net addition to wealth of shareholders.
(True/False)
10. Value of right is payable by the company to the equity shareholders.
(True/False)

