

Question Paper

Exam Date & Time: 27-Aug-2019 (10:00 AM - 11:30 AM)



MANIPAL ACADEMY OF HIGHER EDUCATION

SECOND SEMESTER MASTER IN HOSPITAL ADMINISTRATION DEGREE EXAMINATION - AUGUST 2019
SUBJECT: MHA 502 - ACCOUNTING & FINANCIAL MANAGEMENT
(2017-2019 BATCH / 2018-2020 BATCH - REPEATERS)
Tuesday, August 27, 2019 (10.00 - 11.30)

Marks: 50

Duration: 90 mins.

Answer all the questions.

- 1) Prepare Trading and Profit and loss account and Balance sheet for the year ended 31st December 2016, (10) after taking into account the following Trial Balance and adjustments.

Trial Balance as on 31st December, 2016

	Dr.	Cr.
Capital		30,000
Drawings	860	
Purchases and sales	13,900	20,000
Sales returns and purchases returns	280	550
Stock (1-1-2016)	2,200	
Wages	800	
Buildings	22,000	
Freight and Carriage	2,000	
General expenses	200	
Advertisement	240	
Interest received		350
Tax and Insurance	130	
Debtors and Creditors	6,500	1,200
Bills receivable and bills payable	1,500	700
Cash at Bank	1,200	
Cash in hand	190	
Salaries	800	
Total	52,800	52,800

Adjustments:

1. Stock on 31st December 2016 was valued at Rs.6,000
2. Outstanding wages Rs.400
3. Outstanding liabilities were: salaries Rs.100 and Taxes Rs.100
4. Depreciate Buildings at 5% p.a.

- 2) Journalize the following transactions and prepare Advertising, wages and furniture accounts. (10)

			Rs.
2012 March 5		Machinery purchased	18,000
“ ”	9	Paid advertising charges	14,500
“ ”	10	Purchased new Machinery for cash	2,000
“ ”	18	Paid wages	4,000
“ ”	20	Sold Furniture for cash	4,500
“ ”	22	Sold goods for cash	6,000
“ “	30	Paid rent	5,000

3A) The following are the financial statements of Damas Jewellers Dubai. (5)

Balance sheet as on 31st December 2014

Liabilities	Rs.	Assets	Rs.
Bank overdraft	6000	Cash	13200
Creditors	30000	Debtors	54000
Accrued liabilities	10800	Stock (Inventory)	63000
Long term loan	10200	Land and buildings	14400
Share capital	60000	Plant	32400
Share premium	21000	Other fixed assets	900
Reserves and surplus	39900		
	1,77,900		1,77,900

Profit and loss account for the year ending 31st December, 2014

Net sales	585000	
Less: cost of goods sold	476400	
Gross profit		108600
Less: administration and selling expense	45000	
Depreciation	4800	
Interest	4800	
Other expenses	9000	63600
Net profit before tax (Operating profit)		45000
Less: Tax		22500
Net profit		22500

You are required to calculate:

- i) Debt-equity ratio
 - ii) Current ratio
 - iii) Net worth ratio
- (2+2+1 = 5 marks)

3B) From the following data calculate the amount of working capital required. (5)

- i) Average amount locked up in stock:
 - Stock of materials and stores Rs.12,000 per annum
 - Work-in-progress Rs.3,000 per annum
 - Stock of finished goods Rs.6,000 per annum
- ii) Average credit given (Debtors)
 - Inland sales -8 weeks credit (Rs.2,00,000 per annum)
 - Export sales - 3 weeks credit (Rs.60,000 per annum)
- iii) Lag in payment of wages and other expenses:
 - Lag in payment for purchase of materials and stores - 5 weeks (Rs.40,000 per annum)
 - Lag in payment of wages - 3 weeks (Rs.20,000 per annum)
 - Lag in payment of overheads - 1 week (Rs.15,000 per annum)
- iv) Payment in advances:

Sundry expenses (paid quarterly in advance) Rs.5,000 per annum
Safety margin 10%.

- 3C) Ram Ltd is considering the purchase of a machine. Two machines are available, A and B. The cost of (5)
each machine is Rs.1,00,000. Each machine has an expected life of 4 years. Scrap value of each
machine is Rs.4,000. Net profit before tax during the expected life of the machine are given below:

YEARS	Machine A	Machine B
	Rs.	Rs.
1	20,000	30,000
2	30,000	40,000
3	40,000	50,000
4	50,000	60,000
	1,40,000	1,80,000

Following the method of Return on investment, ascertain which of the alternatives will be more
profitable? The average rate of tax may be taken as 50%.

- 3D) A company manufactures and sells 60000 units of a product at a variable cost of Rs.42 each. The (5)
fixed costs are Rs.180000. The selling price is fixed to make a profit of 33.33% on cost. You are
required to calculate:
i) p/v ratio.
ii) Break-even point units.
- 3E) Explain any five short term sources of finance. (5)
- 3F) Write a note on Foreign Direct Investment. (5)

-----End-----