

**MANIPAL ACADEMY OF HIGHER EDUCATION**  
**FIRST SEMESTER M.A. (FM) DEGREE EXAMINATION – NOVEMBER 2018**  
**SUBJECT: MAFD 513 – FINANCIAL MANAGEMENT (ELECTIVE-4)**  
**(REGULAR)**

Monday, November 12, 2018

Time: 14:00 – 17:00 Hrs.

Max. Marks: 50

✍ Answer any FIVE complete questions from the following.

1. Define the following:

- 1A. What are the forms of Business Organisations? Explain
- 1B. Explain Accounting Period and Accrual Principle.
- 1C. Differentiate between Credit Note and Debit Note
- 1D. Why do we prepare separate Trading and Profit and Loss A/c? Explain

(3+4+1+2 = 10 marks)

2A. Following are some accounting errors. Rectify them by making journal entries:

- i) Sales for ₹ 10000 made to Raman was entered in the Purchase Book instead of Sales Book.
- ii) Salary of ₹ 9500 paid to Officer Daman was debited to Wages Account
- iii) Broken Table sold for ₹ 1800 was entered in the Sales Book.
- iv) Carriage Outward ₹ 1500 paid on sale of Goods was debited to Carriage Inward A/c
- v) Cash ₹ 19000 paid to the creditor Rakesh was debited to Rahul's A/c

2B. Differentiate between:

- i) Absorption Costing and Marginal Costing
- ii) Management Accounting Vs Financial Accounting

(5+5 = 10 marks)

3A. Company has a machine No. 9 which can produce either product A or B. The cost data relating to machine A and B are as follows:

Particulars	Product A	Product B
Selling price	₹ 20.00	₹ 30.00
Variable expenses	₹ 14.00	₹ 18.00
Contribution	₹ 6.00	₹ 12.00

**Additional Information:**

- a) Capacity of machine No. 9 is 1,000 hrs.
- b) In one-hour machine No. 9 can produce 3 units of A and 1 unit of B. Which product should machine No. 9 produce?

3B. Record the following transactions in the Journal Proper of M/s Nishant Electronics and also prepare the ledger accounts for the same:

- Purchased on account furniture from M/s Furniture House for ₹ 6,000.
- Purchased stationery for office use from M/s Stationery Mart ₹ 700.
- Made full and final payment to M/s Furniture House by Cheque discount allowed by them ₹ 200.
- Prepaid Insurance ₹ 1,000.
- Depreciation on Machinery ₹ 3,000.

(5+5 = 10 marks)

4. Following are the transactions of Dhani Ram and Sons for the month of July 2018. Make journal entries, post them into ledger and balance the account.

2018		
July 1	Commenced business with cash	60,000
" 2	Paid into Bank	40,000
" 5	Purchased furniture for cash	5,000
" 7	Purchased Goods and paid for them by Cheque	20,000
" 10	sold Goods to Lata Gupta for cash	12,000
" 12	Sold Goods to Mahavir on credit	24,000
" 18	Purchased Goods from Harish	30,000
" 19	Withdrew cash for domestic use	2,500
" 20	Received a cheque from Mahavir on account	18,900
	Allowed him discount	100
" 27	Paid to Harish cash on account	16,800
	Discount allowed by him	200
" 31	Paid salary by cheque	1,800
	Paid cash for telephone bill	600

(10 marks)

5A. Explain the Concept of Sales and Sales Return Book with help of format and sample Journal entries with examples.

5B. Explain the Concept of Debit Note and Credit Note with help of examples.

5C. Differentiate between Capital Receipts Vs Revenue Receipts and Revenue Expenditure vs Revenue Receipts.

(5+3+2 = 10 marks)

6. The following are the balances extracted from the Books of Chinmay Aggarwal on 31<sup>st</sup> March 2018.

Chinmay's Capital	60000	Stock (1.4.06)	44200
Furniture & Fixtures	5000	Debtors	36000
Bank Overdraft	8400	Rent Received	2000
Creditors	27600	Purchases	220000
Business Premises	50000	Sales	300000
Discount (Dr.)	3200	Sales Returns	4000
Tax & Insurance	4000	Bills Payable	10000

Salaries	20000	
Commission (Cr.)	2000	
Carriage inward	3600	
Bad Debts	1600	
Motor Vehicle	14400	
Investments	4000	

**Following adjustments are to be made:**

- Stock on 31 March, 2018 ₹ 35000.
- Write off depreciation on: Business Premises ₹ 800; Furniture & Fixture ₹ 500; Motor Vehicle 10% p.a.
- Interest on bank overdraft ₹ 150.
- Interest on capital allowed @ 6% p.a.

(10 marks)

