

Roll No. ....

Subject Code—2117

**M.I.B. (First Year) EXAMINATION**

**ACCOUNTING AND FINANCE**

**MIB-103**

*Time : 3 Hours*

*Maximum Marks : 100*

**Note :** Attempt any *Five* questions. All questions carry equal marks.

1. Discuss accounting concepts and conventions underlying preparation of financial statements of insurance companies with suitable illustrations.
2. Laxmi Limited purchased machinery for Rs. 40,000 on 1st July, 2001. Depreciation is provided @ 10% p.a. on the diminishing balance method. On 1st October, 2003 one-fourth of the machinery was found unsuitable

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and disposed of for Rs. 6,000. On the same date a new machinery at a cost of Rs. 15,000 was purchased. Write up the Machinery A/c from 2001 to 2003. The accounts are closed on 31st December each year.

3. Explain the meaning and different types of 'Responsibility Centres'. What steps need to be taken to set up a system of responsibility accounting in an organisation ?
4. A factory engaged in an industry which is capital intensive, has been in operation for ten years. The capital employed is Rs. 170 lakhs out of which Rs. 100 lakhs represent equity capital and reserves, Rs. 50 lakhs long term borrowings on debentures and Rs. 20 lakhs cash credit from banks. The working capital of the company is Rs. 85 lakhs made up of stocks of Rs. 30 lakhs, stores Rs. 14 lakhs, Debtors Rs. 35 lakhs, Advances, Deposits etc. Rs. 6 lakhs. Annual sale is Rs. 80 lakhs. Calculate five financial ratios from the above for the use of management.

5. What do you understand by Zero Based Budgeting ? How is it different from traditional budgeting ? What benefits are occurred from it ?
6. Explain the various factors affecting capital investment decisions with the help of suitable examples.
7. State the different types of financial analysis and discuss the limitations of analysis and interpretations of financial statements.
8. Write short notes on the following :
  - (a) Performance budgeting
  - (b) Role of reporting system in effective management.