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Total No. of Pages : 02

Total No. of Questions : 06

PIT MBA (Sem.-1)
ACCOUNTING FOR MANAGEMENT - I

Subject Code : MBA-103

Paper ID : [51183]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTIONS TO CANDIDATES :

1. **SECTION-A** contains **SIX** questions carrying **TWO** marks each and students has to attempt **ALL** questions.
2. **SECTIONS-B** consists of **FOUR** questions each carrying **TEN** marks each and student has to attempt **ALL** questions.
3. **SECTION-C** is consist of **ONE** Case Study carrying **EIGHT** marks.
4. **All Questions are Compulsory.**

SECTION-A**1. Write short notes on :**

- a) Branches of accounting.
- b) Double entry system.
- c) Company accounts.
- d) Bonus and right shares.
- e) Insurance vs. Assurance.
- f) Creative accounting.

SECTION-B

2. What is the evolution of financial accounting? Discuss the steps involved in the process of financial accounting.
3. Explain the :
 - a) Types of shares and share capital.
 - b) Redemption of preference shares and debentures.
4. Discuss the concept of banking company accounts. Explain the steps in preparation of financial statements of banking companies.
5. Critically examine the financial statements. Discuss the effects of abnormal items and changes in accounting policies.

SECTION-C

6. Case Study : Creative Accounting by Corrupt CFO

Annual bonuses given to top executives at this corporation were primarily determined by whether they successfully met operating budgets and profit projections. Faced with the prospect of losing his year end bonus, and knowing that he would be leaving the company, the CFO inflated the bottom line by understating expenses for various departments. The CFO submitted the fictitious financial reports and received his performance incentive. The real numbers didn't surface until several months later, when the CFO's successor uncovered the discrepancies.

When the CFO was recruited two years prior to this incident, the company didn't perform a thorough background investigation, despite the fact that he was being offered a position of considerable responsibility and trust.

According to the CFO's resume, his prior employer was a company that had been acquired and experienced a management consolidation. The CFO explained that none of the top executives he worked with were still with the firm and in a position to provide references. However, because of the CFO's seemingly impressive credentials he was offered the position.

The Investigation

During Danbee's investigation, it was determined that the company the CFO previously worked for had actually declared bankruptcy, and the assets, not the corporation, were acquired.

Further investigation revealed that one of the CFO's prior employers included a family-held Business, of which he was a stockholder, that had also declared bankruptcy and had been sued by numerous suppliers for fraud. [This position was not listed on his resume.] Danbee Investigations also determined that the CFO had embellished his academic credentials.

It became clear that this executive had carefully crafted a professional history based on deception and misrepresentation.

Questions :

- 1 In above case study, the CFO has carefully executed fraud, under which act he should be sued by the company and how?
- 2 Can this case of fraud be solved by negotiations with corrupt CFO?
- 3 How the fraud came into light in the above case study?