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Total Number of Pages: 02

MBA
15 MNG103

1st Semester Regular Examination – 2016-17
FINANCIAL ACCOUNTING AND ANALYSIS

BRANCH: MBA

Time: 3 Hours

Max Marks: 100

Q Code :Y725

Answer Question No.1 & 2 which is compulsory and any four from the rest.
The figures in the right hand margin indicate marks.

Q1 Fill up the blanks: (2 x 10)

- (a) In accrual system of recording the transaction in _____ and _____ are recorded in books.
- (b) In dual aspect concept, the business transaction results in _____ and _____ some benefits of equal value.
- (c) Convention of conservation is about a cautious approach under which any _____ is not recognized until it materializes and any _____ is recognized even though it is anticipated.
- (d) Business entity concept distinguishes between _____ and _____ transactions.
- (e) While preparing ledger accounts left and right hand sides record _____ and _____ items respectively.
- (f) _____ and _____ are examples of deferred revenue expenditures.
- (g) _____ is an identifiable intangible asset whereas _____ is an identifiable intangible asset.
- (h) A profit and loss account shows _____ of the business whereas Balance Sheet shows _____ of the business.
- (i) Gross profit is equal to _____ minus _____.
- (j) Capital is the excess of _____ over _____.

Q2 Answer all questions. (2x10)

- (a) What are the elements of financial statements?
- (b) Explain the treatment of cash discount and trade discount with examples.
- (c) What are the subsidiary books?
- (d) What are contingent liabilities? How do you show in balance sheet?
- (e) Why is buy back of share resorted to?
- (f) Which type of share is more important from the perspective of an investor and why?
- (g) Which type of depreciation method more acceptable in business entities and why?
- (h) What are the basic differences between bond and debentures?

(i) Why are companies resorting to present balance sheet in vertical format than horizontal format?

(j) What are the merits of ratio analysis?

Q3 (a) What are the purposes of accounting information?

2x7.5

(b) What are accounting conventions? Why are they important?

Q4 From the following trial balance of M/s Gopi, prepare the trading account and profit and loss account for the year ended 31 December 2015, and balance sheet as on that date.

(15)

Particulars	Dr (Rs)	Cr(Rs)
Capital		27,000
Drawings	4,260	
Furniture	5,700	
Stock	8,760	
Purchase and sales	62,172	71,436
Returns	1,260	1,746
Salaries	2,640	
Rent	720	
Rates and taxes	1,500	
Apprentice premium		750
Bank overdraft		1,200
Bad debts	1,032	
Sundry debtors	19,200	
Cash in hand	288	
Sundry creditors		6,000
Provision for bad debts		600
Bills receivable	1,440	
Bills payable		1,080
Discount		360
Suspense account	1,200	
	1,10,172	1,10,172

You are required to consider the following adjustments:

(a) Stock on 31 December valued at Rs.20,000.

(b) Provide for doubtful debts at 5% on sundry debtors.

(c) Rent due was Rs.200

(d) Taxes paid in advance Rs.500.

(e) Depreciate furniture at 10%

(f) Apprentice premium of Rs.250 was to be carried forward

(g) Calculate interest on capital at 5% p.a.

Q5 Following data represents the ratios pertaining to X Co.Ltd for the year (15)
ending 31st March, 2015.

Annual Sales	40,00,000
Sales to Net Worth	4 times
Current Liabilities to Net Worth	50%
Total Debts to Net Worth	80%
Current Ratio	2.2 times
Sales to Inventory	8 times
Average Collection Period	40 days
Fixed Assets to Net Worth	70%

From the above particulars prepare the Balance Sheet of X Co. Ltd as on 31st March, 2015. Assume that all sales are made on credit.

Q6 Explain the determinants of sound depreciation policy and explain at least (15)
three methods of charging depreciation.

Q7 (a) "A cash flow statement is required to explain changes in cash account (7.5x2)
balances between balance sheet dates." Explain this statement.
(b) List the common sources and uses of cash in each activity area:
operating, investing and financing.

Q8 Write Short Notes: (7.5x2)
(a) Need for accounting standards.
(b) Ethical issues in Accounting.