

Registration No:

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| Total Number of Pages: | MBA |
| | 15MNG 103 |
| 1st Semester Regular Examination 2015-16 | |
| FINANCIAL ACCOUNTING AND ANALYSIS | |
| BRANCH: MBA | |
| Time: 3 Hours | |
| Max Marks: 100 | |
| Q.CODE: T820 | |
| Answer Part-A which is compulsory and any four from Part-B. | |
| The figures in the right hand margin indicate marks. | |
| | |
| <u>Part – A (Answer all the questions)</u> | |

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| Q.1 | <p>Fill up the gaps (show calculations where required)</p> <p>a) _____ uses accounting information for planning a company's profitability.</p> <p>b) The payment of a liability will result in debit of _____ and credit of _____</p> <p>c) If a company has liabilities of Rs.91,000 and equity of Rs.75,000 and current assets Rs.26,000, the total assets value is Rs._____</p> <p>d) The immediate recognition of loss is supported by the underlying principle of _____</p> | (2 x 10) |
| | <p>e) The ending balance of owner's equity is Rs.21,000. During the year, the owner contributed Rs.6,000 and withdrew Rs.4,000. If the firm had Rs.8,000 net income for the year, the beginning owner's equity was Rs._____</p> <p>f) Cash transactions are recorded in _____ book where as non-cash transactions are normally recorded through _____.</p> <p>g) A triple column cash book normally contains columns such as _____, _____ and _____ of both sides of the ledger.</p> | |

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|-----|----|---|--------|
| | h) | The ending balances of the accounts receivable account was Rs.12,000. Services billed to customers for the period were Rs.21,500 and collections on account from customers were Rs.23,600. The beginning balance of account receivable was Rs._____ | |
| | i) | If a trader's net sales amounts to Rs.18,000 and his gross profit is 60 percent of sales and his net profit is 40 percent of sales, his expenses are Rs._____ | |
| | j) | Carriage Inward is charged to _____ where as carriage outward is charged to _____ account. | |
| | k) | An expenditure which will benefit the future period is known_____. | |
| | l) | Balance sheet gives information regarding _____. | |
| | m) | What is owed by a business to others is known as its _____ | |
| | n) | Excess debit over credit in trading account represents _____. | |
| | o) | Debt equity ratio is denoted as _____ by _____ | |
| | p) | Capital is shown in the _____ side because of the _____ concept. | |
| | q) | Classified summary of all transactions is called as _____ | |
| | r) | While calculating liquid ratio, _____ is not taken into consideration. | |
| Q.2 | s) | Profitability ratios show the relationship between _____ and _____ | (2x10) |
| | t) | In _____ analysis, the first year is taken as the base for conversion of the absolute data into percentages. | |
| | | Answer the following questions: Short answer type | |
| | a) | Why equity shares are bought back by the issuing company ? | |
| | b) | Why are there subsidiary books ? What subsidiary books are maintained by a firm. | |
| | c) | Give an example of a business transaction which will increase in one asset and decrease in another asset. Show it through journal entry. | |
| | d) | Show through a suitable journal entry a business event which increases in one asset and increase in liability. | |
| | e) | Explain the rules of debit and credit. | |

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| | f) | A trial balance may be in balance but the accounts may be incorrect. How is this possible? | |
| | g) | What is the proper sequence of actions in the accounting cycle ? | |
| | h) | Why should there be two accounts namely 'manufacturing account' and 'trading account' ? | |
| | l) | Write journal entries for outstanding expenses and accrued income. | |
| | j) | What are the three most important statements of accounts prepared and presented by the Board of Directors before its shareholders. | |
| <u>Part – B (Answer any four questions)</u> | | | |

Q.3

From the following Trial Balance, prepare Trading and Profit and Loss Account for the year ended 31st December, 2014 and Balance Sheet as on that date :

(15)

| | Dr. (Rs.) | Cr. (Rs.) |
|------------------------|-----------------|-----------------|
| Purchases and Sales | 2,75,000 | 5,20,000 |
| Returns Inwards | 15,000 | - |
| Returns Outwards | - | 9,000 |
| Carriage | 12,400 | - |
| Wages and Salaries | 58,600 | - |
| Trade Expenses | 2,200 | - |
| Rent | - | 13,000 |
| Insurance | 2,000 | - |
| Audit Fees | 1,200 | - |
| Debtors / Creditors | 1,10,000 | 62,100 |
| B/R and B/P | 3,300 | 2,200 |
| Printing & Advertising | 5,500 | - |
| Commission | - | 1,000 |
| Opening Stock | 36,000 | - |
| Cash in Hand | 12,800 | - |
| Cash at Bank | 26,800 | - |
| Bank Loan | - | 20,000 |
| Interest on Loan | 1,500 | - |
| Capital | - | 2,50,000 |
| Drawings | 15,000 | - |
| Fixed Assets | 3,00,000 | - |
| | 8,77,300 | 8,77,300 |

Adjustments :

(I) Stock at the end Rs.60,000/-

(ii) Depreciate fixed assets by 10%

(iii) Commission earned but not received amounts to Rs.400/-

(iv) Interest on Bank Loan @ 15% p.a. is unpaid for the last six months.

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| Q.4 | <p>A factory engaged in an industry which is capital intensive has been in operation for five 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 Rs.85 lakhs is made up of stocks : Rs.30 lakhs ; stores : Rs.14 lakhs ; debtors : Rs.35 lakhs ; and advances and deposits : Rs.6 lakhs. Annual sale is Rs.80 lakhs.</p> <p>Calculate five financial ratio from the above for use of the management.</p> | (15) |
| Q.5 | <p>Journalize the transactions given below in the books of Albert & Brothers.</p> <p>2006</p> <p>April 1 Albert starts business with Rs.50,000. He opens a bank account and deposits Rs.20,000.</p> <p>April 2 Bought furniture for Rs.5,000 machinery for Rs.10,000 and purchased goods for Rs.14,000.</p> <p>April 6 Sold goods for Rs.8,000.</p> <p>April 8 Purchased goods from Malhotra & Co. Rs.11,000.</p> <p>April 10 Paid telephone rent for the year by cheque Rs.500.</p> <p>April 15 Sold goods to Keshav Ram for Rs.12,000.</p> <p>April 17 Sold goods to Rajesh Kumar for Rs.2,000 cash.</p> <p>April 19 Amount withdrawn from bank for personal use Rs.1,500.</p> <p>April 21 Received cash from Keshav Ram Rs.11,900 and discount allowed Rs.100.</p> <p>April 22 Paid into bank Rs.5,800.</p> <p>April 23 Bought 50 shares in XY & Co. Ltd. At Rs.60 per share, brokerage paid Rs.20.</p> <p>April 30 Issued a cheque for Rs.1,000 in favour of landlord for rent for April.</p> <p>April 30 Paid salaries to staff Rs.1,500</p> | (15) |

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|-----|---------------------|---|--------------|
| Q.6 | | <p>Cream Ltd. Issued 20,000 12% Equity shares of Rs.100 each at a premium of Rs.10 per share payable as follows :</p> <p style="padding-left: 40px;">On Application Rs.20 On Allotment Rs.40 (Including Premium) On First Call Rs.25 On Final Call Rs.25</p> <p>The application were received for 24,000 shares and the directors allotted 20,000 shares and rejected 4,000 shares with the moneys received there on refunded. The allotment money was duly received, while the first call money was received on 18,000 shares and the final call money on 16,000 shares.</p> <p>Pass journal entries in the books of the company and prepare the Balance Sheet.</p> | (15) |
| | | | |
| Q.7 | <p>a)</p> <p>b)</p> | <p>Explain the following :</p> <p>i) Different types of Bonds. ii) Issue of shares at discount.</p> <p>X,Y, Ltd. Was registered with an authorized capital of 2,00,000 shares of Rs.10 each. 1,40,000 shares were issued to the public. The public subscribed for 1,00,000 shares. The company called up Rs.7 per share. All the money called up was duly received. Show the amounts of various types of share capital as may appear in the Balance Sheet.</p> | (8+7) |
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Q.8

From the following information, prepare cash flow statement for Diamond Ltd.

(15)

| <i>Liabilities</i> | <i>2011-12</i> | <i>2012-13</i> | <i>Assets</i> | <i>2011-12</i> | <i>2012-13</i> |
|-----------------------|------------------|------------------|---------------|------------------|------------------|
| Equity Share Capital | 10,00,000 | 14,00,000 | Patents | 2,00,000 | 1,90,000 |
| Profit & Loss A/c | 4,00,000 | 7,00,000 | Equipments | 4,00,000 | 4,60,000 |
| Bank Loan | 2,00,000 | 1,00,000 | Furniture | 6,00,000 | 5,40,000 |
| Proposed Dividend | 1,00,000 | 1,40,000 | Investments | | 2,00,000 |
| Provisional for Tax | 60,000 | 1,00,000 | Debtors | 1,60,000 | 2,40,000 |
| Creditors Outstanding | 1,00,000 | 90,000 | Stock | 1,00,000 | 2,60,000 |
| Rent | 10,000 | 14,000 | Cash | 10,000 | 54,000 |
| | | | Bank | 4,00,000 | 6,00,000 |
| | ----- | ----- | | ----- | ----- |
| | 18,70,000 | 25,44,000 | | 18,70,000 | 25,44,000 |

During the year, equipment costing Rs.1,60,000 was purchased. Loss on sale of equipment amounted Rs.10,000. Depreciation of Rs.30,000 and Rs.6,000 was provided for equipments and furnitures respectively.

Q.9

Who are the stakeholders of a business? Why do they need accounting information?

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