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Total Number of Pages : 02

**MBA**  
**18MBA107**

**1<sup>st</sup> Semester Regular Examination 2018-19**  
**FINANCIAL ACCOUNTING AND ANALYSIS**

**BRANCH : MBA**

**Time : 3 Hours**

**Max Marks : 100**

**Q.CODE : E754**

**Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.**

**The figures in the right hand margin indicate marks.**

**Part- I**

**Q1 Short Answer Type Questions (Answer All-10) (2 x 10)**

- a) Distinguish between Authorised Capital and Issued Capital.
- b) How do you calculate Cost of Goods sold?
- c) Give two examples each of Real account and Nominal account.
- d) Journalise the transaction:  
Life insurance Premium on the life of the owner paid from business cash Rs 5000
- e) What do you mean by Representative Personal Account? Give two examples.
- f) Point out any two differences between Journal and Ledger.
- g) Give examples of two intangible assets.
- h) Write any two objectives of Trial Balance.
- i) What is AS 3 and AS 6?
- j) What is Average Collection Period? How is it calculated?

**Part- II**

**Q2 Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)**

- a) Distinguish between Business Entity Concept and Going Concern Concept.
- b) How do you treat the following adjustments in final account?
  - i) Goods distributed as free sample
  - ii) Provision of Bad and Doubtful debts
- c) Show the Accounting Equation from the following transactions:

Suresh started business with	Rs 50,000
Purchased Furniture worth	Rs 20,000
Taken a Loan from Harish	Rs 25,000
Paid Salaries	Rs 5,000
Repayment of loan to Harish	Rs 10,000
- d) Distinguish between Equity Share and Preference Share.
- e) Pass Opening journal entry :  
Cash Rs10,000, Bank Rs 5,000, Stock Rs 6,000, Machinery Rs 18,000, Creditors Rs 3,000, Bills Payable Rs 5,000, Debtors Rs 2,000
- f) Explain Debt Equity ratio with suitable example.
- g) What is Articles of association?
- h) Calculate Current Ratio and Liquid Ratio from the following figures:  
Cash Rs 20,000, Creditors Rs 5,000, Stock Rs 50,000, Tax Payable Rs 50,000, Debtors Rs 1,00,000, Bills Payable Rs 30,000, Outstanding Expenses Rs 15,000.
- i) How do you compute Cash Flow from Operating Activities?
- j) Distinguish between Redeemable and Irredeemable Debenture.
- k) What is Common Size Statement? Explain with suitable illustration.
- l) Explain Triple Column Cash Book with suitable example

### Part-III

#### Long Answer Type Questions (Answer Any Two out of Four)

**Q3**

The following is the Trial Balance of M/S Rajiv Infotech. Prepare Trading, P&L A/c for the year ending 31.12.2017 and the Balance sheet as on that date after taking into considerations the following adjustments.

**(16)**

(15)

Particulars	Amount (Dr) Rs	Particulars	Amount (Cr) Rs
Land and Building	10,00,000	Sales	3,54,000
Plant & Machinery	4,50,000	Capital	16,50,000
Opening stock	1,25,000	Sundry Creditors	58,000
Cash in hand	5,000	Return outward	1,000
Carriage inward	1,000	Bills payable	50,000
Wages	71,500		
Bills Receivable	31,500		
Sundry Debtors	19,000		
Purchases	1,22,000		
Return inward	500		
Furniture	52,000		
Advertising	6,000		
Salaries	54,000		
Insurance	1,500		
Goodwill	1,50,000		
Drawings	23,000		
Bad debt	1,000		
<b>Total</b>	<b>21,13,000</b>	<b>Total</b>	<b>21,13,000</b>

Adjustments:

- Write off depreciation on Land & Building @ 20% and Plant & Machinery @ 10 %
- Salaries outstanding Rs 6000 and Wages outstanding Rs 1,500
- Prepaid insurance Rs 500
- Closing stock as on 31.12.2016 is Rs 1,52,000

**Q4**

Peacock Fabrics Ltd has an authorized capital of Rs 5,00,000 divided into 50,000 equity shares of Rs 10 each. The company issued 30,000 shares at a premium of Rs 1 per share payable Rs 2 on application, Rs 4 on allotment (including premium) and Rs 5 on first and final call. Applications were received for 35,000 shares. Excess applications were rejected and their application money was refunded. All money due on allotment and calls were received. Pass necessary journal entries to record the above transactions. Also prepare Share Capital Account and Bank Account.

**(16)**

**Q5**

What are the objectives of Ratio Analysis? Explain the (i) profitability ratios and (ii) overall profitability ratios with suitable examples.

**(16)**

**Q6**

Explain the procedure of preparing Cash Flow statement as per Accounting Standard 3. Also discuss the significance and limitations of Cash Flow statement.

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