PAPER ID-311540

Roll No:

MBA
(SEM-I) THEORY EXAMINATION 2020-21
FINANCIAL ACCOUNTING & ANALYSIS

Time: 3 Hours ***Total Marks: 100***

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief. **2 x 10 = 20**

Qno	Question	Marks	CO
a.	Define the terms contingent assets and contingent liabilities.	2	1
b.	What is convention of conservatism?	2	1
c.	What is periodical matching of Income & Expenses?	2	2
d.	What do you understand by a Trial Balance?	2	2
e.	Show how Cost of Goods Sold is calculated.	2	3
f.	What are the ways of Marshalling of balance sheet?	2	3
g.	Show various categories of liquidity ratios.	2	4
h.	Define the term Human Resource Accounting.	2	4
i.	What is the use of Trend Analysis?	2	5
j.	What do you understand by the term Leverage?	2	5

SECTION B

2. Attempt any *three* of the following:

Qno.	Question	Marks	CO
a.	"Depreciation is allocating the cost of assets to the business over the useful life of the assets." Explain. Also differentiate between fixed installment method and diminishing balance method of depreciation.	10	1
b.	On 1st January, 2016, the following were the ledger balances of R & Co.: Cash in hand ` 1900; Cash at Bank ` 21,000; Stock ` 12,000; Raja (Cr.) ` 3,000; Ram (Dr.) ` 2,400; Prasad (Cr.) ` 6,000; Sharma (Dr.) ` 45,000; Lall (Cr.) ` 2,700. Transactions during the month were:	10	2

2016		
Jan. 02	Bought goods from Prasad	2,700
Jan. 03	Sold to Sharma	3,000
Jan. 05	Bought goods from Lall for cash, paid by cheque	3,600
Jan. 07	Took goods for personal use	200
Jan. 13	Received from Ram in full settlement	2,350
Jan. 17	Paid to Raja in full settlement	2,920
Jan. 22	Paid cash for stationery	50
Jan. 29	Paid to Prasad by cheque	2,650
	Discount allowed by him	50
Jan. 30	Provided interest on capital	100
	Rent due to landlord	200

Journalize the above transactions.

c.	What is a Cash flow statement? State its utility and limitations.	10	3
d.	"In order to understand the profitability and financial soundness of a firm, it carries out analysis and interpretation of its financial statements." Explain how a firm does these analyses.	10	4
e.	Write a brief note on: (i) Forensic Accounting., (ii) Accounting for Corporate Social Responsibility.	10	5

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SECTION C

3. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	Briefly discuss who are the persons interested in accounting information of a firm and Why?	10	1
b.	Show the dual effect (accounting equation) of the following transactions on the assets and liabilities of business (i) Started business with cash ` 50,000 (ii) Purchased goods on credit ` 8,000 (iii) Purchased delivery van on credit for ` 4,000 (iv) Paid ` 5,000 to a supplier of goods on credit. (v) The proprietor withdrew ` 2,000 for personal expenses. (vi) Sold goods to Hamid on credit for ` 5,000 ,cost price was `4,000 (vii) Goods lost by theft ` 1,000, Selling Price was ` 1,500. (viii) Paid salary ` 1,000.	10	1

4. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	What do you understand by convergence of Indian Accounting Standards with IFRS? Show how Indian Accounting Standards are matched with International Accounting Standards.	10	2
b.	The following are the balances of J.A. Co. Ltd. as on 31st March, 2017:	10	2

Debit		Credit	
Premises	30,72,000	Share Capital of (` 10 each)	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock	7,50,000	P & L A/c	2,62,500
Debtors	8,70,000	Bills Payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash and Bank	4,06,500	Sales	41,50,000
Calls in Arrear	75,000	General Reserve	2,50,000
Interim Dividend Paid	3,92,500	Bad Debt Provision on 1.4.2016	35,000
Purchases	18,50,000		
Preliminary Expenses	50,000		
Wages	9,79,800		
General Expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debentures Interest Paid	1,80,000		
	1,24,67,500		1,24,67,500

Additional Information:

(a) Depreciate Plant by 15%.
(b) Half-year's Debenture Interest due.
(c) Credit 5% Provision of Debtors for Doubtful Debts.
(d) Provide for Income Tax @ 50%.
(e) Stock on 31st March, 2017 was ` 9,50,000.
(f) A claim of ` 25,000 for workmen's compensation is being disputed by the company.

Prepare Final Accounts of the company as per Schedule III of the Companies Act 2013.

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5. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	The following are the summarized balance sheets of a company as on December 2016 and 2017.	10	3

Liabilities	*2016 (`)*	*2017 (`)*	*Assets*	*2016 (`)*	*2017 (`)*
Share Capital	2,00,000	2,50,000	Land and Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit and Loss	30,500	30,600	Stock	1,00,000	74,000
Bank Loan (Long-term)	70,000	—	Sundry Debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Provision for Taxation	30,000	35,000	Bank	—	8,000
			Goodwill	—	5,000
	5,30,500	5,10,800		5,30,500	510,800

Additional Information:

During the year ended 31 December 2017:

1. Dividend of ` 23,000 were paid
2. Assets of another company were purchased for a consideration of ` 50,000 payable in shares.
   The following assets were purchased: Stock ` 20,000: Machinery ` 25,000
3. Machinery was further purchased for ` 8,000
4. Depreciation written off on machinery ` 12,000
5. Income tax provided during the year ` 33,000
6. Loss on sale of machinery ` 200 was written off to general reserve

You are required to prepare a cash flow statement.

b.	What are Trading account and Profit and Loss account? Differentiate between the two. Show a format of vertical income statement as per Schedule III of the Companies Act 2013.	10	3

6. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	From the following figures extracted from the income statement and the balance sheet of Anu Pvt. Ltd, calculate the return on total capital employed (ROI):	10	4

Particulars		Particulars	
Fixed Assets	4,50,000	Reserves	1,00,000
Current Assets	1,50,000	Debentures	1,00,000
Investment in Government Securities	1,00,000	Income from Investments	10,000
Sales	5,00,000		
Cost of Goods sold	3,00,000	Provision for Tax	1,00,000
10 per cent Preference capital	1,00,000	Interest on Debentures at 10%	
Equity share capital	2,00,000		

b.	What is ratio analysis? Write down various advantages and limitations of Ratio analysis.	10	4

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7. Attempt any *one* part of the following:

Qno.	Question	Marks	CO
a.	From the following Profit and Loss Account and the Balance Sheet of S. P. Ltd. for the year ended 31st December, 2015 and 2016, you are required to prepare a Comparative Income Statement and a Comparative Balance Sheet.	10	5

Profit and Loss Account (₹ in Lakhs)

	2015	2016		2015	2016
To Cost of Goods Sold	600	750	By Net Sales	800	1,000
Administration Expenses	20	20			
Selling Expenses	30	40			
To Net Profit	150	190			
	800	1,000		800	1,000

Balance Sheet
As on 31st December (₹ in Lakhs)

Liabilities	2015	2016	Assets	2015	2016
Bills Payable	50	75	Cash	100	140
Sundry Creditors	150	200	Debtors	200	300
Tax Payable	100	150	Stock	200	300
6% Debentures	100	150	Land	100	100
6% Preference Capital	300	300	Building	300	270
Equity Capital	400	400	Plant	300	270
Reserve	200	245	Furniture	100	140
	1,300	1,520		1,300	1,520

b.	What are financial statements? Discuss the meaning and significance of each of these statements. Also state their limitations.	10	5

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