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Total Number of Pages: 03

Course: MBA
Sub_Code: MBPC1003

1st Semester Regular Examination: 2024-25
FINANCIAL ACCOUNTING AND ANALYSIS

BRANCH(S): HCHM, MM, RM, BA, FM&HRM, FM, GM, MBA (A & M), HRM, IB, LSCM, MBA

Time: 3 Hours

Max Marks: 100

Q.Code: R560

Answer Question No.1 (Part-I) 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 Answer the following questions:** (2 x 10)
- a) A trader had creditors' balance of Rs. 66,000 on 1st Jan and Rs. 57,000 on 31st Dec. Payments to suppliers' amounts to Rs. 84,000 for credit purchases. What shall be the total credit purchases for the year, if the creditor has allowed a cash discount of Rs. 10,000?
 - b) What are Subsidiary Books? Why should a company maintain such books?
 - c) The accountant does not agree to record the anticipated profit in books of accounts, but he quickly writes anticipated loss in books of account. Is he correct? Justify
 - d) If goods are lost due to fire, how will your account it for?
 - e) Explain the concepts of depreciation and depletion.
 - f) What does a bank look for in the balance sheet of a company?
 - g) What are informational uses of balance sheet and Income statement for the management?
 - h) Prepare a Proforma two column cash book with imaginary figures.
 - i) What are the items generally seen in a conventional Balance sheet?
 - j) Draft a hypothetical balance sheet of a company in vertical format.

Part-II

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

- a) The following asset information is available for the Crisp Corporation for an accounting year. The data are in Rupees:

Cash	1,50,000
Accounts receivable	3,00,000
Inventory	<u>7,50,000</u>
Total Current Assets	12,00,000
Property and Equipment	<u>20,50,000</u>
Total Assets	<u>32,50,000</u>

Prepare a **vertical analysis** of Assets and interpret the result. Round percentage to one decimal point.

- b) The accountant of a business firm wrongly prepared the following trial balance. You are required to draw up a trial balance correctly stating reasons in brief.

	HEADS OF ACCOUNTS	Dr. Balance	Cr. Balance
1	Capital		6,00,000
2	Opening stock	50,000	
3	Discount Allowed		5,000
4	Commission Received		7,000
5	Fixed Assets		6,00,000
6	Sales	8,50,000	
7	Purchases		4,50,000
8	Returns Outwards		10,000
9	Return Inward	20,000	
10	Carriage Inward		6,000
11	Carriage Outward		7,000
12	Wages and Salary	2,50,000	
13	Bills Receivables	70,000	
14	Debtors	90,000	
15	Bills Payable		70,000
16	Rent	30,000	
17	Interest Paid		20,000
18	Cash	8,000	
19	Creditors	69,000	
20	Stock at the end	3,38,000	
	Total	17,75,000	17,75,000

- c) Explain the accounting conventions necessary for preparing accounts.
- d) Explain the prepaid expenses, outstanding expenses and deferred revenue expenditure with examples.
- e) Distinguish between modern system and traditional method of recording transactions in accounts.
- f) A company's Balance Sheet is a major financial statement. What information does it contain?
- g) The ratio analysis is made under four different classified ratios. What ratios come under these classifications?
- h) Explain how charging depreciation affect the income statement and balance sheet of a company.
- i) What is a share? What are the different types of shares? Explain their merits and demerits.
- j) Why should a company prepare a cash flow statement? What are its constituents?
- k) What are the different types of errors generally an accountant might make? Explain
- l) What are the different financial statements specific companies must comply?

Part-III

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

- Q3** a) Describe the accounting concepts that are related to Balance Sheet
- b) Describe the accounting concepts that are related to the Profit and Loss account of a company

(16)

Q4

Following is the data of Gross Ltd.

(16)

Liabilities	Amount	Assets	Amount
Equity Share Capital	40,00,000	Fixed Assets	55,00,000
10% Preference Share Capital	10,00,000	Closing Stock	5,00,000
Share Premium	5,00,000	Debtors	7,00,000
12% Debentures	10,00,000	Cash in hand	3,00,000
Creditors	5,00,000		
	70,00,000		70,00,000

Additional Information**Rs.**

Profit before interest and depreciation:	20,00,000
Depreciation:	7,00,000
Interest	1,20,000
Repayment of debentures	2,00,000

Calculate-

- Debt-equity ratio
- Capital gearing ratio
- Proprietor's funds ratio
- Interest coverage ratio
- Debt- service coverage ratio

Q5

From the following balance sheets of a company, prepare cash flow statement

(16)

Liabilities	Amount	Amount	Assets	Amount	Amount
Equity share capital	4,50,000	5,00,000	Goodwill	1,10,000	90,000
P and L account	70,000	1,20,000	Building	1,50,000	2,00,000
Proposed dividend	40,000	50,000	Plant	1,30,000	2,00,000
Creditors	70,000	95,000	Current assets	2,50,000	3,07,000
Tax provision	40,000	50,000	Cash	30,000	18,000
	6,70,000	8,15,000		6,70,000	8,15,000

Additional data;

- Income tax was paid during the year: Rs. 38,000
- Depreciation provided on plant during the year: Rs. 30,000

Q6

From the following balances of an LLP, draw up the Trading and Profit and Loss Account and Balance Sheet for the year ending 31st December 2024.

(16)

Particulars	Rs.	Particulars	Rs.
Capital	3,50,000	Commission received	40,000
Bills Received	40,000	Telephone Expenses	20,000
Creditors	4,00,000	Rent paid	50,000
Bills Payable	60,000	Debtors	6,50,000
Wages	20,000	Machinery	1,20,000
Bank Overdraft	10,000	Furniture	70,000
Opening Stock	4,50,000	Salaries	1,00,000
Purchases	5,10,000	Sales Returns	20,000
Purchase Returns	10,000	Discount Received	30,000
Sales	13,00,000	Cash-in-hand	20,000

The closing stock is Rs. 42,000.