

Odd Semester Examination, 2017-18

MBA (SEMESTER-I)

FINANCIAL ACCOUNTING

Time: 03:00 Hours

Max Marks : 70

Q.1. Answer any four :

(4*3.5=14)

1. What are the objectives/advantages of accounting?
2. Why depreciation is to be provided while finalizing the accounts?
3. Calculate current ratio from the following data:
Bank OD: 20,000; Cash: 15,000; Outstanding expenses: 10,000
Accrued income: 5,000; Stock: 5,000; Prepaid expenses: 5,000
4. Difference between Cash Flow and Fund Flow?
5. Each transaction has a double-aspect." Explain this statement giving suitable examples.

Q.2. Answer any four :

(4*3.5=14)

1. What are the different types of errors that are usually committed in recording business transaction?
2. Distinguish between capital and revenue expenditure.
3. Write a brief note on comparative statement?
4. Calculate Quick Ratio from the following.
Debentures : 10,000
Long-term loan : 20,000
Cash : 15,000
Raw materials : 6,000
Debtors : 5,000
Creditors : 5,000
Prepaid expenses : 5,000
5. Which assets, fixed assets or current assets, are important to a firm?

Q.3. Answer **any two** :

(2*7=14)

1. Accounting is Language of Business explain how and explain importance of Generally Accepted Accounting Principles (GAAP) with suitable examples.
2. Accounting convention and concepts are foundation of accounting principles. Explain the need of 'Accounting Principles'. Discuss briefly the Accounting Concepts and Conventions. Name any three each in both the categories and detail.
3. Stores Ledger Account of Kanthi & Co. shows the following particulars:

2008

Jan. 1 Opening Balance: 500 units @ Rs. 4

Jan. 5 Received from vendor: 200 units @ Rs. 4.25

Jan. 12 Received from vendor: 150 units @ Rs. 4.10

Jan. 20 Received from vendor: 300 units @ Rs. 4.50

Jan. 25 Received from vendor: 400 units @ Rs. 4

Materials were issued as follows:

2008

Jan. 4 – 200 units

Jan. 10 – 400 units

Jan. 15 – 100 units

Jan. 19 – 100 units

Jan. 26 – 200 units

Jan. 30 – 250 units

Issue is to be priced on the principle of 'First in First out'. Write out the Stores Ledger Account in respect of the materials for the month of January, 2008.

Q.4. Answer **any two** :

(2*7=14)

1. Complete the following Balance Sheet, assuming that only the Equity Share Capital and Retained Earning figures are given.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,20,000	Fixed Assets	?
Retained Earnings	1,20,000	Stock	?
Creditors	?	Debtors	?
		Cash	?
Total (Rs.)	?	Total (Rs.)	?

Total debt is Two-Third of Net Worth. Turnover of Total Assets is 1.8; 30 days sales are in the form of Debtors; Turnover of inventory is 5; cost of goods sold in the year is Rs. 3,60,000; and the acid test is 1:1.

2. The current ratio of Kishore & Co is 2:1. Which of the following decisions would improve the ratio, which would reduce it and which one would not change it?
1. To pay substantial amount of creditors from the available cash balance?
 2. To sell a vehicle, used for carrying staff from their residences to office, for cash at a slight loss.
 3. To borrow money for a short period, with a nominal Interest rate, executing a promissory note.
 4. To purchase marketable investments for cash.
 5. To give an interest bearing promissory note to a creditor to whom money was owed on current account.
 6. Purchase of a fixed asset.
 7. Bills receivable dishonored.
 8. Issue of Preference shares.
3. What is meant by "Generally Accepted Accounting Principles"? Describe the characteristics the Accounting Principles should have for uniform acceptance.

Q.5. Answer any two :

(2*7=14)

1. Following information is available from the books of Suresh Ltd. for the year-end 31-12-2005 and 31-12-2006.

	31-12-2005	31-12-2006
Profit made during the year	-	2,50,000
Income received in advance	500	400
Prepaid expenses	1,600	2,000
Debtors	80,000	20,000
Bills receivable	25,000	40,000
Creditors	45,000	65,000
Bills payable	13,000	5,000
Outstanding expenses	2,500	3,000
Accrued income	1,500	1,800

Calculate cash flow from operations for the year ending 31-12-2006.

2. Explain the errors disclosed by trial balance.
3. From the following balances of Shyam & Co., prepare trading and Profit & Loss Account for the year ended 31st Dec., 2008 and balance sheet on that date:

[P.T.O.]

Debit Balances:

	Rs.		Rs.
Drawings	1,700	Rent	450
Plant & Machinery	12,000	Misc. Expenses	150
Horses & carts	2,600	Bad Debts	500
Debtors	3,600	Carriage inwards	160
Purchases	2,000	Credit Balances	
Wages	800	Creditors	2,000
Cash at Bank	2,600	Sales	4,200
Salaries	800	Interest	1,350
Repairs	190	Commission	1,600
Opening stock	1,600	Capital	20,000

Adjustments:

- (1) Closing stock Rs. 1,600.
- (2) Depreciate plant & machinery 10%, horses & carts 15%.
- (3) Allowed interest on capital at 5%p.a.
- (4) Rs. 150 is due for wages.
- (5) Paid rent Rs. 150 in advance
- (6) Accrued interest Rs. 150.
- (7) Commission received in advance Rs. 200
- (8) Interest on drawings Rs. 100