**Sreenidhi Institute of Science & Technology**

**A14**

**(An Autonomous Institution**)

**Code No: 4Z102**

**MBA I - YEAR I - SEM, February, 2015 (Regular)**

**FINANCIAL ACCOUNTING AND ANALYSIS**

**Time: 3 Hours Max. Marks: 60**

**Note: No additional answer sheets will be provided.**

**Part – A**

**Max. Marks: 10**

**Answer all the QUESTIONS**

1. What is financial accounting?

2. Explain about balance sheet.

3. What are tangible assets?

4. Explain about funds flow.

5. What is profitability ratio?

6. Explain about VAT concept?

7. What is Subsidiary Book?

8. What is Inventory valuation?

9. What is IFRS?

10. Explain about Accounting Vouchers.

**Part – B**

**Max. Marks: 50**

**ANSWER ANY FIVE. ALL QUESTIONS CARRY EQUAL MARKS.**

1) a. Explain about objectives and principles of Accounts.

b. Describe about GAAP.

2) Pass the opening entry in the journal of Ram (as on 1st April 20X1) & post the same into the ledger:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Particulars | Amount(Rs.) |  | Particulars | Amount (Rs.) |
| 1 | Cash-in-hand | 1,000 | 7 | Owings from X Ltd. | 12,500 |
| 2 | Cash at Bank | 5,000 | 8 | Prepaid Insurance | 500 |
| 3 | Stock of | 20,000 | 9 | Interest received in advance | 250 |
| 4 | Land and Building | 1,00,000 | 10 | Loan form Y Ltd. | 10,000 |
| 5 | Plant and Machinery | 50,000 | 11 | Owings to Z Ltd. | 3,750 |
| 6 | Furniture and Fixtures | 25,000 | 12 |  |  |

3) X Ltd. purchased a second-hand machine for Rs 5, 00,000 & spent Rs 1,00,000 on its repairs. Depreciation is to be provided @ 10% p.a according to Straight Line Method. This machine is sold for Rs 4,50,000. Accounting year is financial year. Calculate the profit or loss on sale of machine in each of the following alternative cases:

|  |  |
| --- | --- |
| Case (a) | If date of purchase is 1.4.20X1 and date of sale is 31.3.20X4 |
| Case (b) | If date of purchase is 1.4.20X1 and date of sale is 30.9.20X3 |
| Case (c) | If date of purchase is 1.7.20X1 and date of sale is 31.3.20X4 |
| Case (d) | If date of purchase is 1.7.20X1 and date of sale is 30.9.20X3 |

4) Distinction between Fixed Assets and Current Assets?

5) The following information is given about B Ltd., for the year ending December 31st,20X3.

|  |  |  |
| --- | --- | --- |
| (1) | Stock Turnover Ratio | = 6 times |
| (2) | Gross Profit Ratio | = 20% on Sales |
| (3) | Sales for 2010 | = Rs 3,00,000 |
| (4) | Closing Stock is Rs 10,000 more than the Opening Stock |  |
| (5) | Opening Creditors | = Rs 20,000 |
| (6) | Closing Creditors | = Rs 30,000 |
| (7) | Trade Debtors at the end | = Rs 60,000 |
| (8) | Net Working Capital | = Rs 50,000 |

Find out : (a) Average Stock ,(b)Purchases,(c)Creditors Turnover Ratio,(d)Average Payment Period & (e)Working Capital Turnover Ratio.

6) What are the various Sales Tax methods used in practice and explain about closing stock method and depreciation method?

7) The following are the ratios relating to the activities of B Ltd.:

|  |  |
| --- | --- |
| Stock Velocity = 6 months | Debtors Velocity = 3 months |
| Creditors Velocity = 2 months | Gross Profit Ratio = 25% |

Gross Profit for the year ended 31st December 20X3 amounts to Rs 4,00,000. Closing Stock of the year is Rs 10,000 above the opening stock. Bills Receivable amount to Rs. 25,000 & Bills Payable amount to Rs. 10,000. Find out: (a)Sales, (b)Purchases,(c)Sundry Creditors,(d)Sundry Debtors & (e)Closing Stock.

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