

PG Odd Semester (CBCS) Exam., November—2016

BUSINESS ADMINISTRATION

(1st Semester)

Course No. : MBACC-103

(Financial Accounting and Analysis)

*Full Marks : 70**Pass Marks : 28**Time : 3 hours**The figures in the margin indicate full marks
for the questions*

1. Enter the following transactions in Cash Book and other accounts of Barak View Pvt. Ltd. Prepare Trial Balance, Profit and Loss Account for the year ended 31-3-2016 and a Balance Sheet as on that date : 14

- (i) Started the business on 1-8-2015 and contributed ₹15,00,000 towards share capital. All the money was deposited into bank account
- (ii) Withdrawn ₹ 50,000 from the bank for office use on the next day

- (iii) Purchased furniture ₹40,000, stationery ₹ 2,000 and computer ₹45,000 on 30-8-2015
- (iv) Purchased goods ₹17,00,000 from Mr. P on 28-9-2015, a cheque of ₹ 7,00,000 was paid to him
- (v) Salary ₹45,000, rent ₹ 20,000 was paid on 30-9-2015
- (vi) Sold goods to Mr. Aman for ₹25,00,000 on credit on 14-11-2015
- (vii) Received a cheque of ₹18,00,000 from Mr. Aman on 12-12-2015. Paid a cheque of ₹ 9,90,000 to Mr P on full settlement on the same date
- (viii) Salary ₹20,000, miscellaneous expenses ₹600 and income tax ₹25,000 was paid on 6-1-2016
- (ix) Charge depreciation @ 10% on furniture and 30% on computer

2. (a) What are the financial statements? Explain them in brief. 6
- (b) What are the different methods of financial statement analysis? Discuss them in brief. 8

(3)

OR

3. From the following financial statement, prepare common size and comparative statement and interpret the same : 14

Liabilities	31-3-2015 (in ₹)	31-3-2016 (in ₹)	Assets	31-3-2015 (in ₹)	31-3-2016 (in ₹)
Share Capital	5,00,000	7,00,000	Goodwill	—	2,00,000
Debentures	2,00,000	1,50,000	Machinery	4,00,000	5,00,000
Bank Loan	1,50,000	2,00,000	Furnitures	1,00,000	80,000
Creditors Bills	75,000	80,000	Computer	50,000	40,000
Payable	60,000	50,000	Stocks	2,00,000	1,50,000
Outstanding Expenses	8,000	9,000	Sundry Debtors	1,00,000	1,50,000
			Bills Receivable	60,000	20,000
			Bank Balance	75,000	31,000
			Cash in Hand	8,000	8,000

4. (a) What is depreciation? What are the reasons for depreciation? 2+4=6
- (b) FM Industries purchased a motor vehicle on 5-7-2012 for ₹ 8,50,000. Financial year is the accounting year for the organization. Depreciation was charged @ 20% on WDV method. On 5-7-2015 the old vehicle was sold for ₹ 4,80,000 and a new vehicle was purchased for ₹ 10,00,000. Show Motor Vehicle Account and depreciation account up to 31-3-2016. 8

(4)

OR

5. (a) Distinguish between straight-line method and write-down value method of depreciation. 6
- (b) ABC Ltd. purchased two machineries No. M51 and M52 on 29-7-2011 for ₹ 5,00,000 and ₹ 7,00,000 respectively. Life of both the machines was estimated to be 5 years. It is the policy of the organization to close the books of accounts on 31st December every year and charge depreciation on machinery at straight-line method. On 1st October, 2015 the machine No. M51 was sold for ₹ 2,00,000. Show machinery account up to 31-12-2015. 6
- (c) Write a short note on insurance policy method. 2
6. (a) Write in short the meaning of ratio analysis. 2
- (b) The following information is available from the books of Future Groups :
- Sales for 2015-16—₹ 8,00,000
Gross profit—₹ 2,00,000
Stock turnover ratio—8 times

(5)

Closing stock is ₹ 10,000 more than the opening stock
Average creditors—₹ 25,000
Opening creditors—₹ 20,000
Trade debtors at the end—₹ 60,000
Net working capital—₹ 50,000

Find out the following : 12

- (i) Gross profit ratio
- (ii) Working capital turnover ratio
- (iii) Creditors turnover ratio
- (iv) Purchases
- (v) Average collection period
- (vi) Average stock

OR

7. (a) Distinguish between Fund Flow statement and Cash Flow statement. 6

(b) From the following Balance Sheet of XYZ Ltd., prepare a statement of changes in working capital and a statement of sources and application of funds : 8

Balance Sheet

Assets	31-3-2016	31-3-2015
Cash in Hand and at Bank	75,000	35,000
Accounts Receivable	90,000	98,000
Stock	1,20,000	87,000
Long-term Investment	10,000	25,000
Land	40,000	20,000
	<u>3,35,000</u>	<u>2,65,000</u>

(6)

Capital and Liabilities	31-3-2016	31-3-2015
Equity Capital	1,60,000	1,35,000
Accounts Payable	1,00,000	70,000
General Reserve	75,000	60,000
	<u>3,35,000</u>	<u>2,65,000</u>

8. (a) Explain the terms profit centre and investment centre. According to you which centre is more important? Give justification. 6+2=8
- (b) What is segment reporting? Briefly explain the importance of segment reporting. 2+4=6
