PG Odd Semester (CBCS) Exam., December—2018

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. *(a)* Write short notes on the following (within *100* words) : 2½×4=10

(i) Accounting is the Language of Business

(ii) Indian GAAP

(iii) Dual Aspects Concept

(iv) Principle of Materialism

(b) Distinguish between a Cashbook and a Ledger. 4

OR

2. *(a)* What is Cashbook? Why Cashbook is to be prepared? 2+2=4

(b) With the following information, prepare a Cashbook : 10

(i) Opening balance on 01.08.2018 ₹ 5,000 in Cash and ₹ 65,000 in bank

(ii) Sold goods for ₹ 21,000 on credit on 02-08-2018 to Mr. Zuric

(iii) Purchased goods for ₹ 25,000 on 02-08-2018 and a cheque was issued for the same

(iv) Paid rent ₹ 6,000, salary ₹ 15,000 and refreshment bill ₹ 700 on 03-08-2018

(v) Received a cheque from Mr. Zuric for ₹ 20,500 in full settlement on 10-08-2018

(vi) Cash withdrawn from bank ₹ 4,000 on 15-08-2018

(vii) Purchased office stationary for ₹ 600 on 20-08-2018

(viii) Telephone bill paid ₹ 900 on 31-08-2018

3. From the following Trial Balance, prepare Profit & Loss Account for the half-year ended 30.09.2018 and a Balance Sheet as on that date : 14

Trial Balance as on 30.09.2018

	Dr. ₹	*Cr.* ₹
Opening Stock	50,000	
Goodwill	2,00,000	
Land & Building	9,00,000	
Sales		25,00,000
Carriage Inward	5,000	
Purchases	15,00,000	
Capital		10,00,000
Machinery	6,00,000	
Interest Received		6,000
Bank Charges	1,500	
Debtors	98,500	
Bills Payable		44,000
Salaries	2,50,000	
Bank Loan		58,000
Telephone Charge	1,000	
Bad Debt	2,000	
	36,08,000	36,08,000

Additional Information :

(i) Cost of land is ₹ 3,00,000

(ii) Provide depreciation for building @ 5%

(iii) Goodwill is to be written off over 5 years

(iv) Closing Stock—₹ 70,000

(v) Further Bad Debt—₹ 1,500

(vi) Make provision for bad debt @ 5% on debtors

OR

4. Explain the following :

(a) Marshalling of assets and liabilities 4

(b) Maintenance of accounting records with the help of accounting software 5

(c) IFRS 5

5. *(a)* What is depreciation? Why charging depreciation is important? 2+2=4

(b) Your company has purchased Machine Nos. CX105 and CD106 on 30.09.2015, cost of the machines are ₹ 5,00,000 and 6,00,000 respectively. Policy of the company is to charge depreciation @ 25% on WDV method on 01.06.2018, Machine No. CD106 was sold for ₹ 2,10,000 and a new Machine No. CD108 was purchased for ₹ 8,00,000. Show machinery account and depreciation account up to 30.09.2018. Calculation may be made to the nearest rupee. Account period for the company starts from 1st April every year. 10

6. *(a)* Discuss the benefits of financial statement analysis. 4

(b) Distinguish between Balance Sheet and Profit & Loss Account. 3

(c) With the figure furnished in the Balance Sheet below, calculate the following ratios and interprete the same : 7

(i) Current ratio

(ii) Net Profit ratio

(iii) Working Capital turnover ratio

(iv) Capital turnover ratio

(v) Debt equity ratio

(vi) Absolute liquid ratio

(vii) Capital to fixed assets ratio

M/s PQ Ltd.
Balance Sheet as on 31.03.2018

	Liabilities ₹	*Assets* ₹
Capital	5,00,000	
Fixed Assets		6,00,000
Current Liabilities	2,00,000	
Current Assets		3,00,000
Cash in hand and at Bank		1,50,000
Net Profit	1,50,000	
Long-term Loan	2,00,000	
Fictitious Assets		50,000

Adjusted sales during the year was ₹ 10,50,000.

OR

7. *(a)* Distinguish between Cash Flow statement and Fund Flow statement. 5

(b) What are the different sources of fund? How depreciation is a source of fund? 3+2=5

(c) Calculate Cash Flow from operation or Cash Lost in operation : 4

Net Profit before Tax—₹ 1,20,000

Depreciation—₹ 80,000

Tax rate 33·3%

Cash received from new issue of equity share—₹ 3,00,000

8. *(a)* Explain with example the different methods of transfer pricing. 7

(b) Write explanatory note on segment reporting and its importance. 7

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