PG Odd Semester (CBCS) Exam., December—2017

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)* "No business can operate successfully without maintaining proper financial accounting records." Explain. 3

(b) What is your understanding about GAAP? 3

(c) Compare between IFRS and latest Indian Accounting Standard. 8

OR

2. *(a)* Distinguish between Cashbook and Cash Account. 3

(b) Discuss the important accounting concepts and conventions. 11

3. From the following Trial Balance and additional information, you are required to prepare—

(a) Trading and Profit & Loss A/c;

(b) Balance Sheet : 14

Trial Balance
as at 31st March, 2017

	Dr. ₹	*Cr.* ₹
Capital		2,00,000
Sundry Debtors	1,25,000	
Drawings	10,000	
Machinery	50,000	
Wages	1,000	
Purchases	20,000	
Opening Stock	1,000	
Sales		30,000
Bank Balance	1,000	
Carriage Inward	500	
Salaries	2,500	
Rent and Taxes	500	
Sundry Creditors		20,000
Bad Debts	500	
Buildings	30,000	
Cash in Hand	8,000	
	2,50,000	2,50,000

Additional Information :

(i) Closing Stock—₹ 1,500

(ii) Outstanding Salary—₹ 500

(iii) Charge depreciation @ 5% on Building and @ 10% on Machinery

(iv) Wages prepaid—₹ 500

(v) Further Bad Debts—₹ 200

(vi) Create provision for Bad Debts @ 5% on Debtors

4. *(a)* What are the need and importance of inventory valuations? 4

(b) Discuss the various methods of inventory valuation. 10

OR

5. *(a)* Distinguish between straight-line method and written down value method of depreciation. 4

(b) Kalpana Industries purchased a machinery on 30th June, 2012 for ₹ 7,00,000. On 1st July, 2015 a new machine was purchased for ₹ 10,00,000 and the old machine was exchanged for ₹ 3,00,000. The balance amount was paid by cheque. The policy of the organization is to charge depreciation @ 12% on straight-line method.

Show Machinery A/c and Depreciation A/c for 4 years. 10

6. Calculate important ratios to analyze the short-term and long-term financial position of Sigma Enterprises : 14

Balance Sheet
of Sigma Enterprises as on 31.03.2017

Liabilities	₹	*Assets*	₹
Equity Share Capital	3,00,000	Goodwill	50,000
8% Preference Share	2,00,000	Building	2,00,000
Net Profit	50,000	Machinery	2,00,000
Sundry Creditors	80,000	Inventory	1,00,000
Provision for Taxation	70,000	Debtors	1,00,000
10% Debenture	2,00,000	Cash at Bank	80,000
Bills Payable	40,000	Bills Receivable	60,000
Outstanding Wages	10,000	Preliminary Expenses	40,000
		Short-term Investment	1,20,000
	9,50,000		9,50,000

OR

7. *(a)* Distinguish between Cash Flow Statement and Funds Flow Statement. 4

(b) Prepare Cash Flow Statements for Barak Valley Cements Ltd. : 10

Balance Sheet
of Barak Valley Cements Ltd.

Liabilities	*31.03.14* ₹	*31.03.15* ₹	*Assets*	*31.03.14* ₹	*31.03.15* ₹
Share Capital	2,00,000	3,00,000	Land and		
Reserve	50,000	50,000	Building	2,00,000	2,00,000
Profit &			Machinery	1,00,000	1,10,000
Loss A/c	35,000	35,000	Goodwill	—	20,000

Liabilities	*31.03.14* ₹	*31.03.15* ₹	*Assets*	*31.03.14* ₹	*31.03.15* ₹
Bank Loan	60,000	—	Current		
Current			Assets	1,52,500	1,70,000
Liabilities	75,000	75,000	Cash	7,500	10,000
Provision			Bank	10,000	10,000
for Tax	40,000	50,000			
Provision for					
Dividend	10,000	10,000			
	4,70,000	5,20,000		4,70,000	5,20,000

Additional Information :

Paid tax ₹ 25,000 and Purchased Machinery ₹ 10,000 during the year

8. *(a)* Explain the concept of Responsibility Accounting. 6

(b) Discuss the importance of Segment Reporting and Inflation Accounting. 8

★ ★ ★