

## FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hrs

Max. Marks: 60

Answer any Five questions  
All questions carry EQUAL marks  
Question No. 8 is Compulsory

1. What are the Accounting concepts and conventions? Explain any two Accounting concepts. [ 12M]
2. What is meant by Double Entry System? Explain its advantages and limitations. [ 12M]
3. Define Depreciation. Explain any two methods of Depreciation. [ 12 M]
4. What is Authorised Capital? What is its significance? How does it differ from Issued Capital? [ 12 M]
5. A limited company was registered with a capital of Rs 5, 00,000 in shares of 10 each and issued 20,000 such shares at a premium of Rs 2 per share, payable as Rs 2 per share on application, Rs 5 per share on allotment (including premium) and Rs 2 per share on first call made 3 months later. All the money payable on application and allotment were duly received but when the first call was made, one share holder paid the entire balance on his holding of 300 shares and another share holder holding 1,000 shares failed to pay the first call money. Give journal entries to record the above transactions and show how they will appear in Companies Balance Sheet. [ 12 M]
6. ABC Ltd intends to acquire XYZ Ltd. The balance sheet of XYZ Ltd as on the date of acquisition is: [ 12 M]

Liabilities	Rs	Assests	Rs
Share Capital: Equity shares of Rs 10 each	4,00,00,000	Fixed Assets	6,50,00,000
Reserves and Surplus	2,00,00,000	Investments	1,20,00,000
Secured Loans	3,50,00,000	Current Assets, Loans and Advances	4,50,00,000
Unsecured Loans	1,00,00,000		
Current Liabilities and Provisions	1,70,00,000		
<b>Total</b>	<b>12,20,00,000</b>		<b>12,20,00,000</b>

ABC Limited has agreed to consider the following valuation for XYZ Ltd's  
**Assets:**

Fixed Assets 8,00,00,000

Investments 60,00,000

Current Assets, Loans and Advances 4,00,00,000

ABC Ltd will discharge the purchase consideration in cash. Compute the purchase consideration.

7. The following are ratios extracted from Balance Sheet of a company as on 31<sup>st</sup> March 2015. Draw up the year 2015 Balance Sheet of the company. [ 12 M]

Particulars	Figures
Current Liabilities	1.0
Current Assets	2.5
Working Capital	3,00,000
Quick Ratio	1.5
Stock Turnover Ratio	6 Times
Gross Profit as percentage of Sales	20%
Debt collection period	2 Months
Shareholders Capital	5,00,000
Reserves and Surplus	2,50,000
Fixed Assets Turnover	2 Times

8. **CASE STUDY:**

From the following balances of Shashank prepare Trading A/c, Profit and Loss A/c for the year ending 31<sup>st</sup> December 2015 and Balance Sheet as on that date.

Particulars	Amount	Particulars	Amount
Purchases	14,000	Commission received	1,000
Sales	28,800	Debtors	5,000
Opening Stock	3,000	Salaries	4,800
Machinery	8,000	Insurance	1,200
Cash	2,000	Buildings	15,000
Creditors	1,500	Bills Payable	2,000
Wages	3,000	Furniture	500
Printing and Stationery	1,700	Interest Received	800
Capital	25,000	Patents	4,000
Factory Rent	300	Bank Overdraft	3,400

**Adjustments: -**

1. Stock on 31<sup>st</sup> March 2015 was Rs 5,500.
2. Outstanding Printing charges Rs 300.
3. Insurance paid in advance Rs 200
4. Unpaid wages Rs 500.
5. Commission received in advance Rs 100.
6. Interest accrued but not received Rs 200.