

**I MBA I Semester Regular & Supplementary Examinations, December, 2018
FINANCIAL ACCOUNTING AND ANALYSIS**

Time : 3 Hrs

Max. Marks : 60

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

1. a) What are the basic Accounting concepts? Discuss. **6**
 b) What is meant by Double entry system of Book-keeping? Explain its advantages. **6**
2. a) What do you mean by Trial Balance? Discuss the main objects and limitations of Trial Balance. **6**
 b) Journalise the following transactions in the books of Kapil: **6**
 2011
- | | Rs. |
|---|--------|
| 1 started business with cash | 45,000 |
| 1 paid into Bank | 25,000 |
| 2 Goods purchased for cash | 15,000 |
| 3 purchase of furniture and payment by cheque | 5,000 |
| 5 sold goods for cash | 8,500 |
| 8 Sold goods to Arvind Walia | 4,000 |
| 10 Goods purchased from Amrit Lal | 7,000 |
| 12 Goods returned by Amrit Lal | 1,000 |
| 15 Goods returned by Arvind Walia | 200 |
| 18 Cash received from Arvind walia Rs.3,760 and discount Allowed to him | 40 |
| 21 Withdrew from Bank for private use | 1,000 |
| Withdrew from Bank for use in the business | 5,000 |
| 25 Paid telephone rent for one year | 400 |
| 28 Cash paid to Amrit Lal in full settlement of his account | 5,940 |
| 30 Paid for: Stationery | 200 |
| Rent | 1,000 |
| Salaries to staff | 2,500 |
3. a) What is Goodwill? Explain any two methods of goodwill? **6**
 b) What is depreciation? Explain any two methods of depreciation. **6**
4. a) Explain the process of classification and issue of debentures. **6**
 b) Y Ltd issued 5,000 12% Debentures of Rs.100 each at a premium of 10% payable Rs.20 on application, Rs.50 on allotment (including premium) and the balance on call. The public applied for 7,000 Debentures. Applications for 4,500 debentures were accepted in full. Applications for 1,000 were allotted 500 debentures and remaining applications were rejected. All money were duly received. Journalise these transactions. **6**

5. a) What do you mean by amalgamation in the nature of merger? How are accumulated losses in the vendor company treated? **6**

b) A Ltd. Acquired the undertaking of B Ltd., on 31-03-2013 for a purchase consideration of Rs.2, 50,00,000 to be paid equity shares of Rs.10 each. Equity & liabilities and assets of the two companies on the date of acquisition were as follows: **6**

	A Ltd.	B Ltd.		A Ltd.	B Ltd.
Share capital : Equity shares of Rs.10 each fully paid up	2,50,00,000	1,50,00,000	Fixed Assets: Land & Buildings Plant & Machinery Furniture &Fixtures	1,20,00,000 2,00,00,000 10,00,000	80,00,000 1,80,00,000 20,00,000
Reserves &surplus: General Reserve	1,20,00,000	18,00,000	Current Assets: Stock Debtors Bank Balance	55,00,000 45,00,000 20,00,000	40,00,000 40,00,000 17,00,000
Development rebate reserve	10,00,000	53,00,000			
Workers Compensation fund	15,00,000	24,00,000			
Current liabilities	45,00,000	95,00,000			
	4,50,00,000	3,77,00,000		4,50,00,000	3,77,00,000

Pass the necessary journal entries in the books of A Ltd. When amalgamation is in the nature of (i) merger(ii) by way of purchase. Also prepare the Balance sheet of A Ltd. After amalgamation assuming that Development Rebate Reserve and Workers' Compensation Fund of B Ltd.,are required to be continued on the books of A Ltd.

6. Differentiate between Equity share, Preference share and the debenture.

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7. a) Define the term 'cash flow'. Explain the objects of Cash flow analysis. 6
 b) The following are the ratios relating to the activities of National Traders limited: 6
- | | |
|--------------------|------------|
| Stock velocity | : 6 months |
| Creditors Velocity | : 2 months |
| Debtors Velocity | : 3 months |
| Gross profit ratio | : 25% |
- Gross profit for the year ended 31st December,2015 amounts to Rs.4,00,000. Closing stock of the year is Rs.10,000 above the opening stock, Bills Receivables amount to Rs.25,000 and bills payables to Rs.10,000.
 Find out:
1. Sales
 2. Purchases
 3. Sundry Creditors
 4. Sundry Debtors
 5. Closing stock

8. CASE STUDY: 12

Following is the Trial Balance of Ram Lal on March 31st, 2011.

Debit Balances:	Rs.
BanK	7,500
Purchases (adjusted)	34,96,000
Salaries	21,000
Carriage on Sales	2,500
Carriage on Purchases	2,000
Lighting	1,500
Buildings	1,35,000
Rates and Taxes	2,000
Sundry Debtors	40,000
Furniture	30,000
Cash in Hand	1,250
Bills Receivables	7,500
Stock(31 st March,2011)	3,06,250
Credit Balances:	
Capital	2,00,000
Bills Payables	50,000
Loan	1,00,000
Sales	36,00,000
Discount	2,000
Commission	500
Sundry Creditors	1,00,000

Adjustments:

Rates have been prepaid to the extent of Rs.600. During the year, bad debt amounted to Rs.2,500. A provision @5% has to be made on debtors. Buildings have to be depreciated at 2% and Furniture at 10%. Goods purchased on credit taken into stock but not recorded in the books Rs.5, 000. Prepare Trading and Profit & Loss account and Balance Sheet as on March 31st, 2011.