

AR13**SET 01****Subject Code: 13MBA1003****ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****I MBA I Semester Regular Examinations, February – 2015****Financial Accounting and Analysis****Time: 3 hours****Max Marks: 60**

**Answer any five questions
All questions carry equal marks
Question No. 8 is compulsory**

1. What are accounting concepts and conventions? Name them and explain any five accounting concepts in detail?
2. From the following Trial Balance of Shukla prepare trading and Profit and Loss a/c for the year end 31st March, 2012 and Balance Sheet as on that date.

| Particulars | Debit Rs. | Credit Rs. |
|------------------------------------|---------------|---------------|
| Buildings | 20,000 | |
| Capital a/c | | 60,000 |
| Purchases and sales | 10,000 | 30,000 |
| Opening Stock (1-4-2011) | 5,000 | |
| Debtors and Creditors | 12,000 | 6,000 |
| Drawings a/c | 4,000 | |
| Sales Returns and Purchase Returns | 2,000 | 500 |
| Freight | 2,500 | |
| Office Salaries | 8,000 | |
| Wages | 1,500 | |
| Postage and Telegrams | 1,000 | |
| Machinery | 15,000 | |
| Bills Receivable, Bills Payable | 8,000 | 2,000 |
| Advertisement | 2,000 | |
| Cash in hand | 3,500 | |
| Loose Tools | 4,000 | |
| Total | 98,500 | 98,500 |

Adjustments:

- a. Closing Stock was valued at Rs.6,000/-
- b. Depreciation Buildings by 10% and Loose Tools are revalued at Rs.3,500
- c. Interest on Capital at 10% and on Drawing at 5%.
3. How do you classify the accounts? Explain the rules of debit and credit with respect of different types of accounts.
4. What is depreciation? Explain various methods of depreciation.
5. Bombay Textiles Company invited applications for 20,000 equity shares of Rs.100/- each at a discount of Rs4/- per share (allowed at the time of allotment). The amount was payable as follows:

On application Rs.30/- Allotment Rs.36/-, First and Final call Rs.30/-

The public applied for 18,000 shares and these were allotted. All money due was collected with the exception of allotment and the First and Final call on 800 shares. Journalize the above transactions in the books of the company.

6. Explain the following:
 - a. Amalgamation
 - b. Absorption
 - c. Reconstruction
7. What is funds flow statement? Discuss the significance of funds flow statement as a tool of financial analysis.
8. **Compulsory:**
Calculate the following ratios from the financial statement of XYZ Company.
 - i. Current Ratio
 - ii. Liquid Ratio
 - iii. Stock Turnover Ratio
 - iv. Debtors Turnover Ratio
 - v. Creditors turnover Ratio

| Particulars | Amount in Rupees | Particulars | Amount in Rupees |
|------------------------------|------------------|-----------------------|------------------|
| Opening Stock | 47,000 | Debtors | 42,000 |
| Closing Stock | 53,000 | Cash | 10,000 |
| Sales | 2,50,000 | Bank | 8,000 |
| Provision for doubtful debts | 2,000 | Bills Receivable | 15,000 |
| Creditors | 32,000 | Provision for Tax | 15,000 |
| Loose Tools | 4,000 | Bills Payable | 29,000 |
| Purchases | 1,80,000 | Marketable securities | 8,000 |