

**AR13**

**SET 02**

**Subject Code: 13MBA1003**

**ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)**

**I MBA I Semester Regular Examinations, February – 2014**

**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. Elucidate the importance of accounting information for managerial decision making.
2. Why a trading and profit and loss account and a balance sheet is prepared? Show the proforma of Trading and Profit & Loss account and a Balance Sheet.
3. Micro Ltd., issued 2000 2% debentures of Rs.2,000 each at a premium of Rs.100 payable as Shown below:  
On Application Rs.400  
On Allotment Rs.400  
On First & Final call Rs.600 each, Premium of Rs.100 has to be collected at allotment stage, The Company incurred an amount of 2000 on the issue of debentures. The debentures were fully subscribed and the moneys were duly received. Pass journal entries.
4. The following are the balances extracted from the books of Mohan Lal on 31-12-2010. Prepare Trading and Profit & Loss Accounts and Balance sheet on this date after taking into account the given additional information:

Mohan Lal's Capital 30,000	Sales 1, 50,000
Mohan Lal's Drawings 5,000	Sales Returns 2,000
Furniture and Fittings 2,600	Discount (Dr) 1,600
Bank Overdraft 4,200	Discount (Cr) 2,000
Creditors 13,800	Taxes and Insurances 2,000
Business Premises 20,000	General expenses 4,000
Stock (Jan, 2010) 22,000	Salaries 9,000
Debtors 18,000	Commission (Dr) 2,200
Rent from Tenants 1,000	Carriage on Purchases 1,800
Purchases 1, 10,000	Bad debts 800

**Additional information:**

- iv) Stock on 31-12-2010 was Rs.20,060
- ii) Write off depreciation on premises Rs.300
- iii) Make a reserve of 5% on Debtors for doubtful debts.
- iv) Carry forward Rs.200 for unexpected insurance.

5. How the following items are issued in determining the net cash flows from operating
  - a) Interest paid & interest received
  - b) Dividend paid & dividend received
  - c) Gain on sale of investment & loss on sale of plant
  - d) Gain on redemption of debentures
6. What is a share ? Discuss the types of shares which a company can issue?
7. What is goodwill? Explain different methods of goodwill?
8. Following is the balance sheet of xyz ltd as 31 December 2013

Particulars	Rs.	Particulars	Rs.
Equity share capital	200000	Goodwill	50000
Capital reserve	40000	Fixed assets	250000
12% mortgage loan	100000	stock	60000
Creditors	50000	investment (short term)	90000
Bank over draft	20000		
Provision for tax	30000		
Profit & loss account	60000		
	-----		-----
	500000		500000

Calculate:

- a) Current Ratio
- b) Quick Ratio
- c) Total assets turnover ratio if sales are Rs. 20, 00, 000

