

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 [12M]
Accounting concepts.
2. What is meant by Double Entry System? Explain its advantages and [12M]
limitations.
3. Define Depreciation. Explain any two methods of Depreciation. [12 M]
4. What is Authorised Capital? What is its significance? How does it differ [12 M]
from Issued Capital?
5. A limited company was registered with a capital of Rs 5, 00,000 in shares of [12 M]
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.
6. ABC Ltd intends to acquire XYZ Ltd. The balance sheet of XYZ Ltd as on [12 M]
the date of acquisition is:

| 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 | | |
| Total | 12,20,00,000 | | 12,20,00,000 |

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 [12 M]
31st March 2015. Draw up the year 2015 Balnce Sheet of the company.

| Particulars | Figures |
|-------------------------------------|----------|
| Current Liabilities | 1.0 |
| Current Assests | 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 Asssets 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 31st December 2015 and Balnce 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 31st 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.