

**FACULTY OF MANAGEMENT**

M.B.A. I – Semester Examination, February 2013

Course No. – 1.3

**Subject : Financial Accounting and Analysis**

Time : 3 Hours

Max. Marks: 80

**PART – A** (10x2=20 Marks)

1. Write short notes on the following in about 80 words each and at one place only.
- |                                      |                            |
|--------------------------------------|----------------------------|
| (a) Double-Entry book keeping system | (f) Profit & Loss Account  |
| (b) Classification of Accounts       | (g) ROI                    |
| (c) Ledger                           | (h) Comparative statements |
| (d) Suspense Account                 | (i) Fund from operations   |
| (e) Capital Expenditure              | (j) Opportunity cost       |

**PART – B** (5x12=60 Marks)

Answer all the questions using the internal choice .

- 2.(a) What are different types of accounts? State the principles of recording transactions.

**OR**

- (b) The following are the summary of the transaction in Backbay Company for the month of February, 2010.

Purchase of office equipment	Rs.75,000
Purchase of office supplies	Rs.3,800
Depreciation (accumulated)	Rs.1,000
Debtors	Rs.1,900
Cash	Rs.770
Prepaid rent	Rs.2,400
Creditors	Rs.1,100
Revenue earned	Rs. 400
Share Capital	Rs.10,000
Returned earning	Rs.2,100
Dividends paid	Rs.1,400
Revenue from services	Rs.7,200
Salaries	Rs. 3,800
Telephone expenses	Rs. 730

Post these entries in the Ledger Account and prepare a Trial Balance.

- 3.(a) Distinguish between Capital expenditure and Revenue expenditure.

**OR**

- (b) The following is the Trial Balance of Vivek Traders as on 31-12-2010.

Debit Balances	Rs.	Credit Balances	Rs.
Cash	2,500	Capital A/c	1,05,000
Stock 1-1-2010	15,000	Creditors	11,000
Bills Receivable	6,000	Bills payable	7,000
Purchases	56,800	Bank overdraft	2,500
Furniture	8,000	Reserve fir Bad on doubtful debts	1,000
Wages	6,800	Sales	90,500
Salaries	26,800	Discount Received	2,000
Rent	3,500		
Discount given	2,000		
Debtors	26,000		
Drawings	10,000		
Machinery	45,000		
Telephone charges	3,600		
Carriage inwards	7,000		
	<u>2,19,000</u>		<u>2,19,000</u>

**Other Information:**

- (i) Closing stock 20,000  
(ii) Rent outstanding 1000  
(iii) Provide 10% depreciation on Furniture and Machinery

You are required to prepare Final Accounts

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- 4.(a) What is the need for analysis of Financial statement? Discuss about the techniques of Financial Analysis.

**OR**

- (b) The following information relates to two companies.

Particulars	Y Ltd. (Rs.)	Z Ltd. (Rs.)
Cash in hand	10,000	4,000
Cash at Bank	30,000	16,000
Debtors	60,000	30,000
Marketable Securities	10,000	10,000
Bills Receivables	40,000	10,000
Stocks	<u>3,50,000</u>	<u>1,30,000</u>
	<u>5,00,000</u>	<u>2,00,000</u>
Creditors	2,00,000	50,000
Bills payable	50,000	10,000
Outstanding expenses	<u>50,000</u>	<u>10,000</u>
	<u>3,00,000</u>	<u>70,000</u>

Compare and comment upon the liquidity position of the both the companies.

- 5.(a) What is cash flow statements? Explain the advantages of cash flow statement.

**OR**

- (b) On the basis of the following information, prepare a funds flow statement.

31st March

Particulars	2009	2010
Cash	10,000	16,000
Debtors	36,000	27,500
Stock	9,000	13,500
Securities	8,500	12,000
Land	7,000	14,000
Trade Marks	<u>2,500</u>	<u>1,500</u>
	<u>73,000</u>	<u>84,000</u>
Capital Reserve	-	3,500
Capital	30,000	34,000
Loans	12,500	10,000
Creditors	23,000	26,000
General Reserve	<u>7,500</u>	<u>10,500</u>
	<u>73,000</u>	<u>84,000</u>

During the year 2010, new land was bought for Rs. 3,500 whereas old land was up valued by 50% , out of the annual profit earned, 75% was distributed and 25% added to the general reserve.

- 6.(a) Discuss the significance of Accounting standards in Global Financial reporting.

**OR**

- (b) What is Balanced Score Card? Discuss the methodology of Balanced Score Card.

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