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MBA
(SEM I) THEORY EXAMINATION 2024-25
FINANCIAL ACCOUNTING & ANALYSIS

TIME: 3 HRS

M.MARKS: 70

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt all questions in brief.

2 x 7 = 14

a.	State the division between WDV & SLM
b.	Outline the importance of Full Disclosure convention.
c.	Discuss subdivision of journal.
d.	Enumerate the utility of accounting for Corporate Social Responsibility.
e.	Define the terms contingent assets and contingent liabilities.
f.	Discuss the treatment of goods sold on accrual basis in final accounts.
g.	Discuss the significance of activity ratios.

SECTION B

2. Attempt any three of the following:

7 x 3 = 21

a.	On 1st January, 2018, X purchased a machine for Rs. 50,000. On 30th June, 2020 machinery was sold for Rs. 26,000 and on the same date a new machine is purchased for Rs.40,000. Depreciation is charged at 10% per annum on original cost. Calculate depreciation and Show the Machinery account in the books of X first three calendar years. X closes the books on 31st December.																																																
b.	<p>Sri Ram & firm has the following business transactions:</p> <p>Jan 1: Business started with cash of ₹5,00,000 and bank balance of ₹2,00,000.</p> <p>Jan 3: Purchased furniture worth ₹50,000, paid via cheque.</p> <p>Jan 5: Purchased goods worth ₹1,00,000 on credit from ABC Suppliers.</p> <p>Jan 8: Paid ₹20,000 for office rent.</p> <p>Jan 10: Sold goods worth ₹80,000 for cash (cost of goods sold was ₹50,000).</p> <p>Jan 15: Received ₹30,000 from a debtor for goods sold on credit previously.</p> <p>Jan 18: Paid ₹70,000 to ABC Suppliers for the earlier credit purchase.</p> <p>Jan 22: The owner withdrew ₹25,000 in cash for personal use.</p> <p>Jan 25: Paid ₹10,000 for electricity expenses.</p> <p>Jan 31: Accrued salary expenses of ₹15,000, not yet paid.</p> <p>Compute the journal entries for the above transactions in the books of Sri Ram & firm.</p>																																																
c.	<p>Balance Sheets of X and Y on 1.1.2017 and 31.12.2017 were as follows:</p> <p style="text-align: center;">Balance Sheet</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Liabilities</th> <th style="width: 10%;">1.1.17 Amount (Rs.)</th> <th style="width: 10%;">31.12.17 Amount (Rs.)</th> <th style="width: 25%;">Assets</th> <th style="width: 10%;">1.1.17 Amount (Rs.)</th> <th style="width: 10%;">31.12.17 Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Creditors</td> <td>40,000</td> <td>44,000</td> <td>Cash</td> <td>10,000</td> <td>7,000</td> </tr> <tr> <td>Mrs. X's loan</td> <td>25,000</td> <td>-</td> <td>Debtors</td> <td>30,000</td> <td>50,000</td> </tr> <tr> <td>Loan from bank</td> <td>40,000</td> <td>50,000</td> <td>Stock</td> <td>35,000</td> <td>25,000</td> </tr> <tr> <td>Capital</td> <td>1,25,000</td> <td>1,53,000</td> <td>Machinery</td> <td>80,000</td> <td>55,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Land</td> <td>40,000</td> <td>50,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Building</td> <td>35,000</td> <td>60,000</td> </tr> <tr> <td></td> <td>2,30,000</td> <td>2,47,000</td> <td></td> <td>2,30,000</td> <td>2,47,000</td> </tr> </tbody> </table> <p>During the year, a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery, as on 1.1.2017 was Rs. 25,000, and on 31.12.2017 it was Rs. 40,000. Net profit for the year 2017 amounted to Rs. 45,000. You are required to prepare a cash flow statement.</p>	Liabilities	1.1.17 Amount (Rs.)	31.12.17 Amount (Rs.)	Assets	1.1.17 Amount (Rs.)	31.12.17 Amount (Rs.)	Creditors	40,000	44,000	Cash	10,000	7,000	Mrs. X's loan	25,000	-	Debtors	30,000	50,000	Loan from bank	40,000	50,000	Stock	35,000	25,000	Capital	1,25,000	1,53,000	Machinery	80,000	55,000				Land	40,000	50,000				Building	35,000	60,000		2,30,000	2,47,000		2,30,000	2,47,000
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d.	<p>From the information given below:</p> <p>Revenue from Operations-10, 00,000</p> <p>Cost of Goods Sold - 6,00,000</p> <p>Current Assets - 4,00,000</p> <p>Current Liabilities - 2,80,000</p> <p>Paid-up Share Capital -5,00,000</p> <p>13% Debentures - 2,00,000</p>																																																

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	Detect the following ratios:																												
	<ul style="list-style-type: none"> i) Current Ratio ii) Working Capital Turnover Ratio iii) Debt-Equity Ratio iv) Proprietary Ratio v) Gross Profit Ratio 																												
e.	The income statements for Alpha Ltd. for the years 2022 and 2023 are provided below:																												
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	Required:																												
	<ul style="list-style-type: none"> 1. Determine comparative and common-size income statements. 2. Interpret the financial health of the company. 																												

SECTION C

3. **Attempt any one part of the following:** 7 x 1 = 7
- | | |
|-----|--|
| (a) | Explore various persons interested in accounting information of a firm & also the reasons. |
| (b) | On July 01, 2010, Ashok Ltd. Purchased a machine for Rs.1, 08,000 and spent Rs.12, 000 on its installation. At the time of purchase, it was estimated that the effective commercial life of the machine will be 12 years and after 12 years its salvage value will be Rs.12, 000. Demonstrate machine account and depreciation account in the Books of Ashok Ltd. For the first three years, if depreciation is charged according to straight line method. |
4. **Attempt any one part of the following:** 7 x 1 = 7
- | | |
|-----|---|
| (a) | Ankur a steel merchant has following transactions, construct the Journal entries & Ledger accounts from the following: <ul style="list-style-type: none"> i. Mr. Ankur started business with cash Rs. 45000 ii. Goods purchased Rs. 15000 iii. Goods Purchases from Ram Rs.6500 iv. Goods sold Rs.14000 v. Computer purchased for business use Rs. 5500 vi. Final Payment to Ram Rs. 5850, Goods sold to Mr. Shyam Rs, 2500 vii. Goods returned by Mr. Shyam Rs. 499 viii. Payment by Mr. Shyam as full settlement Rs. 2000 |
| (b) | Illustrate the rules regarding posting of transactions in the Ledger with appropriate illustrations of 10 different transactions covering all rules. |
5. **Attempt any one part of the following:** 7 x 1 = 7
- | (a) | From the following Balance Sheets, figure out the Cash Flow Statement for the year ended March 31 st , 2020; | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------|---|-------------|-------------------|-----------|-----------|-----------|-----------|--|-----|-----|--|-----|-----|---------------|----------|----------|------------------|----------|----------|---------------------|--------|--------|-------------------|-----------|-----------|------------------|--------|--------|--|--|--|
| | <table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Liabilities</th> <th style="text-align: right;">31.3.2019</th> <th style="text-align: right;">31.3.2020</th> <th style="text-align: left;">Assets</th> <th style="text-align: right;">31.3.2019</th> <th style="text-align: right;">31.3.2020</th> </tr> <tr> <td></td> <th style="text-align: right;">Rs.</th> <th style="text-align: right;">Rs.</th> <td></td> <th style="text-align: right;">Rs.</th> <th style="text-align: right;">Rs.</th> </tr> </thead> <tbody> <tr> <td>Share Capital</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">2,50,000</td> <td>Land & Buildings</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">1,90,000</td> </tr> <tr> <td>Profit and Loss A/c</td> <td style="text-align: right;">30,500</td> <td style="text-align: right;">30,600</td> <td>Plant & Machinery</td> <td style="text-align: right;">1, 50,000</td> <td style="text-align: right;">1, 69,000</td> </tr> <tr> <td>General Reserves</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">60,000</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Liabilities | 31.3.2019 | 31.3.2020 | Assets | 31.3.2019 | 31.3.2020 | | Rs. | Rs. | | Rs. | Rs. | Share Capital | 2,00,000 | 2,50,000 | Land & Buildings | 2,00,000 | 1,90,000 | Profit and Loss A/c | 30,500 | 30,600 | Plant & Machinery | 1, 50,000 | 1, 69,000 | General Reserves | 50,000 | 60,000 | | | |
| Liabilities | 31.3.2019 | 31.3.2020 | Assets | 31.3.2019 | 31.3.2020 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rs. | Rs. | | Rs. | Rs. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share Capital | 2,00,000 | 2,50,000 | Land & Buildings | 2,00,000 | 1,90,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit and Loss A/c | 30,500 | 30,600 | Plant & Machinery | 1, 50,000 | 1, 69,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Reserves | 50,000 | 60,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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Bank Loan	70,000	-----	Stock	1,00,000	74,000
Sundry Creditors	1,50,000	1,35,200	Sundry Debtors	80,000	64,200
Provision for Tax	30,000	35,000	Cash	500	600
			Bank	-----	8,000
			Goodwill	-----	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information:

- Machinery was purchased during the year RS.33, 000/-.
- The Dividend of Rs.23, 000/- Paid
- Depreciation written off on machinery Rs.14, 000/-; Buildings Rs.10, 000/-

- (b) Analyze Final Accounts of the Company as per the information given below:
The following are the balances of J.A.Co. Ltd. As on 31st March 2022.

Debit		Credit	
Premises	30,72,000	Capital	40,00,000
Plant	33,00,000	12% Debentures	30,00,000
Stock	7,50,000	P&L A/C	2,62,500
Debtors	8,70,000	Bills Payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash & Bank	4,06,500	Sales	41,50,000
Calls in Arrear	75,000	General Reserves	2,50,000
Rent, Rates & Taxes	3,92,500	Bad Debts Provision on 1.4.2021	35,000
Purchases	18,50,000		
Preliminary Expenses	50,000		
Wages	9,79,800		
General Expenses	68,350		
Salaries	2,02,250		
Bad Debts	21,100		
Debentures Interest Paid	1,80,000		
	1,24,67,500		1,24,67,500

Adjustments:

- Depreciate Plant by 15%.
- Half year Debenture Interest due.
- Credit 5% Provision of Debtors for Doubtful Debts.
- Provide for Income Tax @ 50%
- Stock on 31st March 2022 was 9,50,000

A claim of 25,000 for workmen compensation is being disputed by the company.

6. **Attempt any one part of the following:** 7 x 1 = 7

(a)	Summarize various ratios citing their utility for the users.
(b)	Evaluate: Gross Profit Ratio; Operating Ratio, Net operating profit Ratio and Net Profit Ratio From the following information for the year ended 31 st March 2021: Total Sales-Rs.5, 00, 000/-; Sales Return-Rs.50, 000/-; Gross Profit- 40% of Net Sales; Cost of Goods sold-?? ; Operating expenses – Rs.60, 000/-; Non-Operating Income – Rs.21, 000/-; Tax Rate – 50%.

7. **Attempt any one part of the following:** 7 x 1 = 7

(a)	“Human Resource Accounting is a process of identifying and measuring data about human resources and communicating this information to interested parties.” Summarize the present value models of human resource valuation.
(b)	Summarize the comparative balance sheet analysis and Common Size Financial Statements with suitable format.