



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION 2017

MBA Sem : First

MM: 50 Marks

Subject: Financial Accounting and Analysis

Time: 3 Hours

Subject code: AC01

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. Write short notes on (Any 2):

(5+5 Marks)

- Human Resource Accounting and its importance
- Corporate Governance
- Window Dressing with example

Q2. (A). Explain the errors which are disclosed by the Trial Balance. (5+5 marks)

(B). Difference between Income and Expenditure Account and Receipt and Payment Account

Q3. The following is the Balance Sheet of Rakesh Roshan Motors Ltd.: (10 marks)

Liabilities	Amount	Assets	Amount
Equity Share Capital	225000	Land and Building	250000
9% Preference Share Capital	150000	Plant and Machinery	110000
8% Debentures	75000	Motor Car	35000
General Reserve	65000	Debtors	250000
Suppliers	195000	Inventory	70000
Bills Payable	45000	Bills Receivable	50000
Bank Overdraft	28000	Prepaid Expenses	15000
Provision for Taxation	25000	Marketable Securities	35000
Proposed Dividend	15000	Cash	45000
Short Term Loan	50000	Cash at Bank	25000
Outstanding Salary	12000		

Sales for the year were Rs. 875000 out of which 35% is of cash. The total purchase is Rs. 550000 for the year out of which 20% is of cash. The total number of working days during the year was 360.

You are required to calculate the Ratios from the above information and interpret them.

Q4. Pass necessary journal entries in the books of Asha Enterprises and post them in the appropriate Ledger Accounts: **(10 marks)**

- July 01 Started business with Rs. 350000 and 55000 computers
 July 02 Bought Rs. 80000 furnitures and Rs. 115000 lorry
 July 06 Paid rent by cheque Rs. 14000
 July 07 Bought goods for resale on credit from Kapil & Mishra Co. Rs. 147000
 July 07 Bought goods from Gaurav Sales Corporation Rs. 34000
 July 09 Sold goods for Rs. 109000 to Ashwini Raina in cash
 July 10 Paid to Kapil & Mishra in full settlement Rs. 145000
 July 11 Paid wages to Rajesh Rs. 3500, return goods to Gaurav Rs. 6000
 July 18 Paid by cheque in full settlement to Gaurav
 July 19 Paid Insurance premium Rs. 18000, GST 5%
 July 20 Paid Rent Rs. 4800, Stationary Rs. 2300, Electricity Bill Rs. 3800, Water Bill Rs. 1600
 July 21 Paid Rs. 32000 into bank
 July 28 Sold goods to Ganesh & Sons Rs. 28400
 July 31 Cash Received from Ashwini Raina in Full settlement Rs. 106350

Q5. Explain the need and significance of depreciation. What factors should be considered for determining amount of depreciation? **(10 marks)**

Section B

Note: (B). Part of the question is compulsory.

Q6. Prepare AS 3 Statement of Ganeshi Lal & Gippi Grewal Company Ltd. For the year ending 31 December 2016 **(14 marks)**

Liabilities	31/12/16	01/01/16	Assets	31/12/16	01/01/16
Share Capital	400000	100000	Goodwill	20000	
8% Debentures	200000		Machinery	475000	125000
Retained Earnings	90000	60000	Inventory	80000	20000
Suppliers	100000	40000	Debtors	100000	30000
Bills Payable	40000	20000	Cash at Bank	150000	50000
Provision for Taxation	40000	30000	Cash in Hand	45000	25000

Adjustments:

- Provision for tax charged in 2016 was Rs. 35000
- The debentures were issued at a premium of 5% which is included in the retained earnings
- During 2016, the business of a sole trader was purchased by issuing shares for Rs. 2,00,000. The assets acquired from him were: Machinery 1,00,000, Stock 50,000, Goodwill 20,000 and Debtors 30,000
- Depreciation charged on Machinery was Rs. 30,000

OR

Following is the Receipt and Payment Account of Dash and Raina Charitable Club for the year ended on 31st March 2012: **(14 Marks)**

Receipts	Amount	Payments	Amount
To Cash at Bank	12500	By Salaries	2500
To Subscription	52500	By Printing & Stationery	1250
To Annual Day	26800	By Annual Day Expenses	2500
To Mushaira	22000	By Telephone charges	2500
To Dividend	2000	By Sundry Expenses	2000
		By Investment in shares	75000
		By Postage and Telegram	2250
		By Building Maintenance	6000
		By Rent of theatre	10000
		By Cash at bank	11800

Additional Information:

- On 1st April, 2011 Buildings in the books at Rs. 50,000 and investments in shares at Rs. 5,000. Buildings @5% p.a. depreciation
- There were 200 members each paying subscription @ Rs. 250 per annum. Some members have paid their annual subscription in advance during the year.
- As on 1st April 2011, no subscriptions had been received in advance but subscriptions were outstanding to the extent of Rs. 1000 as on 31st March 2011, subscription accrued as on 31st March 2012 was Rs. 1500
- Postage stamps worth Rs. 250 were in stock with secretary as on 1st April 2011 and as on 31st March 2012, they were valued at Rs.150
- Telephone charges paid in advance were Rs. 300

You are required to prepare Income and Expenditure Account for the year ended on 31st March, 2012 and the balance sheet as on that date.

B. What are the accounting concepts and conventions? Explain them.

(6 Marks)