



Institute of Management  
JK Lakshmipat University, Jaipur



(BACKLOG) END TERM - EXAMINATION-NOV 2018

MBA Semester-I

MM: 40 Marks

Course: Financial Accounting & Analysis

Time: 2 Hours

Subject code: AC 01

Answer any 4 Questions from given below. Each Question carries 10 marks each.

Q1.

- a) The following are the balances of various ledger accounts for the year ending 31 March, 2013. You are requested to prepare the trail balance for the same. (5marks).

Capital as on 1<sup>st</sup> Apr, 2013 Rs. 8950, Drawings Rs 1050, Stock 1<sup>st</sup> Apr, 2012 Rs. 3725, Purchases Rs. 23,100, Sales Rs. 39,425, Wages & Salaries Rs. 6205, Lighting and Heating Rs. 310, Equipment Rs. 3,600, Carriage Outwards Rs. 230, Return Outwards Rs. 105, Return Inwards Rs. 290, Provision for Bad debts Rs. 350, Discount Allowed Rs.285, Discount Received Rs. 315, Rent, rates and Insurance Rs. 1,115, Motor Vehicles Rs. 1475, Cash In hand Rs. 110, Sundry Creditors Rs. 4925, Rs.Sundry debtors Rs. 13,920 and Bank Overdraft Rs. 975.

- b) Give the journal entries for the following transactions: (5marks).

- Purchased from Saraswat Pustak Bhandar 100 copies of "Mahabharat" by Raghunath @Rs.25 each less trade discount 10%.
- Incurred a loan of Rs. 50,000 from Bank of Baroda.
- Sold to Smt.Mahasweta Roy on Credit old furniture for Rs. 1,200.
- Settled the account of Gopinath who owes us Rs. 1,500 on receipt of Rs. 1,450.
- Cost of machinery Rs.50,000. Charged depreciation @10% p.a.

Q2. What is GAAP? Discuss the various constituents of GAAP along with accounting concepts and conventions in detail.(10 Marks)

Q3.

- Distinguish between (5 Marks)
  - Trial balance and Balance sheet
  - Event and Transaction
- Discuss the various ratios for analyzing the profitability position of a firm.(5 Marks)

Q4. The financial data for the company Romeo Ltd are as follows- (10 marks).

| Particular                                               | Amount(₹) |
|----------------------------------------------------------|-----------|
| <b><u>Current Assets</u></b>                             |           |
| Cash                                                     | 12,500    |
| Short-term Investment                                    | 3,000     |
| Accounts Receivable                                      | 94,500    |
| Inventory                                                | 1,05,500  |
| Prepaid Expenses                                         | 9,500     |
|                                                          | -----     |
| Total Current Assets                                     | 2,25,000  |
| Fixed Assets                                             | 2,62,000  |
|                                                          | -----     |
| <b><u>Total Assets</u></b>                               | 4,87,000  |
|                                                          | -----     |
| Current Liabilities                                      | 1,83,000  |
| Other long term liabilities                              | 1,50,000  |
| Equity share ₹10 per value(7,500 shares)                 | 75,000    |
| Reserve & Surplus                                        | 79,000    |
|                                                          | -----     |
| <b><u>Total liabilities &amp; Shareholder equity</u></b> | 4,87,000  |
|                                                          | -----     |
| Market Price per Equity Share                            | 14        |
| Dividend paid per equity share for the current year      | 4         |
| <b><u>Income Statement</u></b>                           |           |
|                                                          | 3,01,500  |
| Net Sales(all on credit)                                 | 2,27,000  |
| Cost of Goods sold                                       | 74,500    |
| Gross profit                                             | 6,500     |
| Administration expenses                                  | 68,000    |
| Net Income                                               |           |

Calculate the below ratios

- Debtors turnover ratio
- Debt-equity ratio
- Return on total assets
- Earnings per share
- Current Ratio
- Liquid Ratio

Q5. Sekhar and Joginder have a partnership business. The position of their firm as on 31<sup>st</sup> March 2013 and 2012 is given in the financial statements given in the following text. You are required to prepare a comparative Balance sheet and provide comments. (10 Marks)

**Summarized Balance Sheet of Sekhar and Joginder**

| Equity<br>Liabilities | Amount (Rs.) |          | Assets             | Amount(Rs.) |          |
|-----------------------|--------------|----------|--------------------|-------------|----------|
|                       | 2013         | 2012     |                    | 2013        | 2012     |
| Capital Accounts      | 71,750       | 59,500   | Fixed Assets       | 52,500      | 43,750   |
| Bank Loans            | 14,000       | 10,500   | Investments        | 3,500       | 1,750    |
| Sundry Creditors      | 38,500       | 35,000   | Stock In Trade     | 21,000      | 17,500   |
|                       |              |          | Sundry Debtors     | 31,500      | 26,250   |
|                       |              |          | Loans and Advances | 14,000      | 14,000   |
|                       |              |          | Cash and Bank      | 1,750       | 1,750    |
|                       | 1,24,250     | 1,05,000 |                    | 1,24,250    | 1,05,000 |