



Institute of Management
JK Lakshmipat University
Jaipur



END TERM EXAMINATION 2015

MBA (FT) Sem-I

MM: 50 Marks

Course: Financial Accounting & Analysis

Time: 3 Hours

Subject code: MBA103

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

Section A

Q1. Discuss the various components of corporate financial statements and give a specimen format of corporate balance sheet and Income Statement as per the Companies Act, 2013. (10 marks).

Q2. The following are the comparative balance sheets of XYZ Ltd., as on 31st December 2013 and 2014.

Equity and Liabilities	Amount (₹)		Assets	Amount(₹)	
	2013	2014		2013	2014
Share Capital (Shares of ₹10 each)	3,50,000	3,70,000	Land	1,00,000	1,50,000
Profit and Loss A/c	50,400	52,800	Stocks	2,46,000	2,13,500
9% Debentures	60,000	30,000	Goodwill	50,000	25,000
Creditors	51,600	59,200	Cash and Bank	42,000	35,000
			Temporary Investment	3,000	4,000
			Debtors	71,000	84,500
	5,12,000	5,12,000		5,12,000	5,12,000

Other particulars provided to you are:

1. Dividend declared and paid during the year ₹ 17,500.
2. Land was revalued during the year ₹ 1,50,000 and the profit on revaluation transferred to profit and loss account

You are required to prepare a cash flow statement for the year ended 31st December, 2014. (10 Marks)

Q3. Gurdeep and Akshya have a partnership business. The position of their firm as on 31st 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. (10Marks)

Summarized Balance Sheet of Gurdeep and Akshya

Equity and Liabilities	Amount (₹)		Assets	Amount(₹)	
	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

Q4. Complete the following balance sheet from the information given in the following text: (10 Marks)

Balance Sheet as at 31st December 2012

Equities & Liabilities	Amount (₹)	Assets	(Amount in ₹)
Equity Share Capital of ₹100 each	xxxxx	Fixed Assets	Xxxxx
Reserve & Surplus	xxxxx	Current Assets-	
10% Debenture	4,00,000	Stock	Xxxxx
Current Liabilities-		Debtors	Xxxxx
Sundry Creditor	Xxxxx	Other Current Assets	xxxxx
Other Current Liabilities	2,00,000		
Total	xxxxx	Total	xxxxx

The following information is available

- Sales for the year ₹48 lakhs.
- Gross profit Ratio is 25%
- Net profit after tax is ₹ 2, 00,000.
- Purchase and Sales on Credit basis.
- Debtor turnover ratio is 12:1 (Sales/Debtors)
- Creditor turnover ratio is 12:1 (Cost of sales/ Creditors)
- EPS is ₹ 20 per share.
- Stock turnover ratio is 10.
- Debt-Equity ratio is 0.25:1
- Current ratio is 1.6:1

Q5. Given here the incomplete comparative income statements for the year 2011, 2012, and 2013. You are required to find the missing figures. (10 marks).

No.	Particulars	Amount in Lakhs			% of trend		
		2011	2012	2013	2011	2012	2013
1	Net Sales	700	--	--	100	120	140
2	Less: Cost of Goods sold	560	--	--	100	110	--
3	Gross Profit	140	--	--	100	160	150
4	Less: Operating Expenses	84	--	--	100	125	175
5	Operating profit	56	--	--	100	--	--
6	Add: Non Operating Income	--	--	5	100	120	50
		66	--	--	100	--	--
7	Less: Non operating expenses	6	--	--	100	100	200
8	Net Profit	60	125	56	100	208.33	93.33

Section B

Q6. Rajesh Selvan, who owns Royal Eagle Ltd, Started the business on 1st January 2012, which related to buying and selling sports equipment. Prepare some accounts for him for the year till 31st December, 2012. He has left the following message on your answering machine.

'Aunt Chakreshwari lent me ₹ 5,000 in her will, and this formed my initial capital in my Royal Eagle account. A friend also loaned me ₹ 2000 at 10% p.a. interest. He gave me a cheque, which I encashed. I bought an estate car to help with my collection and delivery stock, and I made ₹ 500

profit on this car deal. The salesman wanted ₹1700 for the car but I beat him down to ₹ 1200, and I paid him by cheque. I reckon the car is good for four years before it goes to scrap yard.

I rent a garage to keep my stock in, and this cost me ₹ 400 p.a. I have paid ₹ 500 so far (by cheque) as the owner insists on quarterly payments in advance.

My first bit of trading was to buy 3000 pairs of trainers for ₹ 9000. I have paid a cheque to the supplier for ₹ 6000 and shall have to pay the balance soon. I've sold 2500 pairs so far for ₹9500 cash and I am yet to receive ₹500. 20% of this is doubtful, but the rest should be collectable.

Then I bought 200 golf clubs for ₹4000 (by cheque). I've sold 180 of these for ₹ 5400 in cash, but the remaining are faulty, and I've found someone who says he can repair them, and will take them off my hands for ₹100.

I also do good business in track-suits. Three hundred pairs of cost me only ₹ 1500. I haven't paid for them yet, since a number of them appear to have faulty stitching. I've have complained to the supplier who says he will reduce the price to ₹ 900. I think I'll accept, since I know someone who will look them all over and repair as necessary for ₹2 a garment. I can sell them for ₹10 each and make a profit of ₹ 1500.

The cash I got from the golf clubs has been used to pay some bills: petrol for the estate car came to ₹500, and electricity for the garage ₹200. I've spent ₹4500 on myself.

I also had a holiday in August, which cost ₹700, but I paid for that by cheque from the Royal Eagle account. I must pay the first year's interest on the loan soon, I suppose.'

Questions:

1. You are required to prepare a trading account and income statement for Royal Eagle Ltd for the year ended 31st December 2012, and a balance sheet as at that date. (15 Marks)
2. Show the cash and bank balances separately on the balance sheet and present figures in the vertical format.(5 Marks)

