

MBA (Fintech) I Semester Supplementary Examinations June 2019

**FINANCIAL ACCOUNTING**

(For students admitted in 2018 only)

Time: 3 hours

Max. Marks: 60

**SECTION – A**

(Answer the following: 05 X 10 = 50 Marks)

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1 What are the advantages and disadvantages of double entry system? Explain.

**OR**

2 Who are the key users of accounting information? Explain in detail.

3 The trail balance of Mr. Sriram as on 31<sup>st</sup> March 2013 was as follows:

Particulars	Dr.(₹)	Cr.(₹)
Purchases/Sales	16,25,050	25,24,000
Sundry debtors/Sundry creditors	5,02,000	3,05,260
Provision for doubtful debts	-	52,000
Bill payable	-	39,500
Opening stock	2,67,250	-
Wages	2,31,370	-
Salaries	55,750	-
Furniture	72,500	-
Postage	42,260	-
Power & fuel	13,500	-
Trade expenses	58,310	-
Bad debts	5,250	-
Loan to Mr.Suresh@10% (Dec.1,2012)	3,000	-
Cash in hand and at bank	1,00,000	-
Trade expenses accrued but not paid	-	7,000
Drawings/Capital	44,520	1,00,000
Outstanding wages	-	20,000
Total	30,47,760	30,47,760

**Required:** Prepare trading and profit & loss account for the year March 31, 2013 and the balance sheet as on that after taking into consideration the following information:

(i) Depreciation on furniture is to be charged @10%.

(ii) Sundry debtors include an item of ₹5,000 due from a customer who has become insolvent.

(iii) Provision for doubtful debts is to be maintained @5% on sundry debtors.

(iv) Goods of the value of ₹15,000 have been destroyed by fire and insurance company admitted a claim for ₹10,000.

(v) Closing stock was ₹1,22,500.

**OR**

4 What are the accounting concepts and conventions? Explain.

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**Code: 18E00104**

- 5 On 1<sup>st</sup> April 2011, Sree Ltd. purchased a second-hand machine for ₹80,000 and spent ₹20,000 on its cartage, repairs and installation. On 30<sup>th</sup> September, 2012 repairs & renewals amounted to ₹2,000. On 30<sup>th</sup> September 2013, this machine was sold for ₹50,000. Depreciation is to be provided @20% p.a according to written down value method.

**Required:** Prepare machinery account for the three years assuming that the accounts are closed on 31<sup>st</sup> March every year.

**OR**

- 6 The following are the details of a spare part of M/s Sudha Mills:

1-1-2018	Opening stock	NIL
1-1-2018	Purchases	100 units@ Rs.30 per unit
15-1-2018	Issued for consumption	50 units
1-2-2018	Purchases	200 units@ Rs.40 per unit
15-2-2018	Issued for consumption	100 units
20-2-2018	Issued for consumption	100 units
1-3-2018	Purchases	150 units@ Rs.50 per unit
15-3-2018	Issued for consumption	100 units

Find the value of stock as on 31-3-2018 assuming that the company follows FIFO method.

- 7 You are given the following information about two companies:

Particulars	Company A(₹)	Company B(₹)
Cash	180	140
Debtors	1,520	3,200
Inventory	1,800	3,200
Bills payable	270	1,000
Creditors	500	4,000
Accrued expenses	150	125
Tax payable	750	1,000

- (i) Calculate the liquidity ratios for two companies.  
(ii) Give your interpretation of the liquidity position of the two companies as revealed by the ratios.

**OR**

- 8 Following are the ratios relating to the activities of Suma Traders Ltd:

Debtors velocity 3 months

Stock velocity 8 months

Creditors velocity 2 months

Gross profit ratio 25 percent

Gross profit the year ended 31<sup>st</sup> March, 2018 amounts to ₹4,00,000. Closing stock of the year is ₹10,000 above the opening stock. Bills receivable amount to ₹25,000 and bills payable to ₹10,000.

Find out: (i) Sales.

(ii) Sundry debtors.

(iii) Closing stock.

(iv) Sundry creditors.

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- 9 What do you mean by funds flow statement? What are its uses? Explain.

**OR**

- 10 The balance sheets of Shyam Ltd as on 31<sup>st</sup> March are as follows:

Liabilities	2017(₹)	2018(₹)	Assets	2017(₹)	2018(₹)
Share capital	5,00,000	7,00,000	Buildings	80,000	1,20,000
P&L Account	1,00,000	1,60,000	Plant & Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry creditors	1,53,000	1,90,000	Sundry Debtors	1,50,000	1,60,000
Bills payable	40,000	50,000	Cash	20,000	20,000
Outstanding exp	7,000	5,000			
	8,50,000	11,75,000		8,50,000	11,75,000

**Additional information:**

₹50,000 depreciation has been charged on plant & machinery during the year 2017-18. A piece of machinery was sold for ₹8,000 during the year 2017-18. Its original cost ₹12,000, depreciation of ₹7,000 had been provided on it.

Prepare cash flow statement.

**SECTION – B**

(Compulsory question, 01 X 10 = 10 Marks)

- 11 **Case Study:**

Using the following accounting variables, construct a balance sheet.

Gross profit (20% of sales)	Rs.60,000
Shareholders' equity	Rs.50,000
Credit sales to total sales	80%
Total assets turnover (on sales)	3 times
Stock turnover	8 times
Average collection period (360 days in a year)	18 days
Current ratio	1.6
Long term debt to equity	40%

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