

**PGDM- [ Post Graduate Diploma in Management] IB ,2017-2019**  
**Financial Accounting**  
**IB-103**

**Trimester – I , End-Term Examination: September 2017**

Time allowed: 2 Hrs 30 Min  
Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

**Section A**

**Attempt any 3 questions**

**3\*5 Marks=15 Marks**

1. What is Conservatism? Can you think and give illustrations of this concept being used and misused?
2. Purchases and Sales of a certain product during March, 20X1 are set out below:  
  
*Purchases:* on 1st March 100 units @ Rs 10.00, on 12th March: 100 units @ Rs 9.80, on 15th March: 50 units @ Rs 9.60, on 20th March: 100 units @ Rs 9.40  
  
*Sales:* on 10th March 80 units, on 14th March: 100 units, 31st March: 90 units.  
  
There were no opening inventories. Determine the cost of goods sold for March under Weighted Average Cost.
3. Explain Straight line method of Depreciation with an example of application of it on Building.
4. What are the benefits to India from convergence to IFRS (Ind AS).
5. Explain the concept of 'Creative Accounting' in the light of 'Satyam' fraud.

**Section B**

**Attempt any 2 questions**

**2\*10 Marks=20 Marks**

6. From the following Trial Balance, prepare a Trading Account and Profit and Loss Account:

Dr	Trial Balance as on 31 <sup>st</sup> March 2017		Cr
Particulars	Rs. '000	Particulars	Rs. '000
Purchase	16,000	Sales	30,000

Wages	6,500	Capital	10,655
Discount	1,300	Mortgage and interest to date	3,050
Salaries	2,000	Sundry creditors	2,100
Travelling expenses	500		
Carriage inward	275		
Insurance	150		
Commission	325		
Rent and rates	500		
Cash in hand	25		
Cash at Bank	2,725		
Repairs	300		
Sundry expenses	55		
Mortgage interest	150		
Building	4,000		
Machinery	1,500		
Horses and carts	500		
Opening stock ( 1-4- 2016)	5,750		
Sundry debtors	3,250		
Total	45,805	Total	45,805

Closing Stock on 31<sup>st</sup> March 2017 was Rs. 60,75,000/-

7. The following Balance Sheets are given:

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Pref. Capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss Account	30,000	48,000	Debtors	1,60,000	2,00,000



Proposed Dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000	Total	6,77,000	8,17,000

You are required to prepare a Common Size Balance sheet and make comments.

8. Prepare a Cash Flow Statement on the basis of the information given in the Balance Sheets of P.S. Ltd.

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Share Capital	2,00,000	2,50,000	Goodwill	10,000	2,000
12% Debentures	1,00,000	80,000	Land and Building	2,00,000	2,80,000
General Reserve	50,000	70,000	Machinery	1,00,000	1,30,000
Creditors	40,000	60,000	Debtors	40,000	60,000
Bills Payable	20,000	1,00,000	Stock	70,000	90,000
Outstanding Exp.	25,000	20,000	Cash	15,000	18,000
	4,35,000	5,80,000		4,35,000	5,80,000

- (i) Depreciation on Land and Building is Rs 20,000  
(ii) Tax paid is Rs 19,000/-

Comment on Operating, Investing and Financing Activities of the Organisation.

**Section C**

**Compulsory Case Study**

15 Marks

9. The summarized Balance Sheet of PA Traders Ltd. for the year ended 31-03-2009 is given below

(Rs. In lakhs)

Capital and Liabilities		Assets		
Equity Share capital (fully paid-up)	140	Fixed Asset (at cost)	210	
Reserves and surplus	45	Less : Depreciation	25	185
Profit and loss account	20	Current assets:		
Provision for taxation	10	Stock	25	
Sundry creditors	40	Debtors	30	
		Cash	15	70
	255			255

The following further particulars are also given for the year

(in lakhs of rupee)

Sales	120
Earnings before interest and tax (EBIT)	30
Net profit after tax (PAT)	20

Calculate the following for the company and explain the significance of each in one or two sentences.

- |                                       |                                  |
|---------------------------------------|----------------------------------|
| (i) Current ratio;                    | (v) Debtors' turnover            |
| (ii) Liquidity ratio;                 | (vi) Stock turnover;             |
| (iii) Profitability ratio;            | (vii) Average collection period; |
| (iv) Profitability on funds employed; | (viii) Return on equity.         |