

PGDM (IB) , 2013-15
Financial Accounting
IB-102

Trimester-1, End term Examination: September 2013

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**. In case of rough work please use answer sheet.

Sections	No. of questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 marks each	3*5=15
B	2 out of 3 (Long Questions)	10 marks each	10*2=20
C	Compulsory Case Study	15 marks	15
		Total Marks	50

Section A

1. What are the books maintained by a firm for Financial Accounting? Explain the process used.
2. Why are Provisions made? Give examples & journal entries for Provision for Bad Debts.
3. What is a 3 column Cash Book and what are the ledger accounts maintained with it?
4. Explain the accounting for Inventory in Manufacturing, Trading, Profit & Loss accounts
5. Explain the use of Funds Flow statements in analysis of Financial Accounts

Section B

1. Explain Bank Reconciliation Statement (BRS) and its relevance in Accounting. From the following prepare a BRS as on 31st March

- Balance as per Firm's Cash Book shows an overdraft of Rs.12,300
- Cheques sent on collection but not collected by Bank Rs.3300
- Cheques issued but not presented at Bank for payment Rs.2300
- The Bank has debited firm's a/c Rs.70 but this is not accounted for in firm's books

What is the balance as per bank pass book?

2. What are the benefits of Ratio Analysis? Explain with reference to:

- i) Price/Earnings Ratio
- ii) Quick Ratio
- iii) Debt Equity Ratio
- iv) Sundry Debtors/ Credit Sales

P.T.O

3. From the following Comparative Balance Sheet prepare Changes in Working Capital and Funds Flow Statement:

BALANCE SHEET

Liabilities	As on 31st December		Assets	As on 31st December	
	2012 (Rs)	2013 (Rs)		2012 (Rs)	2013 (Rs)
Capital	8000	8500	Land	5000	5000
P&L A/c	1450	2450	Plant	2400	3400
Creditors	900	500	Debtors	1650	1950
Mortgage Loan		500	Stock	900	700
			Cash	400	900
Total	10350	11950	Total	10350	11950

Section C

From the following Trial Balance plus adjustment entries, prepare the trading & profit and loss account of M/s M Ltd. for year ended 31.3.2013 and a balance sheet as on that date:

Particulars	Debit	Particulars	Credit
Building	500000	Loan @ 18% pa on 1 st June 2012	300000
Machinery	200000	M's Capital	520000
Furniture	100000	S Creditors	400000
Cash Bank	90000	Purchase Returns	100000
Cash in hand	10000	Sales	3220000
S debtors	500000		
Stock as on 1.4.2012	120000		
Sales Returns	120000		
Purchases	2500000		
Rent	60000		
Establishment	180000		
Electricity	15000		
Telephone	10000		
Comm on Sales	30000		
Insurance	10000		
BadDebts	20000		
Bills Receivable	75000		
Total	4540000	Total	4540000

Adjustments:

1. Provide for Depreciation on Building Machinery and Furniture @ 5% 25% and 10% respectively
2. Provision on Bad debts @ 5% of S Debtors
3. M's Manager is entitled to 10% commission on Net Profit after charging commission
4. Closing Stock was not taken on 31.3.13 but on 7.4.13;
5. Transactions in the period from 31.3 to 7.4 are Sales 250000, Purchases 150000 stock on 7.4 was 180000 & Gross Profit on Sales was 20%
6. Insurance premium is for building and machinery
7. Interest on Mortgage Loan to be provided upto 31.3.13