



Name : .....

Roll No. : .....

Invigilator's Signature : .....

**CS/MMA/SEM-1 / MMA-109 / 2011-12**

**2011**

**FINANCIAL ACCOUNTING**

Time Allotted : 3 Hours

Full Marks : 70

*The figures in the margin indicate full marks.*

*Candidates are required to give their answers in their own words as far as practicable.*

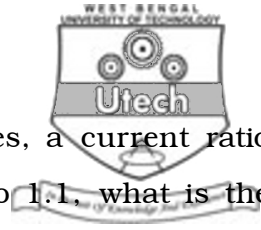
**GROUP – A**

**( Multiple Choice Type Questions )**

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Which of the following is considered a profitability measure ?
  - a) Days sales in inventory
  - b) Fixed assets turnover
  - c) Price-earnings ratio
  - d) Return on assets.
- ii) Transfer of ledger balance is an example of
  - a) going concern concept    b) entity concept
  - c) accrual concept              d) cash concept.



- iii) If a firm has Rs. 100 in inventories, a current ratio equal to 1.2 and a quick ratio equal to 1.1, what is the firm's Net Working Capital ?
- a) Rs. 100                                      b) Rs. 200
- c) Rs. 1,000                                    d) Rs. 1,200.
- iv) To show the contingent liabilities in financial statement is an example of
- a) disclosure                                    b) consistency
- c) conservatism                                d) materiality.
- v) Cost of good sold means
- a) sales-gross profit
- b) sales-net profit
- c) sales-closing stock
- d) sales-commission on sales.
- vi) Which of the following account groups are all considered nominal accounts ?
- a) Cash, Fees Earned, Unearned Revenues
- b) Prepaid Expenses, Unearned Revenues, Fees Earned
- c) Capital Account, Drawing Account, Income Summary
- d) Drawing Account, Fees Earned, Rent Expense.



- vii) The fiscal year selected by companies'
- a) is the same as the calendar year
  - b) begins with the first day of the month and ends on the last day of the twelfth month
  - c) must always begin on January 1
  - d) will change each year.
- viii) What type of account is Prepaid Rent ?
- a) Current Asset
  - b) Current Liability
  - c) Long-Term Liability
  - d) Plant, Property & Equipment.
- ix) Capital Employed is calculated by
- a) Fixed Assets + Current Assets – Current Liabilities
  - b) Fixed Assets + Current Assets
  - c) Fixed Assets + Current Assets – Current Liabilities – Long Term Liabilities
  - d) Fixed Assets + Current Assets – Long Term Liabilities.
- x) Subscription received in advance during the year is
- a) an income
  - b) an expense
  - c) an asset
  - d) a liability.

CS/MMA/SEM-1/MMA-109/2011-12



- xi) Income & Expenditure Account shows a balance of
- a) Cash in hand
  - b) Capital Account
  - c) Net Profit
  - d) Excess of Revenue over Expenditure or vice versa.
- xii) Ratio analysis is the extension of
- a) common size statement analysis
  - b) comparative analysis
  - c) trend analysis
  - d) time series analysis.

### **GROUP – B**

#### **( Short Answer Type Questions )**

Answer any *three* of the following.  $3 \times 5 = 15$

2. What are the basic differences between bonus share and stock split ?
3. How is Cash Flow Statement prepared according to AS 3 ?
4. What is a Common Size Statement ? What are the limitations it suffers ?
5. Distinguish between debenture and preference share.
6. What do you mean by conservatism & materiality in financial accounting ?

**GROUP – C****( Long Answer Type Questions )**Answer any *three* of the following.  $3 \times 15 = 45$ 

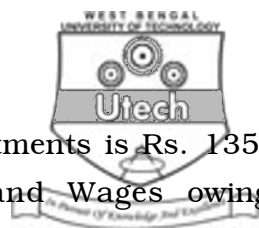
7. From the following balances taken from the ledger of Fab India Ltd. on 31st March 2010, prepare the Trading and Profit and Loss Account for the year ended 31st March, 2010 and Balance Sheet as on that date.

	<b>Rs.</b>		<b>Rs.</b>
Sundry Creditors	19,000	Bad Debts	100
Building	15,000	Loan from Ram	2,500
Income Tax	1,025	Sundry Debtors	9,500
Loose Tools	1,000	Investments	6,500
Cash at Bank	16,200	Provision for Doubtful Debts	1,600
Sundry Expenses	1,990	Rent & Rates	850
Bank Interest (Cr.)	75	Furniture	3,000
Purchases	1,57,000	Stock (1.4.09)	27,350
Wages	10,000	Capital	47,390
Carriage Inwards	1,120	Discount Allowed	630
Sales	1,85,000	Dividends Received	535
Motor Van	12,500	Drawings	2,000
Cash in hand	335	Bills Payable	10,000

*Adjustments :*

- a) Write off further Rs. 300 as bad out of Sundry Debtors and create a Provision for Doubtful Debts at 20% on Debtors.

CS/MMA/SEM-1/MMA-109/2011-12



- b) Dividends accrued and due on Investments is Rs. 135. Rates paid in advance Rs. 100 and Wages owing Rs. 450.
- c) On 31. 3. 10 stock was valued at Rs. 15,000.
- d) Write off 5 per cent for depreciation on Buildings and 40 per cent on Motor Vans.
- e) Provide for interest at 12% per annum due on Loan taken on 1.6.2009.

8. Following are the summarized balance sheets of A & B Co. as on 31. 12. 2009 and 1010 :

<b>Liabilities</b>	<b>2009</b>	<b>2010</b>	<b>Assets</b>	<b>2009</b>	<b>2010</b>
Share capital	1,00,000	1,30,000	Land	1,00,000	95,000
General reserve	25,000	30,000	Machinery	75,000	84,500
P & L A/c	15,200	15,400	Stock	50,000	37,000
Bank Loan (Long term)	35,000	—	Debtors	40,000	32,100
Creditors	75,000	67,500	Cash	200	300
Provision for Tax	15,000	17,500	Bank	—	11,500
<b>Total</b>	<b>2,65,200</b>	<b>2,60,400</b>		<b>2,65,200</b>	<b>2,60,400</b>

*Adjustments :*

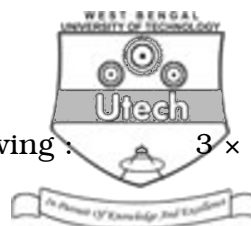
- a) Dividend of Rs. 11,500 was paid
- b) Machinery was further purchased of Rs. 4,000
- c) Income tax paid Rs. 16,500
- d) Depreciation on machinery Rs. 6,000
- e) Loss on sale of machinery Rs. 100 was written off to General Reserve. Prepare a cash flow statement.



9. a) Give separate Journal Entries for the following :
- i) X Ltd. forfeited 100 equity shares of Rs. 10 each held by R. Ram on 15th December, 2009 for non-payment of first call of Rs. 2 per share and the final call of Rs. 3 per share. These shares were re-issued to G. Ram on 25th of December, 2009 at a discount of Rs. 3.50 per share.
  - ii) X Ltd. forfeited 100 equity shares of Rs. 10 each, issued at a premium of Rs. 5 per share, held by M Ram on 15th December, 2009, for non-payment of the final call of Rs. 3 per share. These shares were re-issued to Lokenath on 25th December, 2009 at a discount of Rs. 4 per share.
  - iii) X Ltd. forfeited 150 equity shares of Rs. 10 each, issued at a premium of Rs. 5 per share, held by K. Ram on 25th December, 2009, for non-payment of the allotment money of Rs. 8 per share ( including securities premium of Rs. 5 per share ), the first call of Rs. 2 per share and final call of Rs. 3 per share. Out of these 100 equity shares were re-issued to Shri Bhagwan at Rs. 15 per share on 25th December, 2009.
  - iv) X Ltd. forfeited 100 equity shares of Rs. 10 each, issued at a discount of 10%, held by Raj Kumar on 15th January, 2010, for non-payment of the first call of Rs. 2 per share and the final call of Rs. 3 per share. Out of these 50 equity shares were re-issued on 10th March, 2010 to Ramnath at Rs. 7 per share.
- b) What are the different types of debentures issued by a company ?

10 + 5

CS/MMA/SEM-1/MMA-109/2011-12



10. Write short notes on any *three* of the following : 3 × 5

- a) Guarantee of profits by partners
- b) Companies Act 1956, Schedule 6
- c) Basic Accounting Assumptions
- d) Accounting Equation
- e) Marshalling of Balance Sheet.

11. A summary of receipts and payments of Medical Aid Society for the year ended 31. 12. 2011 is given below :

RECEIPTS	Rs.	PAYMENTS	Rs.
To Balance (1.1.2011)	7,000	By Payments for medicines	30,000
To Subscription	50,000	By Honorarium to doctors	10,000
To Donations	14,500	By salaries	27,500
To Interest on investments @7%	7,000	By sundry expenses	500
To Charity show proceeds	10,000	By equipment purchased	15,000
		By charity show expenses	1,000
		By Balance (31.12.2011)	4,500
	88,500		88,500

*Additional Information ( in Rupees ) :*

	1.1.2011	31.12.2011		1.1.2011	31.12.2011
Subscription due	500	1,000	Amount due to medicine suppliers	8,000	12,000
Subscription received in advance	1,000	500	Value of equipment	21,000	30,000
Stock of medicines	10,000	15,000	Value of buildings	40,000	38,000

You are required to prepare the Income and Expenditure Account for the year ended 31.12.2011 and the Balance sheet on that date.

