



First Semester MBA Degree Examination, Dec.2024/Jan.2025

Financial Accounting and Reporting

Time: 3 hrs.

Max. Marks: 100

Notes: 1. Answer any FOUR full questions from Q.No. 1 to Q.No. 7

2. Question No. 8 is compulsory.

3. M: Marks, L: Bloom's level, C: Course outcomes.

			M	L	C																																																				
Q.1	a.	Explain the term accounting?	3	L2	CO1																																																				
	b.	From the following list of balances, prepare a trial balance as on 30.03.2024	7	L3	CO3																																																				
		<table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>Opening stock</td><td>18000</td><td>Plant and machinery</td><td>7500</td></tr><tr><td>Wages</td><td>10000</td><td>Loose tools</td><td>1800</td></tr><tr><td>Sales</td><td>120000</td><td>Lighting</td><td>2300</td></tr><tr><td>Bank loan</td><td>4400</td><td>Creditors</td><td>8000</td></tr><tr><td>Furniture</td><td>3000</td><td>Capital</td><td>40000</td></tr><tr><td>Purchases</td><td>75000</td><td>Misc. receipts</td><td>600</td></tr><tr><td>Repairs</td><td>2000</td><td>Office salaries</td><td>2500</td></tr><tr><td>Carriage</td><td>1500</td><td>Office furniture</td><td>600</td></tr><tr><td>Income Tax</td><td>1500</td><td>Patents</td><td>1000</td></tr><tr><td>Debtors</td><td>20000</td><td>Goodwill</td><td>15000</td></tr><tr><td>Leasehold premises</td><td>6000</td><td>Cash at bank</td><td>5100</td></tr><tr><td>Cash in hand</td><td>200</td><td>Closing stock</td><td>6000</td></tr></table>	Particulars	₹	Particulars	₹	Opening stock	18000	Plant and machinery	7500	Wages	10000	Loose tools	1800	Sales	120000	Lighting	2300	Bank loan	4400	Creditors	8000	Furniture	3000	Capital	40000	Purchases	75000	Misc. receipts	600	Repairs	2000	Office salaries	2500	Carriage	1500	Office furniture	600	Income Tax	1500	Patents	1000	Debtors	20000	Goodwill	15000	Leasehold premises	6000	Cash at bank	5100	Cash in hand	200	Closing stock	6000			
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	c.	Journalize the following transactions in the books of Mr. Manikeshwar. 1- 2020 March 1 commenced business with the following: Cash 60,000 Goods 55,000 Building 45,000 2- March 2 Deposited into bank 36,000 3- March 3 bought goods from Spoorti traders 9,000 4- March 4 Sold goods to Vijay 6,000 5- March 6 Returned goods to Spoorti traders 600 6- March 7 Vijay returned goods 300 7- March 9 purchased office furniture 1,500 8- March 14 Received cheque from Vijay 3600 & paid into bank 9- March 17 Received commission 750 10- March 19 paid loan to Mr. Ramesh by cheque 15000	10	L3	CO3																																																				
Q.2	a.	Explain in brief Ledger	3	L2	CO1																																																				
	b.	Explain in brief reasons for differences in the balances of cash book and bank pass book.	7	L2	CO1																																																				

	c.	Show the accounting equation in the name of Ganesh & company of the transaction of his business are given below: 1) Commenced business with a capital Rs. 100000 2) Bought goods on credit from Rajesh Rs. 80000 3) Bought furniture for cash Rs.10000 4) Sold goods for cash Rs. 40000 5) Paid to Rajesh Rs. 40000 6) Paid shop rent Rs. 10000 7) Paid Salary Rs. 5000 8) Sold good on credit to Mohan Rs. 5000	10	L3	CO4																											
Q.3	a.	Explain in brief causes of depreciation.	3	L2	CO3																											
	b.	Explain in brief users of accountings.	7	L2	CO2																											
	c.	Compile three column cash books of Mr. Sundar from the following transactions. Aug 01 Sundar started business with cash Rs. 200000 02 Deposited into bank Rs. 50000 04 Cash purchases Rs. 5000 05 Purchases by cheque Rs. 6000 06 Goods Sold to Nathan on credit Rs. 5000 08 Received cheque from Mano Rs. 490, discount allowed Rs. 10 10 Paid Carriage Rs. 1000 12 Withdrew from Bank for office use Rs. 10000 16 Paid to Sundari Rs. 4960, Discount allowed by her Rs. 40 20. Received a cheque for Rs. 4950 from Nathan in full settlement of his account, which is Deposited into bank.	10	L3	CO3																											
Q.4	a.	Explain in brief Forensic Accounting.	3	L2	CO1																											
	b.	Explain in brief accounting standards and IFRS.	7	L2	CO1																											
	c.	Following is the details of Y.K. Ltd as on 31-03-2019 & 31-03-2020 you are required to prepare the comparative income statement for the year ending 31-03-2019 & 31-03-2020. Comment on the financial position of the concern: <table><tr><th>Particulars</th><th>31-03-2019</th><th>31-03-2020</th></tr><tr><td>Sales</td><td>7500000</td><td>8500000</td></tr><tr><td>Cost of Goods Sold</td><td>6000000</td><td>6500000</td></tr><tr><td>Operating Expenses</td><td>-225000</td><td>35000</td></tr><tr><td>Office Expenses</td><td>450000</td><td>15000</td></tr><tr><td>Selling Expenses</td><td>25000</td><td>42500</td></tr><tr><td>Distribution Expenses</td><td>125000</td><td>175000</td></tr><tr><td>Financial Expenses</td><td>100000</td><td>125000</td></tr><tr><td>Tax Rate is 35%</td><td></td><td></td></tr></table>	Particulars	31-03-2019	31-03-2020	Sales	7500000	8500000	Cost of Goods Sold	6000000	6500000	Operating Expenses	-225000	35000	Office Expenses	450000	15000	Selling Expenses	25000	42500	Distribution Expenses	125000	175000	Financial Expenses	100000	125000	Tax Rate is 35%			10	L4	CO4
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Q.5	a.	Explain in brief Window dressing	3	L2	CO1																																
	b.	<p>You are required to prepare the machinery A/c in the books of Ananth for the year ending 31-12-2008 from the following information:</p> <p>1. Machine 'A' was purchased on 01.04.2006 for Rs. 40000</p> <p>2. Machine 'B' was purchased on 01.07.2007 for Rs. 30000</p> <p>3. Machine 'A' was sold on 30.09.2007 for Rs. 35000</p> <p>4. Machine 'C' was purchased on 30.09.2008 for Rs. 40000</p> <p>All the machines were depreciated at 10% on the reducing balance method.</p>	7	L3	CO4																																
	c.	<p>Using the following accounting variables, construct the balance sheet.</p> <p>Gross profit (20% of sales) 60000</p> <p>Shareholder's equity 50000</p> <p>Credit sales to total sales 80%</p> <p>Total assets turnover 3 times</p> <p>Stock turnover 8 times</p> <p>Average collection period 18 days</p> <p>(360 days in a year)</p> <p>Current ratio 1.6:1</p> <p>Long-term debt to equity. 40%.</p>	10	L4	CO4																																
<div>CMRIT LIBRARY BANGALORE - 560 037</div>																																					
Q.6	a.	Explain in brief Trend analysis.	3	L2	CO1																																
	b.	Explain in brief Emerging Areas in Accounting.	7	L2	CO1																																
	c.	<p>Vivek presents to you the following Balance Sheet as on 31 December 2020.</p> <table><thead><tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr></thead><tbody><tr><td>Share Capital</td><td>10,00,000</td><td>Fixed Assets</td><td>10,00,000</td></tr><tr><td>Equity shares of Rs. 10 each</td><td></td><td>Stock</td><td>4,00,000</td></tr><tr><td>Reserve fund</td><td>1,00,000</td><td>Debtors</td><td>3,00,000</td></tr><tr><td>7% Debentures</td><td>3,00,000</td><td>Cash</td><td>2,00,000</td></tr><tr><td>Overdraft</td><td>2,00,000</td><td></td><td></td></tr><tr><td>Creditor</td><td>3,00,000</td><td></td><td></td></tr><tr><td></td><td>19,00,000</td><td></td><td>19,00,000</td></tr></tbody></table> <p>Calculate: -1) Liquid Ratio</p> <p>2) Solvency Ratio</p> <p>3) Debt-Equity Ratio</p> <p>4) Stock Working Capital Ratio.</p>	Liabilities	Amount	Assets	Amount	Share Capital	10,00,000	Fixed Assets	10,00,000	Equity shares of Rs. 10 each		Stock	4,00,000	Reserve fund	1,00,000	Debtors	3,00,000	7% Debentures	3,00,000	Cash	2,00,000	Overdraft	2,00,000			Creditor	3,00,000				19,00,000		19,00,000	10	L3	CO4
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Q.7	a.	Explain in brief Contra entry.	3	L2	CO1																																
	b.	Explain in brief methods of Human Resource Accounting.	7	L2	CO1																																
	c.	Explain in brief accounting concepts and conventions.	10	L2	CO2																																

Compulsory Question

Q.8	<p>From the following trail balance, Prepare Trading A/c, P & L and Balance sheet as on 31st March 2020. In vertical format.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Debit (Rs.)</th> <th style="text-align: right;">Credit (Rs.)</th> </tr> </thead> <tbody> <tr><td>Capital</td><td></td><td style="text-align: right;">203000</td></tr> <tr><td>Drawing A/c</td><td style="text-align: right;">15000</td><td></td></tr> <tr><td>Land & Premises</td><td style="text-align: right;">90000</td><td></td></tr> <tr><td>Plant & Machinery</td><td style="text-align: right;">40000</td><td></td></tr> <tr><td>Loose Tools</td><td style="text-align: right;">3000</td><td></td></tr> <tr><td>Bills Receivable</td><td style="text-align: right;">3000</td><td></td></tr> <tr><td>Stock</td><td style="text-align: right;">40000</td><td></td></tr> <tr><td>Purchased materials</td><td style="text-align: right;">51000</td><td></td></tr> <tr><td>Wages</td><td style="text-align: right;">20000</td><td></td></tr> <tr><td>Carriage Inwards</td><td style="text-align: right;">1000</td><td></td></tr> <tr><td>Carriage Outwards</td><td style="text-align: right;">500</td><td></td></tr> <tr><td>Coap & Coke</td><td style="text-align: right;">5000</td><td></td></tr> <tr><td>Salaries</td><td style="text-align: right;">5000</td><td></td></tr> <tr><td>Rent, rates & Taxes</td><td style="text-align: right;">2800</td><td></td></tr> <tr><td>Discounts & Allowance</td><td style="text-align: right;">1500</td><td></td></tr> <tr><td>Bills Payable</td><td></td><td style="text-align: right;">3800</td></tr> <tr><td>Cash at national bank</td><td style="text-align: right;">25000</td><td></td></tr> <tr><td>Cash in hand</td><td style="text-align: right;">400</td><td></td></tr> <tr><td>Sundry Debtors</td><td style="text-align: right;">45000</td><td></td></tr> <tr><td>Repairs & Replacement</td><td style="text-align: right;">1800</td><td></td></tr> <tr><td>Sundry Creditors</td><td></td><td style="text-align: right;">40000</td></tr> <tr><td>Purchase Return</td><td></td><td style="text-align: right;">2650</td></tr> <tr><td>Prepaid Expenses work extensions A/c</td><td style="text-align: right;">7500</td><td></td></tr> <tr><td>Bad Debts</td><td style="text-align: right;">1200</td><td></td></tr> <tr><td>Advertisements</td><td style="text-align: right;">500</td><td></td></tr> <tr><td>Sales</td><td></td><td style="text-align: right;">115000</td></tr> <tr><td>Sales Returns</td><td style="text-align: right;">2000</td><td></td></tr> <tr><td>Gas & Water</td><td style="text-align: right;">200</td><td></td></tr> <tr><td>Oil & Grease & Waste</td><td style="text-align: right;">600</td><td></td></tr> <tr><td>Furniture & Fixtures</td><td style="text-align: right;">1200</td><td></td></tr> <tr><td>General Expenses</td><td style="text-align: right;">800</td><td></td></tr> <tr><td>Printing & Stationary</td><td style="text-align: right;">450</td><td></td></tr> </tbody> </table>	Particulars	Debit (Rs.)	Credit (Rs.)	Capital		203000	Drawing A/c	15000		Land & Premises	90000		Plant & Machinery	40000		Loose Tools	3000		Bills Receivable	3000		Stock	40000		Purchased materials	51000		Wages	20000		Carriage Inwards	1000		Carriage Outwards	500		Coap & Coke	5000		Salaries	5000		Rent, rates & Taxes	2800		Discounts & Allowance	1500		Bills Payable		3800	Cash at national bank	25000		Cash in hand	400		Sundry Debtors	45000		Repairs & Replacement	1800		Sundry Creditors		40000	Purchase Return		2650	Prepaid Expenses work extensions A/c	7500		Bad Debts	1200		Advertisements	500		Sales		115000	Sales Returns	2000		Gas & Water	200		Oil & Grease & Waste	600		Furniture & Fixtures	1200		General Expenses	800		Printing & Stationary	450		20	L4	CO4
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Additional Information:

Plant & Machinery at 5%, loose tools at 15% and furniture at 5%.

The stock onhand 31st march 2020 Rs. 60000 provide for 5% discount on sundry debtors and 5% for doubtful debts.

Rs. 1500 were due for wages and

Rs. 450 for salaries for the month of March 2020.

Rs. 200 Advance tax paid.
