

- IV. A. What is an accounting ratio? Describe any five accounting ratio and explain their applications. What are the limitations of ratio analysis?

OR

- B. The following three ratios of three companies in the same line of business have been calculated.

Company	Accounts Receivable Turnover	Inventory Turnover	Total Assets Turnover
A	06.3 times	06.9 times	02.1 times
B	19.6 times	06.5 times	03.1 times
C	08.1 times	05.3 times	01.5 times

- (i) What do these ratios show?
 (ii) Comment on the comparative positions of the companies with the help of these ratios.
- V. A. What is idle time? Distinguish between normal and abnormal idle time. How are these treated in cost accounts?

OR

- B. The fixed costs for the year are ₹40,000 Variable cost per unit for the single product being made is ₹2. Each unit sells at ₹10.
- (i) Calculate the break-even point.
 (ii) It has been found that ₹80,000 will be the likely turnover for the next budget period. The cost and selling price remain the same. Calculate the estimated contribution and profit.
 (iii) Calculate the turnover required for a profit target of ₹30,000.



MBA(IB).I/11. 1020

**MBA (INTERNATIONAL BUSINESS) DEGREE I SEMESTER EXAMINATION
NOVEMBER 2011**

SMI 2105 FINANCIAL AND COST ACCOUNTING

Time: 3 Hours

Maximum Marks : 50

(5 x 10 = 50)

- I. A. What is meant by double entry system? Discuss briefly the concepts and conventions in accounting.

OR

- B. Explain the nature and functions of financial accounting. What is meant by GAAP?

- II. A. Discuss the main object and method of preparing a Trial Balance. What are the errors which remain undetected by the Trial Balance?

OR

- B. On March 31, 2010 your bank passbook showed a balance of ₹1,20,000 to your credit. Before that date you issued cheques of ₹16,000 to your customers but they have not presented them for payment. You had also received a cheque for ₹3,200 which although entered by you in the bank column of the cash book was omitted to be paid into bank. On March 31, a cheque for ₹5,000 received by you was paid into bank but the same was omitted to be recorded in the cashbook. There was a credit of ₹1,700 for interest and a debit of ₹200 for bank charges. Draw up a Reconciliation Statement showing adjustment between your cashbook and bank passbook.

- III. A. Explain the following:
- (i) Authorised capital
 - (ii) Forfeiture of shares
 - (iii) Issue of shares at a premium
 - (iv) Capital Reserve
 - (v) Bonus shares

OR

- B. XYZ Co Ltd. invited applications for 1,00,000 shares of ₹10 each at a discount of 6% payable as follows:
On application ₹2.50, on allotment ₹3.40 and on first and final call ₹3.50. The applications received were for 90,000 shares and all of these were accepted. All money due was received except the first and final call on 1,000 shares.

Pass the necessary entries in the journal of the company. Also show how these transactions would appear in the Balance Sheet of the company.

(P.T.O.)