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**MBA (FT) / MBA (IB) / MBA (TT) / MBA (PT) DEGREE I SEMESTER EXAMINATION
NOVEMBER 2015**

SMS 2105 / SMI 2105 / SMT 2105 / SMP 2105 FINANCIAL ACCOUNTING
(Regular and Supplementary)

Time: 3 Hours

Maximum Marks: 50

PART A(Answer **ALL** questions)

(5 × 2 = 10)

1. What do you mean by accounting equation?
2. State the purpose of preparing a bank reconciliation statement.
3. How a trading account is prepared?
4. Draw the format of a company balance sheet.
5. What is a contra entry?

PART B(Answer **ANY FIVE** questions)

(5 × 4 = 20)

6. What is a trial balance? What are its objectives?
7. Distinguish between cash system and mercantile system of accounting.
8. Explain the different types of errors with suitable examples and state how they affect the trial balance.
9. Record the following transactions in the journal of M/s. Sterling Traders and show the ledger postings:
 - (i) 01-01-2013 paid into bank ₹11000 for opening a current account.
 - (ii) 02-01-2013 withdrew for private expenses ₹1000.
 - (iii) 03-01-2013 withdrew from bank ₹3000.
 - (iv) 04-01-2013 withdrew from bank for private use ₹1500.
 - (v) 05-01-2013 placed a fixed deposit account at bank by transfer from current ₹5000.
10. From the following particulars, prepare a bank reconciliation statement as on 31-03-2013:
 - (i) Balance as per cash book ₹9800.
 - (ii) The following cheques were paid into the firm's bank current account in March 2013, but were credited by bank in April 2013: Raman ₹300; and Mohan ₹200.
 - (iii) The following cheques were issues by the firm in March, 2013, but were not cashed in April, 2013: Gopalan ₹500 and Krishnan ₹250.
 - (iv) The pass book shows a credit of ₹180 for interest and a debit of ₹40 for bank charges.
 - (v) The pass book also contains an entry of ₹240 being payment made by a customer direct into bank.

11. From the following Trial balance, prepare final accounts:

	Debit balances ₹	Credit balances ₹
Opening stock		
Raw materials	2000	
Work –in-progress	5000	
Finished goods	10000	
Manufacturing wages	10000	
Purchase of raw materials	30000	
Factory rent	5000	
Carriage of raw materials	3000	
Salary of the works manager	2000	
Office rent	2000	
Printing and stationery	1000	
Bad debt	1000	
Sales		60000
Land and buildings	30000	
Plant and machinery	20000	
Depreciation on plant	2000	
Sundry debtors	5000	
Sundry creditors		30000
Cash in hand	5000	43000
Capital	1,33,000	1,33,000

Closing stock were as follows:

Raw materials ₹5,000

Work-in-process ₹4,000

Finished goods ₹10,000

12. What are the uses of ratio analysis in accounting?

PART C

(Answer *ANY TWO* questions)

(2 × 10 = 20)

13. The following are the balances of a limited as on 31st March 2013.

Debit	₹	Credit	₹
Premises	30,72,000	Share capital	40,00,000
Plant	33,00,000	12% debentures	30,00,000
Stock	7,50,000	Profit and Loss account	2,62,500
Debtors	8,70,000	Bills payable	3,70,000
Goodwill	2,50,000	Creditors	4,00,000
Cash and bank	4,06,500	Sales	41,50,000
Calls in arrears	75,000	General reserve	2,50,000
Interim dividend paid	3,92,500	Bad debt provision on 1 st April 2012	35,000
Purchases	18,50,000		
Preliminary expenses	50,000		
Wages	9,79,800		
General expenses	68,350		
Salaries	2,02,250		
Bad debts	21,100		
Debenture interest paid	1,80,000		
	1,24,67,500		1,24,67,500

(Contd.....3)

Additional information:

- (i) Depreciate plant by 15%
- (ii) Write off ₹5,000 from preliminary expenses
- (iii) Half year's debenture interest due.
- (iv) Create 5% provision on debtors for doubtful debts.
- (v) Provide for Income Tax @ 50%.
- (vi) Stock on 31st March 2012 was ₹9,50,000
- (vii) A claim of ₹25,000 for workmen's compensation is being disputed by the company.
- (viii) Ignore corporate dividend tax.

Prepare the final accounts of the company.

14. From the following information prepare the balance sheet of P Ltd as on 31st March 2012.

Current ratio	2
Liquid ratio	1.5
Fixed assets/proprietary fund	$\frac{3}{4}$
Working capital	₹75,000
Reserves and surplus	₹50,000
Bank overdraft	₹10,000

15. What is the status of accounting standards in India?
