

SVKM's NMIMS

School of Distance Learning

Programme: DBM/PGDBM/CMM/PGDMM/DFM/PGDFM/DHRM/PGDHRM/DITM/PGDITM
/DSCM/PGDSCM/DBFM/PGDBFM

Academic Year: 2011-2012

Semester II

Subject: Financial Accounting

Course New

Marks: 70

Date: 2.1.2012

Time: 11.00 a.m to 2.00 p.m

Instructions: Candidate should read carefully the instructions printed on the question paper & on cover of Answer book, which is provided for their use.

Note:

- 1) Total number of questions 4.
- 2) Question 4 is compulsory.
- 3) Answer to each new question to be started on a fresh page.
- 4) Pencil not to be used.
- 5) Working will form part of the answer.
- 6) Use of calculator is allowed.

Q1) Attempt any 2.

(5 marks each: Total 10 Marks)

- a) Accounting Standard setting process.
- b) Books of original account.
- c) Methods to provide depreciation.
- d) Write a note on any 5 adjustment entries made before preparing the final accounts.

Q2) Write short notes on: (Any 2)

(5 Marks each: Total 10 Marks)

- a) Comparative Financial statement analysis.
- b) Profitability Ratios.
- c) Scope of accounting.
- d) Du Pont Control Chart.

Q3) Attempt any 3:

(10 Marks each: Total 30 Marks)

- a) Enlist the differences between Indian GAAP & IFRS.
- b) Write a note on "Accounting Standard 2."
- c) Write a note on techniques of financial statement analysis & interpretation.
- d) As per AS-3 enumerate the examples of cash flows arising from operating, investing & financing activities. Also prepare a format of cash flow statement by direct & indirect method.
- e) Also write a note on Leverage Ratios & significance of each.

2/4

Q4) Attempt the following:

(16 Marks each: Total 20 Marks)

A) Following is a Trading and Profit & loss account of “ Misty Rolls Ltd” for the year ended 31st Dec 2011.

Particulars	Rs.	Particulars	Rs.
.To opening stock	22875	By Sales	150000
To Purchases	94575	By closing Stock	29550
To Carriage	600		
To Wages	1500		
To Gross profit c/d	60000		
	<u>179550</u>		<u>179550</u>
To admin Expenses	30300	By Gross profit b/d	60000
To selling expenses	1800	By non operating income	
To Distribution Expenses	1800	Int. on security	450
To finance Expenses	2100	Dividends on shares	1125
To non operating expenses		Profit on sale of Machinery	225
Loss on sale of building	105		
Provision for legal suit	345		
Furniture written off	150		
	<u>600</u>		1800
To net profit	25200		
	<u>61800</u>		<u>61800</u>

You are required to calculate:

- 1) Expenses Ratio.
- 2) Gross profit Ratio.
- 3) Net Profit Ratio.
- 4) Net operating Profit ratio.
- 5) Operating Ratio.

B) Prepare final accounts from the balances of Mr. Ankit as on 31st December 2007.

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	45000	Capital Account	609000
Goodwill	90000	Bills payable	41400
Land & Building	180000	Sundry Creditors	91500
Plant & Machinery	120000	Purchase returns	7950
Loose tools	9000	Sales	345000
Bills receivable	6000		
Stock 1/1/2007	120000		
Purchase	153000		
Wages	60000		
Carriage Inwards	3600		
Carriage Outwards	4500		
Coal & Gas	16800		
Salaries.	12000		
Rent, Rates & Taxes	8400		
Discount allowed.	4500		
Cash at Bank.	75000		
Cash in Hand.	4200		
Sundry Debtors.	135000		
Repairs	5400		
Printing & stationary.	1500		
Bad debts.	3600		
Advertisements.	10500		
Sales return.	6000		
Furniture & fittings.	3600		
General expenses.	15750		

Adjustments:

- 1) Closing stock on 31st December 2007 was 180000
- 2) Depreciate Plant & Machinery at 5%, loose tools at 15%, Furniture & fittings at 5%
- 3) Provide 2 ½ % for discount on Sundry debtors & Creditors, 5% for Bad & doubtful Debt.
- 4) Outstanding Wages Rs.4500, Rent & Taxes Rs.2550.