

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: PGDMM (For Employees of Max Life Insurance)

Examination: June 2015
Subject: Financial Accounting
Date: 18.06.2015

Semester: II - RE-EXAM
Marks : 50
Time: 11.00 a.m. to 1.00 p.m.

Instructions

1. Answer to each new question to be started on fresh page.
2. Figures in the bracket indicate full marks.

Q1. Write short notes on any 2 out of 4

(Marks: 2X5=10)

- a) Accounting process
- b) Accounting Standard 17
- c) Trial balance
- d) Leverage ratios

Q2. Write short notes on any 2 out of 5

(Marks: 2X5=10)

- a) Types of Errors
- b) Cash flow Financing activities
- c) Financial leverage
- d) Du Pont Control chart
- e) Generally Accepted Accounting Principles

Q3. Attempt any 3 out of 6

(Marks: 3X10=30)

- a) The Following information is available in respect of two firms A Ltd and B Ltd.

Particulars	A Ltd ₹	B Ltd ₹
Sales	2,50,000	5,00,000
Variable Cost	1,00,000	1,50,000
Contribution	1,50,000	3,50,000
Fixed Cost	75,000	2,00,000
Interest	25,000	50,000

Calculate for both the firms i) Operating Leverage ii) Financial Leverage and iii) Combined Leverage.

- b) The following balances appeared in the books of Kavish Ltd .as on 31-3-15

Particulars	₹	Particulars	₹
Goodwill	30,000	Share capital	56,300
Building	20,000	General Reserve	6,000
Plant & Machinery	6,000	Loan from Bank	10,000
Furniture	2,000	Bank Overdraft	4,000
Opening stock	3,000	Outstanding expenses	1,200
Debtors	5,000	Creditors	12,000
Bank Balance	25,000	Sales	61,000
Prepaid expenses	1,000	Purchase returns	500
6% Government securities	6,000	Interest on Government Securities	900
Purchases	41,000		
Sales Returns	1,000		
Salaries	6,000		
Postage	900		
Rent	1,000		
Carriage outward	1,000		
Advertisement	3,000		
	1,51,900		1,51,900

Adjustments:

1. Stock as on 31-3-15 was ₹ 3,200.

2. Salary paid in advance was ₹ 1,500.
 3. Outstanding Rent ₹ 300.
 4. Depreciate building by 10 %, Plant and Machinery by 10% and furniture by 20%.
- Prepare Profit and Loss account for the year ended 31-3-15 and Balance Sheet as on that date.

c) From the following information prepare Cash Flow Statement

Particulars	₹ 2014	₹ 2015	Particulars	₹ 2014	₹ 2015
Share Capital	1,35,000	1,35,000	Goodwill	13,950	4,950
Reserves	40,500	54,000	Land & Building	32,400	45,000
Loans	45,000	27,000	Plant & Machinery	1,13,400	85,000
Fixed Deposits	67,950	62,010	Furniture	----	40,500
Creditors	71,640	43,920	Investments	40,500	49,500
Proposed Dividend	13,500	16,200	Debtors	94,500	1,14,120
Provision for tax	10,800	12,600	Bank Balance	89,640	11,660
	3,84,390	3,50,730		3,84,390	3,50,730

Additional Information:

1. Income Tax of ₹ 13,000 was paid for the year 2014.
2. Depreciation on Land & Building is ₹ 25,000 and on Furniture ₹ 4,500.
3. Investment costing ₹ 8,000 were sold for ₹ 10,000 during the year.

d) Discuss in detail various Solvency ratios?

e) From the following balance sheets of Z ltd for the year ending 2014 and 2015 , prepare Comparative balance sheet.

Liabilities	31.3.2014	31.3.2015	Assets	31.3.2014	31.3.2015
Equity share capital	40,000	50,000	Land and Building	20,000	30,000
Reserves	1,500	9,000	Plant and machinery	10,000	15,000
12% debentures	6,000	8,000	Investment	6,000	8,000
Creditors	2,500	3,000	Debtors	4,000	5,000
			Stock	8,000	9,000
			Cash	2,000	3,000
	50,000	70,000		50,000	70,000

f) What do you understand by IFRS? What are the differences between IFRS and Indian Accounting Standards?