Subject Code: MB913

MBA I Semester [R09] Regular Examinations, January 2010

FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours **Max Marks: 60**

Answer any Five Questions including Q.No8 which is compulsory

All questions carry EQUAL marks

1 State the Principles of Double Entry system of Accounting. Give briefly its chief advantages.

2. What is depreciation and how it is caused? Distinguish between the straight line Method and the written down value method of depreciation of capital assets.

3 Which inventory costing method assumes that the goods available for sale are homogeneous?

4 SNN Ltd. Issued 5,000 equity shares of Rs.25 per share, payable as follows:
On application: Rs. 11: On allotment: Rs.7: On first and final calls: Rs. 7:
All the shares were subscribed by the public. Shares were fully called-up and money received except on allotment and call on 200 share.
Pass necessary entries in the books of the company.

5. How do you treat payments made to debenture holders of transfer company by transferee company?

6. Give the relation between capital and income of an enterprise.

7. What is Trail Balance? Is it true to say that result are accurate if Trial Balance tallies?

8 XYZ Ltd.has engaged the services of ABC Ltd. To design an office tower (over18 months) ABC
agrees to accept 5000 shares of XYZ at Rs. 10 par value and 1000 options on shares in exchange for this service, but it will only receive half the number of shares if it delivers completed drawing after due date. Also if the value of XYZs stock declines beow Rs.150 a share at any point during the six months subsequent to the issuance of shares, XYZ agrees to issue additional shares to bring ABCs total compensation back up to Rs.150/shares. Which is capped at a maximum additional stock issuance 2000 shares. The shre price of XYZ on commitment day was Rs. 180 and the value of the stock option is Rs.90 each.
XYZs stock price declines below Rs.180 immediately after the design is completed, so ABC never exercise the stock option.
The value of XYZ stock subsequently declines to Rs.100/share.
How do you recognize the share based payments in the financial statements of XYZ Ltd.