

Subject Code: MB913

M B A - I Semester [R09] Regular/Supplementary Examinations, February – 2012

FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours

Max Marks: 60

Answer any FIVE questions. All questions carry EQUAL marks including Q.No.8 is compulsory

- 1) a) "Small pen is better than large memory" comment on it. Briefly discuss various accounting concepts with suitable examples and their relevance in present days business environment. .
b) Briefly discusses Generally Accepted Accounting Principles (GAAP)

- 2) a) Rajalingam provides you the following trail balance as at 31-March 2010.

Particulars	Debit	Credit
Opening stock	50,000	
Land and buildings	2,50,000	
Sales		5,40,000
Purchases	2,50,000	
Wages	20,000	
Direct Expenses	10,000	
Salaries	15,000	
Insurance	14,000	
Drawings	5,000	
Stationary	2,000	
Plant and Machinery	1,50,000	
General expenses	1,000	
Discount	3,000	8,500
Interest received		1,500
Bad debts	6,000	
Creditors		1,00,000
Debtors	40,000	
Bills receivables	10,000	
Bills payables		30,000
Cash in hand	4,000	
Mortgage Loan		1,50,000
Total	8,30,000	8,30,000

Closing stock was Rs 60,000

Salaries outstanding to the extent of 5,000 and insurance was prepaid up to 2,000

Additional bad debts amounted to Rs 1,000

Reserve for doubtful debts is required at 5% on Debtors

Provide depreciation at the rate of 10% on Plant and machinery.

From the above information prepare final accounts of raja lingam.

- b) Elucidate briefly trial balance

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- 3) a) Define intangible asset and distinguish between tangible and intangible assets
- b) ABC limited Kakinada purchased machinery for Rs. 50000/- on 1st April 2006. The machine estimated life is 5 years and scrap value Rs.2000/-. The company charges depreciation on straight-line method. You are required to show the machine account for first three years.
- 4) a) Briefly outline Different methods of valuation of goodwill. Which method is more rationale in current days corporate, justify your answer with suitable examples.
- b) Define Inventory and explain briefly First in First Out (FIFO) method
- 5) a) Define share, and differentiate between equity share and debenture
- b) Briefly elucidate types of debentures.
- 6) a) On 31st March, 2010 B Ltd was absorbed by ALtd., The balance sheets of the two companies as on 31st March, 2010 stood as under:

Liabilities	A Ltd. Rs	B Ltd. Rs.	Assets	A Ltd. Rs	B Ltd. Rs.
Share Capital : Authorised, Issued and subscribed: Equity Shares of Rs. 10 each, fully paid	9,00,000	2,00,000	Goodwill	2,00,000	60,000
General Reserve	1,80,000	50,000	Plant & Machinery	4,12,000	1,00,000
Profit & Loss A/c	20,502	12,900	Furniture	80,000	30,000
Workmen's Compensation Fund	12,000	9,000	Stock in trade	2,65,500	60,000
S. Creditors	58,567	30,456	S. Debtors	2,21,200	46,000
Staff Provident Fund	10,200	4,000	Prepaid Insurance		700
Provision for Taxation	12,300	5,000	Income Tax Refund claim		6,000
			Cash in hand	869	356
			Cash at Bank	14,000	8,300
	11,93,569	3,11,356		11,93,569	3,11,356

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Absorption expenses amounting to Rs. 1,000 were paid by A Ltd.

A Ltd to take over all the assets and liabilities of the B Ltd at book value

The consideration for the business was fixed at Rs. 4,00,000 to be discharged by the transferee company in the form of fully paid equity shares of Rs. 10 each, to be distributed among the shareholders of the transferor company.

Each shareholder getting two shares for every share held in the transferor company.

You are required to prepare realization account in the books of the B Ltd.

b) Elucidate briefly salient features of amalgamation in the nature of merger

7) a) Prepare Cash Flow Statement from the following information.

Balance Sheet				Rs.in crores	
Liabilities	Opening 2008-09	Closing 2008-09	Assets	Opening 2008-09	Closing 2008-09
Capital	5	7	Cash and bank	3	4
Debentures	6	4	Debtors	4	6
Accumulated Profits	3	5	Stock	5	6
Trade Creditors	6	9	Goodwill	3	2
			Machinery	5	7
	20	25		20	25

Depreciation charged on machinery amounting to Rs.1 crore.

b) Briefly explain statement of changes in working capital.

8) Write brief notes on any three of the following

- a) Subsidiary book
- b) Forfeiture of shares
- c) Reconstruction
- d) Du Pont Chart
- e) Financial Accounting