

--	--	--	--	--	--	--	--	--	--



First Semester MBA Degree Examination, June/July 2026 Financial Accounting and Reporting

Time: 3 hrs.

Max. Marks: 100

- Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.
3. M : Marks , L: Bloom's level , C: Course outcomes.*

			M	L	C
Q.1	a.	What is Green Accounting?	3	1	CO1
	b.	Describe the Accounting conventions.	7	2	CO2
	c.	Journalize the following transactions in the books of Mahesh. Jan-2024 a) Started business with Land and Building Rs.10,00,000 and cash 15,00,000 b) Rs.500 written as bad debts towards Shashidhar a/c. c) Goods destroyed by fire Rs. 25,000 d) Rent paid Rs. 16,000 e) Paid salary to Mr.D Rs. 45,000 f) Goods distributed as free sample Rs. 12,000 g) Received cash from Sangamesh on account Rs. 10,000 h) Purchased goods from Shyam on cash Rs. 10,000 i) Goods bought from Rajesh Rs. 2000 for Cash j) Sold goods to Sharath Rs. 4000	10	4	CO3
Q.2	a.	What is Contra Entry?	3	1	CO1
	b.	Discuss methods of HRA.	7	2	CO2
	c.	Analyse the effect of transaction in accounting equation: 1. Suresh began business with cash of Rs. 1,50,000 and bank balance of Rs.20,000 2. Took loan of Rs.50,000 from Mahesh 3. Purchased for cash 2 computers each costing Rs. 20,000 and goods costing Rs. 25,000 on credit. 4. Paid to creditors Rs.5000 5. Paid salary to employee Rs.5000 and office rent of Rs. 2000 6. Sold goods on credit Rs.10,000 7. Withdrawn Rs. 5000 in cash for personal use 8. Withdrawn from bank Rs.2000 9. Purchased from bank Rs. 2000 10. Purchased goods worth Rs.50,000 11. Sold goods on cash Rs. 20,000	10	4	CO4

Q.3	a.	Distinguish between Trade discount and Cash discount.	3	1	CO1																																				
	b.	From the Following list of items prepare Trial balance : <table><tr><th>Heads of A/C</th><th>Amt.</th></tr><tr><td>Capital</td><td>22000</td></tr><tr><td>Stock</td><td>10000</td></tr><tr><td>Debtors</td><td>8000</td></tr><tr><td>Creditors</td><td>12000</td></tr><tr><td>Machinery</td><td>20000</td></tr><tr><td>Cash in hand</td><td>2000</td></tr><tr><td>Bank OD</td><td>14000</td></tr><tr><td>Sales returns</td><td>8000</td></tr><tr><td>Purchase returns</td><td>4000</td></tr><tr><td>Miscellaneous expenses</td><td>12000</td></tr><tr><td>Sales</td><td>44000</td></tr><tr><td>Purchases</td><td>26000</td></tr><tr><td>Wages</td><td>10000</td></tr><tr><td>Salaries</td><td>12000</td></tr><tr><td>Prepaid insurance</td><td>200</td></tr><tr><td>Bills payable</td><td>10800</td></tr><tr><td>Outstanding salaries</td><td>1400</td></tr></table>	Heads of A/C	Amt.	Capital	22000	Stock	10000	Debtors	8000	Creditors	12000	Machinery	20000	Cash in hand	2000	Bank OD	14000	Sales returns	8000	Purchase returns	4000	Miscellaneous expenses	12000	Sales	44000	Purchases	26000	Wages	10000	Salaries	12000	Prepaid insurance	200	Bills payable	10800	Outstanding salaries	1400	7	1	CO2
Heads of A/C	Amt.																																								
Capital	22000																																								
Stock	10000																																								
Debtors	8000																																								
Creditors	12000																																								
Machinery	20000																																								
Cash in hand	2000																																								
Bank OD	14000																																								
Sales returns	8000																																								
Purchase returns	4000																																								
Miscellaneous expenses	12000																																								
Sales	44000																																								
Purchases	26000																																								
Wages	10000																																								
Salaries	12000																																								
Prepaid insurance	200																																								
Bills payable	10800																																								
Outstanding salaries	1400																																								
	c.	PQR Ltd purchased plant on 1/4/2000 for Rs.4,50,000 and installation charges incurred of 50,000. On 30/9/2000 it purchased second hand plant for Rs. 1,00,000. On 1/10/2002 its sold the first plant purchased on 1/4/2000 for Rs. 3,65,000. On 30/9/2000 for Rs.75,000 and purchased another plant for Rs. 1,50,000 on the same date. Depreciation was provided at 10% on SLM. Show the Design the plant account for 4 years.	10	2	CO3																																				
Q.4	a.	What is Marshalling?	3	1	CO1																																				
	b.	From the following details of BSL Ltd. Prepare comparative income statement and interpret the results : <table><tr><th>Particulars</th><th>2020</th><th>2021</th></tr><tr><td>Sales</td><td>3,50,000</td><td>4,50,000</td></tr><tr><td>COGS</td><td>2,75,000</td><td>4,00,000</td></tr><tr><td>Operating expenses</td><td>11,000</td><td>22,000</td></tr><tr><td>Office expenses</td><td>4,500</td><td>15,000</td></tr><tr><td>Selling expenses</td><td>2,500</td><td>3,000</td></tr><tr><td>Distribution expenses</td><td>1,250</td><td>1,000</td></tr><tr><td>Financial expenses</td><td>10,000</td><td>12,000</td></tr></table>	Particulars	2020	2021	Sales	3,50,000	4,50,000	COGS	2,75,000	4,00,000	Operating expenses	11,000	22,000	Office expenses	4,500	15,000	Selling expenses	2,500	3,000	Distribution expenses	1,250	1,000	Financial expenses	10,000	12,000	7	4	CO5												
Particulars	2020	2021																																							
Sales	3,50,000	4,50,000																																							
COGS	2,75,000	4,00,000																																							
Operating expenses	11,000	22,000																																							
Office expenses	4,500	15,000																																							
Selling expenses	2,500	3,000																																							
Distribution expenses	1,250	1,000																																							
Financial expenses	10,000	12,000																																							
	c.	Describe the techniques of financial analysis.	10	4	CO5																																				

Q.5	a.	Define GAAP.	3	1	CO1																												
	b.	On 30th June 2021, the cash book of Ramesh showed a bank balance of Rs.3,425. A comparison of the book with the pass book showed : a) Out of cheques issued for Rs.1,200 a cheque for Rs.200 had been cashed, the other not presented. b) A bills receivable for Rs.700 sent for collection had been realized. But it was not entered in the cash book. c) Out of cheque for Rs.1,800 paid in, there was credit in the pass book for Rs.1,100 only. d) A debit for Rs.225 relating to some other account was found in the pass book. Ascertain the pass book balance through bank reconciliation statement.	7	3	CO4																												
	c.	On 1/1/2013 firm purchased second hand machinery for Rs. 40,000 and spent Rs.10,000 on reconditioning and installing it. On 1/7/2013 firm purchased new machinery worth Rs. 20,000. On 30/6/2014 machinery purchased on 1/7/2013 was sold for Rs. 16,000 and on 1/7/94 fresh machinery was installed at the cost of Rs.30,000. Firm writes off 10% depreciation p.a on the basis of WDV method for 2 years. Design machinery a/c.	10	2	CO3																												
Q.6	a.	What is IFRS?	3	1	CO1																												
	b.	Discuss the Accounting concepts.	7	1	CO1																												
	c.	Enter the following transaction in three column cash book of Kamath : <table><tr><th>Date</th><th>Particulars</th></tr><tr><td>1/1/24</td><td>Commenced business with cash of Rs. 10,000</td></tr><tr><td>2/1/24</td><td>Paid into bank account Rs.8000</td></tr><tr><td>3/1/24</td><td>Purchased goods by cheque Rs.3000</td></tr><tr><td>4/1/24</td><td>Paid rent Rs.150</td></tr><tr><td>5/1/24</td><td>Purchased furniture by cheque Rs.180</td></tr><tr><td>6/1/24</td><td>Cash sales Rs.650</td></tr><tr><td>7/1/24</td><td>Gave Gopal a cheque for Rs.740 and he allowed a discount of Rs.25</td></tr><tr><td>8/1/24</td><td>Received from Narayan a cheque for Rs. 1500 and allowed discount is Rs.30</td></tr><tr><td>9/1/24</td><td>Paid into bank Rs.1,500</td></tr><tr><td>10/1/24</td><td>Paid wages Rs.60</td></tr><tr><td>11/1/24</td><td>Drawn from bank Rs.400</td></tr><tr><td>12/1/24</td><td>Received from Gopal Rs.100</td></tr><tr><td>13/1/24</td><td>Withdrawn from bank for personal use Rs. 150</td></tr></table>	Date	Particulars	1/1/24	Commenced business with cash of Rs. 10,000	2/1/24	Paid into bank account Rs.8000	3/1/24	Purchased goods by cheque Rs.3000	4/1/24	Paid rent Rs.150	5/1/24	Purchased furniture by cheque Rs.180	6/1/24	Cash sales Rs.650	7/1/24	Gave Gopal a cheque for Rs.740 and he allowed a discount of Rs.25	8/1/24	Received from Narayan a cheque for Rs. 1500 and allowed discount is Rs.30	9/1/24	Paid into bank Rs.1,500	10/1/24	Paid wages Rs.60	11/1/24	Drawn from bank Rs.400	12/1/24	Received from Gopal Rs.100	13/1/24	Withdrawn from bank for personal use Rs. 150	10	2	CO3
Date	Particulars																																
1/1/24	Commenced business with cash of Rs. 10,000																																
2/1/24	Paid into bank account Rs.8000																																
3/1/24	Purchased goods by cheque Rs.3000																																
4/1/24	Paid rent Rs.150																																
5/1/24	Purchased furniture by cheque Rs.180																																
6/1/24	Cash sales Rs.650																																
7/1/24	Gave Gopal a cheque for Rs.740 and he allowed a discount of Rs.25																																
8/1/24	Received from Narayan a cheque for Rs. 1500 and allowed discount is Rs.30																																
9/1/24	Paid into bank Rs.1,500																																
10/1/24	Paid wages Rs.60																																
11/1/24	Drawn from bank Rs.400																																
12/1/24	Received from Gopal Rs.100																																
13/1/24	Withdrawn from bank for personal use Rs. 150																																

Q.7	a.	Define Window Dressing.	3	1	CO1																				
	b.	Discuss the usage of AI and blockchain technology in accounting.	7	1	CO2																				
	c.	Assumes that Firm's equity is 1crore and the ratio of the firm : Short term debt to total debt = 0.40 Total debt to owners' equity = 0.60 Fixed assets to owners' equity = 0.60 Total assets turnover = 2 times Inventory turnover = 8 times From the above information complete the following balance sheet : <table><tr><td>Liabilities</td><td>Amt</td><td>Assets</td><td>Amt.</td></tr><tr><td>Owners' equity</td><td>100000000</td><td>Fixed assets</td><td>?</td></tr><tr><td>Long term debt</td><td>?</td><td>Inventory</td><td>?</td></tr><tr><td>Short term debt</td><td>?</td><td>Cash</td><td>?</td></tr><tr><td>Total</td><td>?</td><td>Total</td><td>?</td></tr></table>	Liabilities	Amt	Assets	Amt.	Owners' equity	100000000	Fixed assets	?	Long term debt	?	Inventory	?	Short term debt	?	Cash	?	Total	?	Total	?	10	4	CO5
Liabilities	Amt	Assets	Amt.																						
Owners' equity	100000000	Fixed assets	?																						
Long term debt	?	Inventory	?																						
Short term debt	?	Cash	?																						
Total	?	Total	?																						

Q.8		The Admirable Company Ltd, was registers with a nominal capital of Rs.5,00,000 divided into shares of Rs.10 Each, of which 20,000 shares has been issued and fully paid. The following is the trail balance extracted on 31st December 2015 <table><tr><td>Particulars</td><td>Debit Rs.</td><td>Credit Rs.</td></tr><tr><td>Opening Stock</td><td>93,210</td><td></td></tr><tr><td>Manufacturing wages</td><td>54,870</td><td></td></tr><tr><td>Manufacturing expenses</td><td>9,620</td><td></td></tr><tr><td>Purchases & Sales</td><td>4,10,730</td><td>5,84,950</td></tr><tr><td>Machinery repairs</td><td>4,305</td><td></td></tr><tr><td>Carriage inwards</td><td>2,455</td><td></td></tr><tr><td>Carriage outwards</td><td>4,630</td><td></td></tr><tr><td>Advance payment of Income Tax</td><td>7,145</td><td></td></tr><tr><td>Bank Loan at 5%</td><td></td><td>25,000</td></tr><tr><td>Interest on Loan</td><td>625</td><td></td></tr><tr><td>Debtors & Creditors</td><td>82,200</td><td>46,110</td></tr><tr><td>Profit and Loss Account</td><td></td><td>4,320</td></tr><tr><td>Bank current account</td><td>3,430</td><td></td></tr><tr><td>Cash in hand</td><td>960</td><td></td></tr></table>	Particulars	Debit Rs.	Credit Rs.	Opening Stock	93,210		Manufacturing wages	54,870		Manufacturing expenses	9,620		Purchases & Sales	4,10,730	5,84,950	Machinery repairs	4,305		Carriage inwards	2,455		Carriage outwards	4,630		Advance payment of Income Tax	7,145		Bank Loan at 5%		25,000	Interest on Loan	625		Debtors & Creditors	82,200	46,110	Profit and Loss Account		4,320	Bank current account	3,430		Cash in hand	960		20	L4	CO5
Particulars	Debit Rs.	Credit Rs.																																																
Opening Stock	93,210																																																	
Manufacturing wages	54,870																																																	
Manufacturing expenses	9,620																																																	
Purchases & Sales	4,10,730	5,84,950																																																
Machinery repairs	4,305																																																	
Carriage inwards	2,455																																																	
Carriage outwards	4,630																																																	
Advance payment of Income Tax	7,145																																																	
Bank Loan at 5%		25,000																																																
Interest on Loan	625																																																	
Debtors & Creditors	82,200	46,110																																																
Profit and Loss Account		4,320																																																
Bank current account	3,430																																																	
Cash in hand	960																																																	

Particulars	Debit Rs.	Credit Rs.
Lease hold factory	32,105	
Plant and Machinery	39,200	
Loose Tools	6,250	
Share Capital		2,00,000
Calls in arrears	500	
Rates & Electricity (Factory Rs.7,105, Office Rs.700)	7,805	
Director fees and remuneration	6,000	
Auditors fee	6,500	
Office Furniture	2,500	
Commission	4,320	
Returns	6,320	4,905
Preliminary expenses	3,000	
Transfer fees		20
Goodwill	76,625	
Total	8,65,305	8,65,305

You are required to prepare Income Statement for the year ended December 2024 and a Balance sheet as on that date in vertical format after taking into consideration of the following adjustments.

- Write off one – third of preliminary expenses.
- Depreciation :
On Plant & Machinery at 20%
On Office Furniture at 10%
- Manufacturing wages Rs.945 and office salaries Rs.600 had due.
- Provide for interest on bank loan for 6 months.
- The stock was valued at Rs.62,420 and loose tools at Rs.5,000
- Reserve Rs.1,560 for discount on debtors
- Reserve Rs.4250 on debtors for doubtful debt.
- The directors recommend dividend at 5% for the year ending December 31,2015, after providing for Taxes amounting to Rs.11,500

From the above information, prepare the Final Accounts of Admirable Company Ltd., in Vertical format.
