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First Semester MBA Degree Examination, June/July 2025

Financial Accounting & Reporting



Time: 3 hrs.

Max. Marks: 100

- Notes: 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.	Expand the following: IFRS, GAAP & WDV	3	L1	CO1																						
	b.	Explain in detail the users of accounting information.	7	L2	CO1																						
	c.	Briefly elaborate the Concepts and Conventions of Accounting.	10	L2	CO1																						
Q.2	a.	What are Subsidiary Books?	3	L1	CO1																						
	b.	Show the accounting equations on the basis of the following transactions: <table><tr><td>i)</td><td>Commenced business with cash of Rs.80,000.</td></tr><tr><td>ii)</td><td>Purchased goods on credit for Rs.20,000.</td></tr><tr><td>iii)</td><td>Purchased furniture on cash for Rs.20,000.</td></tr><tr><td>iv)</td><td>Depreciation on furniture Rs.500.</td></tr><tr><td>v)</td><td>Paid salaries Rs.200.</td></tr><tr><td>vi)</td><td>Sold goods on credit Rs.5,000.</td></tr><tr><td>vii)</td><td>Paid to creditors Rs.10,000.</td></tr></table>	i)	Commenced business with cash of Rs.80,000.	ii)	Purchased goods on credit for Rs.20,000.	iii)	Purchased furniture on cash for Rs.20,000.	iv)	Depreciation on furniture Rs.500.	v)	Paid salaries Rs.200.	vi)	Sold goods on credit Rs.5,000.	vii)	Paid to creditors Rs.10,000.	7	L3	CO2								
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	c.	From the following transactions, prepare a Three Column Cash Book for the month of October 2022. <table><tr><td>2022</td><td>Balance at Bank Rs.4,500.</td></tr><tr><td>Oct, 1</td><td></td></tr><tr><td>Oct, 2</td><td>Drew from Bank for office use Rs.1,500.</td></tr><tr><td>Oct, 3</td><td>Bought office furniture for cash Rs.960.</td></tr><tr><td>Oct, 5</td><td>Paid wages in cash Rs.450.</td></tr><tr><td>Oct, 13</td><td>Drew from Bank for office use Rs.750.</td></tr><tr><td>Oct, 15</td><td>Sold goods for cash Rs.660.</td></tr><tr><td>Oct, 18</td><td>Received a cheque from Mr. X in settlement of his account of Rs.2,250 less 5% discount and paid into the Bank.</td></tr><tr><td>Oct, 22</td><td>Bought goods for cash Rs.1,350.</td></tr><tr><td>Oct, 24</td><td>Drew cheque for self Rs.1,200.</td></tr><tr><td>Oct, 31</td><td>Paid Mr. Y account Rs.1,200 by cheque less 2½%.</td></tr></table>	2022	Balance at Bank Rs.4,500.	Oct, 1		Oct, 2	Drew from Bank for office use Rs.1,500.	Oct, 3	Bought office furniture for cash Rs.960.	Oct, 5	Paid wages in cash Rs.450.	Oct, 13	Drew from Bank for office use Rs.750.	Oct, 15	Sold goods for cash Rs.660.	Oct, 18	Received a cheque from Mr. X in settlement of his account of Rs.2,250 less 5% discount and paid into the Bank.	Oct, 22	Bought goods for cash Rs.1,350.	Oct, 24	Drew cheque for self Rs.1,200.	Oct, 31	Paid Mr. Y account Rs.1,200 by cheque less 2½%.	10	L3	CO2
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Q.3	a.	Brief about Window Dressing in Accounting.	3	L1	CO1																						

Particulars	Rs.	Particulars	Rs.
Land	1,10,000	Plant & Machinery	3,85,000
Equity Capital	1,50,000	10%, Debentures	1,00,000
General Reserves	65,000	Trade Receivables	48,000
Inventories	43,000	Profit & Loss A/c	36,000
Bank	10,000	Adjusted Purchases	1,60,000
Securities Premium	20,000	Sales	3,50,000
Factory Expenses	30,000	Administration Expenses	15,000
Trade Payables	26,000	Provision for Depreciation	86,000
Selling Expenses	15,000	Debentures Interest	10,000
Suspense Account Cr	2,000	Interim Dividend Paid	9,000

- c. Following are the balances in the books of Hattrick Limited, for the year ended 31st March, 2024.

Particulars	Rs.	Particulars	Rs.
11%Preference Shares	7,50,000	Administrative Expense	4,50,000
Cash at Bank	37,500	Investments	3,00,000
Depreciation	2,62,500	Direct Labour	2,81,250
Equity Share Capital	11,25,000	Fixed Assets	52,50,000
Income Tax	6,63,750	Interest Paid	5,40,000
Inventories	22,50,000	Longterm investments	1,50,000
Other Current Liabilities	75,000	Other Direct Expenses	1,80,000
Provision for Expenses	2,43,750	Raw Material Consumed	29,25,000
Reserves & Surplus	2,62,500	Sales	60,00,000
Secured Term Loan	45,00,000	Selling Expenses	97,500
Trade Payables	12,56,250	Trade Receivables	13,87,500
Unsecured Loans	5,62,500		

You are required to prepare income statement and balance sheet in vertical format

Q.4 a. Mention the purpose of Financial Statement Analysis. **3** **L1** **CO1**

b. From the following details prepare a balance sheet as on 31st March 2024; **7** **L2** **CO3**

Current Ratio	2.50	Fixed Assets	Rs.1,80,000
Fixed Assets to Proprietary Fund	0.75	Reserves and Surplus	Rs. 40,000
Liquidity Ratio	1.50	Working Capital	Rs.60,000
		Bank Over Draft	Rs.10,000

c.	The balance sheets of SBL Ltd is given for two years: Balance Sheet					10	L4	CO3	
	Liabilities	2023	2024	Assets	2023				2024
	Preference Share	120	160	Land & Building	80				123
	Equity Capital	150	400	Plant & M/c.	334				600
	Reserves & Surplus	14	18	Temporary Investments	1				40
	Long term loan	115	130	Inventories	10				25
	Bills Payable	2	0	Bad Debts	4				8
	Sundry Creditors	12	4	Prepaid Expenses	1				2
	Outstanding Expenses	15	6	Cash & Bank	8				10
	Proposed Dividend	10	90						
Total		438	808	Total		438	808		
Prepare a Comparative Balance Sheet									
Q.5	a.	Mention the techniques used for financial statement analysis.					3	L1	CO1
	b.	Mention the reasons for differences in the balances of cash book and bank pass book.					7	L1	CO2
	c.	Use the following information to prepare the bank reconciliation statement as on March 31, 2024:					10	L3	CO1
	i	Cash book shows bank balance of Rs. 1,20,000							
	ii	Interest of Rs. 4,000 on bank balance shown only in the passbook. Debit of Rs. 2,000 for bank charges not shown in cash book.							
	iii	Various cheques worth Rs. 20,000 not presented for payment.							
	iv	Cheques worth Rs. 4,000 deposited but not collected by bank.							
	v	Bankers charged interest on loan Rs.2,000 not recorded in cash book.							
	vi	Interest on investment credited in passbook amounted to Rs.4,000. This is not recorded in the cash book.							
	vii	Dividend on shares Rs. 10,000 credited only in pass book.							
	viii	Banker charged service charges Rs. 2,000. No entry was made in the cash book.							
Q.6	a.	What is Forensic Accounting?					3	L1	CO1
	b.	What is depreciation? Explain the causes and methods of depreciation.					7	L2	CO1
	c.	On July 1 st , 2020, Prasad purchased a plan for Rs. 40,000 and spent Rs. 8,000 on installing charges. On 1 st January, 2021, he purchased a new plant worth Rs.30,000. On 30 th June, 2022 a plant which was purchased on 1 st January, 2021, was sold for Rs.24,000 and on the 1 st July 2022, a new plant was purchased at a cost of Rs. 32,000. Prasad writes off 10% depreciation on the original cost. The accounts are closed every year on 31 st March. Show the plant account up to the year ended 31 st March 2023, on the assumption that Prasad follows written down value method of depreciation.					10	L3	CO1

Q.7	a.	What is double entry system of accounting?	3	L1	CO1																						
	b.	What is accounting? Explain the need of accounting.	7	L2	CO1																						
c.	Journalize the following transactions in the books of Mr. Kumar.		10	L3	CO1																						
	<table><tr><th>Date</th><th>Transactions</th></tr><tr><td>02/12/2022</td><td>Kumar started business with a capital of Rs.10,000.</td></tr><tr><td>04/12/2022</td><td>Purchased furniture for cash Rs.5,000.</td></tr><tr><td>07/12/2022</td><td>Purchased goods from Mohan Rs.2,000.</td></tr><tr><td>10/12/2022</td><td>Sold goods for cash Rs.3,000</td></tr><tr><td>15/12/2022</td><td>Paid to Mohan Rs.1,980 in full settlement of account.</td></tr><tr><td>20/12/2022</td><td>Cash withdrawn from Bank for personal use Rs.500.</td></tr><tr><td>22/12/2022</td><td>Paid salary & postage Rs.5,000 & Rs.150 respectively.</td></tr><tr><td>24/12/2022</td><td>Cash deposited into bank Rs.1,500.</td></tr><tr><td>26/12/2022</td><td>Interest received Rs.100.</td></tr><tr><td>28/12/2022</td><td>Paid rent by cheques Rs.2,500.</td></tr></table>		Date	Transactions	02/12/2022	Kumar started business with a capital of Rs.10,000.	04/12/2022	Purchased furniture for cash Rs.5,000.	07/12/2022	Purchased goods from Mohan Rs.2,000.	10/12/2022	Sold goods for cash Rs.3,000	15/12/2022	Paid to Mohan Rs.1,980 in full settlement of account.	20/12/2022	Cash withdrawn from Bank for personal use Rs.500.	22/12/2022	Paid salary & postage Rs.5,000 & Rs.150 respectively.	24/12/2022	Cash deposited into bank Rs.1,500.	26/12/2022	Interest received Rs.100.	28/12/2022	Paid rent by cheques Rs.2,500.			
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Compulsory Questions																											
Q.8	Journalize the following transactions, post them into the Ledger and prepare the Trial Balance.		20	L3	CO1																						
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