



I Semester M.B.A. (FE) Examination, December 2009/January 2010
FINANCIAL ACCOUNTING AND BALANCE SHEET ANALYSIS

Time : 3 Hours

Max. Marks : 80

SECTION – A

1. Answer **all** sub questions. **Each** sub question carries **2** marks. **(2×5=10)**

- a) Define convention of full disclosure.
- b) What do you mean by error of omission ?
- c) What is Double entry system of book keeping ?
- d) Define Business entity concept.
- e) What are accounting standards ?

SECTION – B

Answer **any five** questions. **Each** question carries **7** marks. **(7×5=35)**

- 2. Differentiate between financial accounting and managerial accounting.
- 3. What is a trial balance ? What are its functions ?
- 4. Briefly explain any four Balance Sheet Ratios.
- 5. Who are the end users of accounting information ?
- 6. Distinguish between horizontal and vertical analysis.
- 7. Write a note on different types of errors.
- 8. What do you mean by financial statement analysis ? What are its techniques ?

P.T.O.



SECTION – C

Answer **any two** questions. **Each** question carries **10** marks.

(2×10=20)

9. Explain the various accounting conventions which influence the preparation of financial statements.
10. What are Subsidiary books ? Explain their significance.
11. Explain the merits and demerits of Ratio analysis.
12. Describe the rules with respect to posting of journal entries into ledger accounts with suitable examples.

SECTION – D

Answer **any one** question. Question carries **15** marks.

(1×15=15)

13. Explain the different rules for journalizing the transactions with appropriate illustrations.
14. The following are the ledger account balances as on 31-03-2006. You are required to prepare Trading and Profit and Loss A/c and Balance Sheet as at that date :

Mr. Arun's Capital	1,08,090	Stock on 1-4-05	46,800
Sales	2,89,600	Sales returns	8,600
Purchases	2,43,000	Purchases returns	5,800
Carriage and freight	18,600	Rent and Taxes	5,700
Salaries and wages	9,550	Sundry Debtors	24,000
Sundry Creditors	14,800	Bank Loan @ 6%	20,000
Bank interest paid	900	Printing and Advertising	14,600
Income from investments	250	Cash at Bank	8,200
Discount allowed	7,340	Discount received	3,690



Investments	5,000	Furniture and Fittings	1,800
General expenses	3,600	Audit Fees	500
Insurance	800	Travelling expenses	2,310
Postage and telegram	800	Cash in hand	380
Bank Deposit @ 5%	30,000	Drawings	10,000
Bad debts	500	Bank Interest received	500
Reserve for bad debts	250		

Additional information :

- g) Stock in hand as on 31-03-2006 was Rs. 78,600.
 - h) Depreciate Furniture and Fittings by 10%.
 - i) Salaries outstanding Rs. 450 and Carriage outstanding Rs. 100.
 - j) Insurance prepaid Rs. 200.
 - k) Create reserve for bad debts @ 5% on debtors.
 - l) Goods worth Rs. 2,500 were destroyed by fire, but the Insurance Company admitted the claim for Rs. 1,800 only.
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