

NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: DBM/PGDBM/DMM/PGDMM/DFM/PGDFM/DHRM/PGDHRM/DITM/
PGDITM/DSCM/PGDSCM/DBFM/PGDBFM

Examination: April 2018
Subject: Financial Accounting

Semester: II
Course : New
Marks : 70
Time: 11.00 a.m. to 2.00 p.m.

Date: 19.4.2018

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) State any five important steps to be considered while preparing a Trial Balance.
- b) Distinguish between IFRS & Indian GAAP
- c) Discuss the importance of Management Discussion & Analysis
- d) State with reasons whether the following expenses are Capital or Deferred revenue or Revenue in nature:
 - i. Interest on Loan taken for purchase of stock
 - ii. Renovation expense of a theatre resulting in increase in capacity by 50%
 - iii. Amount spent towards extension of factory premises
 - iv. Legal fees incurred to defend a law suit of contract for an injury to worker on factory premises
 - v. Expenditure incurred on painting at the time of purchase of old building to make it usable

Q.2) Write Short Notes on any 2 out of 5.

(Marks: 2X5=10)

- a) Indian Accounting Standards current Ratio and its interpretation
- b) AS-10 with respect to 'Accounting for Fixed Assets'
- c) Manufacturing Account of a sole proprietor
- d) Revenue Reorganisation Principle & Cost Principle.
- e) Standard – setting Process for issuing AS in India

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Calculate : i) Total Capital Turnover Ratio; ii) Working Capital Turnover Ratio; iii) Fixed Asset Turnover Ratio
Net Sales during the year is Rs.300,000. Balance Sheet as under:

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	90000	Fixed Assets	135000
12% Debentures	70000	Current Assets	100000
Reserves	15000		
Current Liabilities	60000		
	235000		235000

- b) Explain the significance of Du Pont Formula
- c) Following are the details of Global Traders for the year ended 31st March, 2017. Prepare a Balance Sheet based on the following information:
(Credit Sales were Rs.32,00,000 for the year & firm sells on credit only)

Sales to Net Worth	2.3 times
Current Debt to Net Worth	42%
Total Debt to Net Worth	75%
Current Ratio	2.9 times
Net Sales to Inventory	4.7 times
Average Collection Period	64 days
Fixed Assets to Net Worth	53.2%

- d) On the basis of the following balances as at 31st December extracted from the books of Alpha Ltd. you are required to ascertain the missing balances,

Particulars	31.12.15		31.12.16		31.12.17	
	Rs.	%	Rs.	%	Rs.	%
Fixed assets	1,60,000	100	?	150	?	200
Less: Depreciation Prov.	60,000	100	?	150	?	250
Net fixed assets	1,00,000	100	?	150	?	170
Current Assets:						
Stock	3,00,000	100	?	120	?	140
Debtors	4,50,000	100	?	120	?	160
Bank balances	1,00,000	100	?	80	?	110
Short term advances	?	100	?	?	?	?
Total Current Assets	10,00,000	100	?	120	?	144
Less: Current Liabilities	3,00,000	100	?	110	?	130
Working Capital	?	100	?	?	?	?
Capital Employed	?	100	?	?	?	?
Debentures	4,00,000	100	?	75	?	50
Net worth	?	100	?	?	?	?

- e) The following is the Trial Balance as on 31.03.2017 prepared by an inexperienced accountant. However the auditors disagree & request your help to prepare a correct trial balance:

Particulars	Debit(Rs)	Credit(Rs)
Sushil Capital	6000	
Sushils Drawings		1000
Cash	50	
Bank		1250
Sales		10000
Purchases		4000
Loan taken on mortgage	1000	
Plant & Machinery		500
Land & Building	3000	
Creditors		500
Wages	5000	
Debtors	1800	
Rates & Taxes	40	
Insurance	150	
Carriage Inwards	260	
Carriage Outwards		250
Miscellaneous Expenses	200	
	17500	17500

Q.4) Solve the following

(Marks: 2X10=20)

a) Balance sheet of XYZ Ltd. As on 31.12.2017 & 31.12.2016 is as under. Prepare a comparative statement for the same:

Particulars	31.12.2017	31.12.2016	Particulars	31.12.2017	31.12.2016
I. Equity & Liabilities			II. Assets		
Shareholder's Funds			Non Current Assets		
a) Share Capital	586	585	1) (a) Fixed Assets		
b) Reserves	83776	68073	(i) Tangible Assets	32116	25681
	84362	68658	(ii) Capital WIP	8783	7421
			(iii) Intangible assets under development	287	0
Non Current Liabilities			(b) Non current investments	16819	11833
a) Long term borrowings	1189	3348	(c) Other Non current assets	3235	2976
b) Long term provisions	209	213		61240	47911
	1398	3561	2) Current Assets		
Current Liabilities			(a) Inventories	24336	24316
a) Short term borrowings	27513	34172	(b) Trade receivables	37736	43810
b) Trade Payables	12677	12787	(c) Cash	336	3308
c) Other current liabilities	3665	5909	(d) Other current assets	6581	6311
d) Short term provisions	614	569		68989	77745
	44469	53437			
TOTAL	130229	125656	TOTAL	130229	125656

b) M/s M Ltd. has prepared the following Trial Balance as on 31st March, 2017. basis which prepare Final Accounts after making the following adjustments:

- Stock costing Rs.280,000 is on hand as on 31.03.2017
- Interest on capital to be provided @ 6% p.a. M had introduced further capital of Rs.50,000 on 01.01.2017
- Furniture with a written down value as per last balance sheet of Rs.28,000 was sold on Oct 1, 2016 for Rs.20,000 & sales proceeds credited to Miscellaneous Receipt Account. Furniture is to be depreciated @ 5%
- Salaries include Rs.12,000 paid to sales representative who are further entitled to a commission of 5% on net sales. Make provision accordingly.
- Rs.6000 paid to Mr.Sharma against bills payable were debited by mistake to Mr. Kapoor and included in debtors
- Provide for doubtful debts @ 5% & make provision for discount @ 2% on debtors

Particulars	Debit(Rs)	Credit(Rs)
Capital		200000
Opening Stock	50000	
Cash	15000	
Bank	75000	
Bills Payable		100000
Purchases & Sales	470000	650000
Carriage Inward	20000	
Wages	50000	
Salaries	100000	
Furniture	80000	
Miscellaneous Receipts		20000
Debtors	320000	
Bad debts	20000	
Reserve for doubtful debts		4000
Creditors		226000
TOTAL	1200000	1200000

