

MBA - I Semester Supplementary Examinations, August/September 2012

FINANCIAL ACCOUNTING & ANALYSIS

(For students admitted in 2008 only)

Time: 3 hours

Max Marks: 60

Answer any FIVE questions

All questions carry equal marks

- 1 Explain the various accounting concepts relevant for the preparation of final accounts.
- 2 What do you understand by 'subsidiary books'? Explain the purpose of each of them.
- 3 On 1st January, 2001 machinery was purchased by Mr.Prabhakar for Rs 80,000. On 1st July, 2002 he made addition at a cost of Rs 20,000. Again on 1st April, 2003 further additions were made at a cost of Rs 10,000. Prabhakar closes books every year on 31st December. What would be closing balance of machinery account on 31st December, 2003 if he provides depreciation on diminishing balance method at 10% p.a? Show machinery account for three year.
- 4 What is inventory? State the objectives of inventory valuation.
- 5 B. Ltd issued 1000, 12% debentures of Rs 100 each. Give journal entries if the debentures are:
 - (a) Issued at par and redeemable at par.
 - (b) Issued at a discount of 10% and, redeemable at par.
 - (c) Issued at a premium of 10% and redeemable at par.
 - (d) Issued at par and redeemable at a premium of 10%.
 - (e) Issued at a discount 10% and redeemable at a premium of 10%. In each case, show how the figures will appear in the balance sheet.
- 6 State the merits and demerits of different types of financial analysis.
- 7 What is financial analysis? Explain the principles of horizontal and vertical analysis.
- 8 Explain accounting standards and their usefulness in formulating accounting policies and practices.
