

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: CBM

Examination: June 2015
Subject: Financial Accounting
Date: 21.06.2015

Term End Examination
Marks : 70
Time: 11.00 a.m. to 2.00 p.m.

Instructions

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

- Q1. Attempt any 2 out of 4 (Marks: 2X5=10)
- a) What are the objectives and importance of cash flow statement?
 - b) Discuss various profitability ratios?
 - c) Explain the conventions of accounting?
 - d) Explain the difference between cash flow statement and fund flow statement?

- Q2. Write Short Notes on any 2 out of 5 (Marks: 2X5=10)
- a) Basic accounting principles
 - b) Types of errors
 - c) Valuation of Inventories (AS 2)
 - d) Du Pont Control Chart
 - e) International Financial Reporting standards

- Q3. Attempt any 3 out of 5 (Marks: 3X10=30)
- a) From the following data prepare income statement for each of the three companies

Particulars	A	B	C
Sales	9000	19200	16000
Variables cost as % of sales	66% ² / ₃	75%	50%
Interest expenses (₹)	400	600	2000
Degree of Operating Leverage	5	6	2
Degree of Financial Leverage	3	4	2
Tax rate	40%	40%	40%

- b) The following balances appeared in the books of Ajay Ltd as on 31-3-15.

Particulars	Rs.	Particulars	Rs.
Stock as on 1.4.14	50,000	Sales	3,20,000
Purchases	2,70,000	Share Capital	9,00,000
Rates and taxes	30,000	Sundry Creditors	1,20,000
Building	1,80,000	Commission received	5,000
Sundry debtors	2,90,000	Purchase return	7,500

Cash with bank	20,000		
Cash in hand	35,000		
General expenses	18,000		
Discount	3,000		
Factory rent	12,000		
Electricity	14,000		
Salary and wages	63,000		
Motor car	80,000		
Motor car expenses	28,000		
Postage and telegrams	2,000		
Patent rights	20,000		
Plant and machinery	2,00,000		
Repairs	37,500		
	13,52,500		13,52,500

Adjustments:

1. The stock of goods on hand on 31-3-15 was Rs 12,000
2. Plant & Machinery and Motor Car are depreciated by 5% p.a and 10% p.a. respectively.
3. Outstanding factory rent Rs 2,500.
4. Outstanding salary Rs 1,250

Prepare Profit and Loss account for the year ended 31-3-15 and Balance Sheet as on that date.

c) Discuss in detail Accounting Standard 20.

d) A firm has sales of ₹ 10,00,000. Variable cost of ₹ 7,00,000 and fixed costs of ₹ 2,00,000 and debt of ₹ 5,00,000 at 10% rate of interest. What are the Operating, Financial and Combined Leverage?

e) From the following balance sheets of Z ltd for the year ending 2014 and 2015 , prepare Comparative balance sheet.

Liabilities	31.3.2014	31.3.2015	Assets	31.3.2014	31.3.2015
Equity share capital	80,000	1,00,000	Land and Building	40,000	60,000
Reserves	3,000	18,000	Plant and machinery	20,000	30,000
12% debentures	12,000	16,000	Investment	12,000	16,000
Creditors	5,000	6,000	Debtors	8,000	10,000
			Stock	16,000	18,000
			Cash	4,000	6,000
	1,00,000	1,40,000		1,00,000	1,40,000

(Marks: 1x20=20)

Q4. Solve the following

From the following information prepare Cash Flow Statement

Liabilities	₹ 2014	₹ 2015	Assets	₹ 2014	₹ 2015
Share Capital	4,50,000	4,50,000	Premises	4,50,000	4,25,000
General Reserve	1,30,000	1,55,000	Machinery	3,75,000	4,22,500
Profit & Loss	86,250	86,500	Equipments	50,000	45,500
Loan from bank	1,95,000	1,75,000	Sundry Debtors	2,20,000	1,80,000
Sundry Creditors	2,75,000	2,31,250	Cash	3,000	10,000
Provision for Tax	84,250	76,250	Stock	1,10,000	84,000
			Goodwill	12,500	
			Bank		7,000
	12,20,500	11,74,000		12,20,500	11,74,000

Additional Information:

1. Income Tax Provision for the year was ₹ 75,000.
2. Depreciation on premises provided ₹ 25,000 and on machinery ₹ 42,500.
3. Machinery purchased during the year ₹ 50,000.
4. Dividend of ₹ 25,000 was paid during the year.
5. There is no sale or purchase in equipment during the year.

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