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Total Number of Pages : 3

AR-19

MBA

MBA 1ST SEMESTER EXAMINATIONS (REGULAR), NOV/DEC 2019

MB-104 – Basics of Accounting and Finance

Time : 3 Hours

Maximum : 100 Marks

The figures in the right hand margin indicate marks.

PART – I: (Multiple Choice Questions) 10x1=10 Marks

Q.1. Answer All Questions.

- a Which is accounting concept that requires crediting closing stock to trading account
a)Going Concern b)Cost c)Realization d)Matching
- b Special purpose accounting are prepared by
a)Managerial accountant b)Cost accountant c)Financial accountant d) None
- c Goodwill is an example for
a)Current asset b)Fixed asset c)Fictitious asset d)Intangible asst
- d Which one of the following is an example for personal account
a)Capital account b)Building account c)Cash account d)Investment account
- e The difference between subscribed capital and called up capital is called
a)Paid up capital b)Calls in arrears c)Calls is advance d)Uncalled capital
- f Capital Redemption Reserve can be used for
a)Writing off part losses b)Writing of preliminary expenses
c)Declaring dividends d)Issue of bonus shares.
- g Premium on Redemption of Debentures account is in the nature of
a)Personal account b)Real account c)Nominal account d)Memorandum account
- h Right shares means shares
a)Issued to promoters b)Issued to debenture holders
c)Issued to directors d)Offered to existing shareholders.
- i Ratio of performing assets to total assets is related to
a)Banking industry b)Insurance industry c)Public utility d)Airlines Company.
- j Interest and dividend received in case of a manufacturing company is classified as cash flow from
a)Operating activities b)Financing activities c)Investing activities d)None of the above.5

PART – II(A): (Short Answer Questions)10x2=20 Marks

Q.2. Answer ALL questions

- a Accounting
- b Book-Keeping
- c Accounting Cycle
- d Double entry system
- e Balance sheet
- f Debit note
- g A company invited applications for 2,000 shares of Rs. 10 each. Application money is Rs. 1 per



share. Applications were received for 3,000 shares. 2,400 share applicants were allotted on pro-rata basis. Determine the amount to be refunded.

- h Give any two reasons why a company goes to buy back its shares.
- i X Ltd. Issued 10,000 12% debentures of Rs. 100 each at par redeemable at 10 % premium after 5 year Journalize.
- j Quick Ratio

PART – II(B): (Short Answer Questions)8x5=40 Marks

Q .03. Answer Any Eight from the following questions

- a. Journalize the following transactions in the books of Kalpana.
2018, March 1 – Commenced Business with Cash Rs. 1, 00,000
3 - Deposited into Bank Rs. 25,000
6 – Cash Sales Rs. 20,000
10 - Purchased Machinery through cheques Rs. 30,000
16 – Goods sold to Ratan Rs. 15,000
19 - Withdraw from bank for Personal use Rs. 5,000
24 - Paid Salaries Rs. 9,000
29 - Ratan settled his account by paying Rs. 13,500
- b. Write a short note on :
a) Entity Concept b) Going concern concept c)Cost concept
d) Matching concept e)Objective concept
- c. Explain the classification of Accounts and the rules relating to debit and credit.
- d. Explain briefly various types of Subsidiary books
- e. From the following particulars, prepare purchases book

Date	Particulars	Amount In Rs
2017 Jan 1	Mr. A purchased goods from Abhishek & Co.	50,000
Jan 5	Mr. A Purchased goods from Ashok & Co.,	1,00,000
Jan 10	Mr. A purchased goods for cash	70,000
Jan 15	Mr. A purchased goods from Ajey & Co.,	1,50,000
Jan 20	Mr. A Purchased goods from Harika & Co.,	2,00,000
Jan 25	Mr. A Purchased goods from Hanuma & Co.,	50,000
Jan 30	Mr. A Purchased goods from Nishant & Co.,	10,000

- f. Explain final accounts and what purpose they serve?
- g. Write a short note on
a)Authorised Capital b)Minimum Subscription c)Calls in arrears
d)Forfeiture of shares e)Calls in advance
- h. Explain buy back of shares and state the conditions to be fulfilled for buyback of shares.
- i. Write a short note on
1. Debentures, 2. Debenture discount, 3.Debenture stock, 4. Ex-interest 5. Cum-interest
- j. What do you mean by Contingent liabilities? Give four examples of such liabilities and how they are shown in the balance sheet of a company?
- k. What do you mean by financial Statements Analysis? Explain the various types of



Analysis.

1. Explain Liquidity ratios and profitability Ratios.

PART – III: Answer any two out of three 15x2=30

Only Long Answer Type Questions (Answer any Two out of Three)

Q4.

- a Who are the users of accounting statements? What are their needs
- b Record the following transactions in the Three Column Cash Book.

2018 May 1 – Cash Balance Rs. 20,000	and Bank Balance	Rs. 27,000
2018 May 2 – Received cash from Bindu Rs. 4,000, Cheque Rs. 4,800 and Discount allowed Rs. 200.		
2018 May 4 - Deposited into Bank		Rs. 4,000
2018 May 6 – Paid to Mahesh through Cash Rs. 2,000,	Cheque Rs. 2,400,	
Discount received Rs. 100		
2018 May 14 – Paid to Divya by cheque Rs. 4,500		
2018 May 20 – Cash withdrawn for Office Use		Rs. 3,000
2018 May 26 - Paid Wages		Rs. 4,000
2018 May 28 – Paid Rent by cheque		Rs. 2,000

Q5.

- a What is fund flow statement? Prepare a fund flow statement mentioning various sources and applications with imaginary figures.
- b A Company invited the public to subscribe for 1,00,000 Equity Shares of Rs.10 each at a premium of Rs.1 per share payable on allotment. Payment were to be made of follows:

on application	Rs.3
on allotment	Rs.3
on first call	Rs.3
on final call	Rs. 2

Applications were received for 1,30,000 shares; applications for Rs.20,000 shares were rejected and allotment was made proportionately to the remaining applicants. Both the calls were made and all the moneys were received except the final call on 3,000 shares which are forfeited after due notice. Later all these shares were issued as fully paid at Rs.8.50 per share. Pass necessary journal entries.

Q6.

- a Write a detailed note of Ratio Analysis of Financial Statements and their significance
- b The following information relates to Shakthi Corporation. During 2016 the corporation made purchases from a new supplier.

	2016	2015
Gross Profit on Sales	Rs. 2,40,000	Rs. 1,50,000
Net Income as a % of sales	5%	10%
Net Income	40,000	60,000

You are required to prepare a condensed comparative income statement showing as many details as possible and point out the favourable and unfavourable trends.