

## IMT-57

### FINANCIAL ACCOUNTING

**Notes:**

- a. Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
- b. Answers of I<sup>st</sup> Set (Part-A), II<sup>nd</sup> Set (Part-B), III<sup>rd</sup> Set (Part – C) and Set-IV<sup>th</sup> (Case Study) must be sent together.
- c. Submit the assignments in IMT CDL H.O. along with the assignments Question Papers for evaluation .
- d. Only hand written assignments shall be accepted.

<b><u>A. First Set of Assignments</u></b>	5 Questions, each question carries 1.5 marks.
<b><u>B. Second Set of Assignments</u></b>	5 Questions, each question carries 1.5 marks.
<b><u>C. Third Set of Assignments</u></b>	5 Questions, each question carries 1.5 marks. Confine your answers to 150 to 200 Words.
<b><u>D. Forth Set of Assignments</u></b>	Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

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#### SECTION - A

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- Q. 1. "Accounting is carried out for various types of business ownership". Comment.
- Q. 2. Explain characteristics of a liability.
- Q. 3. Analyse the following transactions and events, and identify debit-credit giving reasons:
  - i. Mahesh started business with cash Rs. 10,00,000.
  - ii. Purchased plant & machinery worth Rs. 2,50,000.
  - iii. Opened a bank account in ICICI bank and deposited Rs. 50,000.
  - iv. Purchased goods worth Rs. 1,00,000 in cash from Mr. X
  - v. Sold goods worth Rs. 80,000 to Mr. Y at 10% profit on cost.
- Q. 4. AS- 1 talks about three fundamental accounting standards, explain them.
- Q. 5. How many types of journals are there explain them.

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#### SECTION - B

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- Q. 1. Explain advantages of day book.
- Q. 2. On 31<sup>st</sup> March, 2014, Pass Book showed a balance of Rs. 25,000. Prepare a Bank Reconciliation Statement from the following particulars:
  1. Cheques of Rs. 20,000 were deposited in Bank on 27<sup>th</sup> March, 2014, out of which cheques of Rs. 5,000 were cleared on 1<sup>st</sup> April, 2014. Rests are not cleared.
  2. On 28<sup>th</sup> March, 2014, cheques were issued amounting to Rs. 15,000, out of which cheques of Rs. 3,000 were presented in March, Rs. 4,000 on 2<sup>nd</sup> April and rests were not presented.
  3. Cheques of Rs. 10,000 were deposited in Bank on 28<sup>th</sup> march, 2014, out of which cheques of Rs. 4,000 were cleared on 2<sup>nd</sup> April, 2014 and rest is dishonored.
  4. Interest on investment collected by bank does not appear in the Cash Book Rs. 800.
  5. A B/R of Rs. 9,000 previously discounted from the bank was dishonored on 30<sup>th</sup> March, 2014 but no intimation was received from the bank till 31<sup>st</sup> March.
  6. Bank has debited Rs. 1,500 and credited Rs. 1,200 in our Account.

**Q. 3.** Explain meaning and purpose of trial balance.

**Q. 4.** Prepare the Store Ledger Account on the basis of FIFO method:

Jan	1	Opening Stock	250 units	@ Rs.1 each
	3	Purchased	100 units	@ Rs.1.05 each
	4	Purchased	200 units	@ Rs.1.05 each
	5	Issued	400 units	
	10	Purchased	400 units	@ Rs.1.20 each
	12	Issued	150 units	
	13	Issued	100 units	
	16	Purchased	100 units	@ Rs.1.00 each
	22	Purchased	200 units	@ Rs.1.25 each
	31	Issued	300 units	

**Q. 5.** What do you mean by dividend? Explain the dates which are relevant when accounting for dividends.

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### SECTION - C

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**Q. 1.** Differentiate between operating revenue and other income.

**Q. 2.** Write a short note on cash and cash equivalents.

**Q. 3.** Briefly discuss the matters to be included in the Director's report.

**Q. 4.** Cash is the lifeblood of business. How cash flow information helps users?

**Q. 5.** Explain revenue based, assets based and capital based profitability ratios.

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### CASE STUDY - 1

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From the following information calculate:

- Gross profit ratio
- Inventory turnover ratio
- Current ratio
- Liquid ratio
- Net profit ratio
- Working capital turnover ratio

Sales Rs. 25,00,000; Cost of sales Rs. 19,20,000; Net profit Rs. 3,60,000; Average inventory Rs. 8,00,000; Other current assets Rs. 7,60,000; Fixed assets Rs. 14,40,000; Long term Debts Rs. 9,00,000; Current liabilities Rs. 6,00,000; Trade Creditors Rs. 2,00,000; Net profit before interest and tax Rs. 8,00,000

## CASE STUDY - 2

From the following information, prepare a cash flow statement of Crispin Ltd.

Liabilities	31-03-13	31-03-14	Assets	31-03-13	31-03-14
Equity Share Cap.	4,05,000	5,72,500	Fixed Assets	6,88,500	8,37,000
8% Preference share capital	2,70,000	1,35,000	Investments	40,500	1,08,000
8% Debentures	1,35,000	2,70,000	Cash	54,000	2,01,250
Reserve & Surplus	1,48,500	3,64,500	Other Current Assets		
Current Liabilities	1,08,000	2,16,000	Discount on issue of Debentures	2,70,000	4,05,000
				13,500	6,750
	10,66,500	15,58,000		10,66,500	15,58,000

**Additional Information:**

- a. Depreciation charged on fixed assets was Rs. 81,000.
- b. An interim dividend of 15% was paid. Additional shares were issued on 31-03-14.
- c. Preference shares were redeemed at a premium of 15%.
- d. Fixed assets with a book value of Rs. 54,000 were sold at Rs. 33,750.