



14/12/16

DOON UNIVERSITY, DEHRADUN

Final Semester Examination, 2016

School of Management

MBA, First Semester

Course MMS-502: Financial Analysis and Reporting

Time: 3 Hours

Total Marks: 50

Note: Attempt all questions.

SECTION: A (Short Answer Type Questions/ to be answered in about max 200 words)

Attempt all parts. All parts carry equal marks.

(2*5=10)

1. Why adjustment entries are required to be made at the time of preparing final accounts?
2. Explain the rules regarding posting of transaction into Ledger.
3. What is the need of preparing a Profit and Loss Account?
4. State the effect of over valuation on closing stock on gross profit.
5. State any two merits and demerits of Straight Line Method.

SECTION: B (Medium Answer Type Questions to be answered in about 350 words)

Attempt all parts. All parts carry equal marks.

(5*4=20)

1. Differentiate between:
 - a. Outstanding Expenses and Prepaid Expenses
 - b. Outstanding Income and Accrued Income
2. From the following Trial Balance and additional information you are required to prepare Final Accounts.

**Trial Balance
As on March 2016**

Particulars	Dr. Amount	Cr. Amount
Capital		20,000
Sundry Debtors	5,400	
Drawings	1800	
Machinery	7000	
Sundry Creditors		2800
Wages	10,000	
Purchases	19,000	
Opening Stock	4000	

Bank Balances	3000	
Carriage Charges	300	
Salaries	400	
Rent & Taxes	900	
Sales		29,000
Total	51,800	51,800

Additional Information: Closing stock Rs. 1200

Outstanding Rent & Taxes Rs. 100

Charge Depreciation on machinery at 10%

Wages prepaid Rs. 400.

3. Compare the FIFO and LIFO methods of stock valuation with special reference to their effect on the pricing issues of goods, valuation of closing stock and profits during a period of rising prices.
4. A firm has sold goods worth Rs. 3,00,000 with a gross profit margin of 20%. Stock at beginning of year was Rs. 35,000 and at the end of year is Rs. 45,000. Out of total sale Rs. 2,40,000 was credit sale. Outstanding amount of debtor at the beginning of year was Rs. 27,500 and at the end of year was Rs. 32,500. Company made credit purchase of Rs. 1,80,000. The amount payable to the creditor at the beginning of year was Rs. 42,500 and at the end of year was Rs. 47,500. Find out turn over ratios and comment.
5. Enumerate the common size statement in detail.

SECTION: C (Long Answer Type Questions to be answered in about 500 words)

Attempt any two. All parts carry equal marks.

(10*2=20)

1. Define depreciation. What are the different methods for calculating depreciation?
2. From the following ratio indicate the company's financial position:

Particular	Year 1	Year 2
Current Ratio	2.50	3.02
Acid Test Ratio	1.55	.99
Debtor Turn Over Ratio (time)	9.83	7.2
Inventory Turn Over Ratio	6.11	5.41
Operating expenses/Net Sales	22	25
Dividend per share	3	3

Net Profit/Net Sales	7.03	2
Debt/Equity	2	3.5
Creditor Turn Over Ratio	4	6

3. From the following Balance Sheet information you are required to prepare a schedule of change in working capital and fund flow statement:

Liabilities	2014	2015	Assets	2014	2015
Share capital	1,00,000	1,00,000	Goodwill	1000	1000
Reserve	14,000	18,000	Building	40,000	36,000
P&L A/C	6000	3000	Plant	37,000	36,000
Sundry Creditor	8000	5400	Investment	10,000	11,000
Bills payable	1200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills Receivable	2000	3200
Outstanding Rent	400	600	Debtors	18,000	19,000
Bills Payable	1200	800	Cash	6600	15,200
Total	1,55,600	1,55,800		1,55,600	1,55,800

Additional Information:

Depreciation charged on Plant Rs. 4000 and on building Rs. 4000

Provision for taxation of Rs. 19,000 was made during the year 2015.

Interim dividend of Rs. 8000 was paid during 2015.