

INDIAN MARITIME UNIVERSITY

(A CENTRAL UNIVERSITY, GOVERNMENT OF INDIA)

M.B.A. (INTERNATIONAL TRANSPORTATION AND LOGISTICS/
PORT AND SHIPPING MANAGEMENT)

DEC '14/JAN'15 END SEMESTER EXAMINATIONS

I SEMESTER EXAMINATION

FINANCIAL ACCOUNTING (CODE: T 1103)

Time: 3 Hrs:
Date:29-12-2014

MAX MARKS : 60
Pass Marks : 30

Section -A

(12 x 1 =12 Marks)

Answer ALL questions. All question carry equal marks.

1. Trial Balance is prepared generally for a particular period which is ?
 - [a] week
 - [b] month
 - [c] Quarter
 - [d] Year

2. Which of the following capital is not shown in company's balance sheet :
 - [a] Issued capital
 - [b] Paid up capital
 - [c] Authorized capital
 - [d] Reserve Capital

3. Provision for a future loss is made based on which concept
 - [a] Conservatism
 - [b] Going concern
 - [c] Consistency
 - [d] Money measurement

4. A Ledger Account is prepared from:-
 - [a] events
 - [b] transactions
 - [c] Journal
 - [d]. Balance Sheet

5. Capital expenditure is that expenditure which is
- [a] Paid in lump-sum
 - [b] Intended to benefit in future
 - [c] Intended to benefit for the current period
 - [d] Debited in Profit & Loss Account
6. When a company offers free shares to its share holders it is known as
- [a] Bonus issue
 - [b] Right issue
 - [c] ESOP
 - [d] IPO
7. Under which method amount of depreciation goes on decreasing year after year
- [a] Diminishing balance
 - [b] Annuity
 - [c] Fixed Installment
 - [d] Sinking Fund
8. The book value of a firm's equity is determined by:
- [a] multiplying share price by shares outstanding.
 - [b] multiplying share price at issue by shares outstanding.
 - [c] the difference between book values of assets and liabilities.
 - [d] the difference between market values of assets and liabilities.
9. Under the double account system, the profit and loss account is called—
- [a] Profit and loss account
 - [b] Income and expenditure account
 - [c] Revenue account.
 - [d] An Asset account
10. Which of the following is a nominal account?
- [a] Prepaid Insurance
 - [b] Unearned Revenue
 - [c] Insurance Expense
 - [d] Interest Receivable

11. Which of the following statement is false ?

- [a] Declared dividend should be classified in the balance sheet as a current liability
- [b] Dividends are usually paid as a percentage of paid-up- capital
- [c] A company can raise funds beyond its authorized capital.
- [d] Issued capital is that part of authorized capital.

12. Depreciation arises because of

- [a] Fall in the market value of an asset
- [b] Physical wear and tear.
- [c] Fall in the value of money.
- [d] Increase in the market value of an asset

SECTION- B

[5 x 4 = 20 Marks]

Answer any FIVE questions.

All questions carry equal marks.

Answer to theory questions should not exceed 200 each.

13. Discuss the major objectives of financial accounting.

14. Illustrate the procedure for the recording and posting of journal entries in the books of accounts.

15. Discuss the factors that are considered for calculating value of Goodwill.

16. Explain the legal provisions regarding the forfeiture of shares.

17. XYZ Ltd., invited applications for 10 000 shares of Rs.10 each payable as follows: On application Rs.4; on allotment Rs.3; and on first and final call Rs.3. Applications received were for 10 000 shares and all these were accepted. All money due were received. Pass necessary entries Journal of the Company. Also show the entries in the Balance Sheet of the Company.

18. 16. A company acquired a machine on 1.1.2008 at a cost of Rs. 40,000 and spent Rs. 1,000 on its installation. The firm writes off depreciation at 10% on the diminishing balance. The books are closed on 31st December of each year. Show the machinery A/C for 3 years.

19. Journalize the following transaction,

December 1 Rashmi started business with a capital of Rs. 50000.

December 2 she purchased furniture for Rs. 5000.

December 3 bought goods on credit from Vinod for Rs. 8000

December 14 sold goods to Suresh for Rs. 5000.

SECTION- C

[4 x 7 = 28 marks]

Answer question No.20 and any three of the remaining 5 questions.

All questions carry equal marks.

Answer to theory questions should not exceed 500 words each.

20. The following information is available from Tina Ltd. as at 31st March, 2009:

Capital :

1,000, 5% Preference Shares of Rs. 100 each fully paid	Rs. 1,00,000
2,000 Equity Shares of Rs. 100 each fully paid	Rs. 2,00,000
Reserve and Surplus	Rs. 2,00,000
6% Debentures	Rs. 1,00,000
Current Liabilities	Rs. 1,00,000
Assets: Fixed Assets	Rs. 4,00,000
Current Assets	Rs. 3,00,000

For the purpose of valuation of shares, fixed assets and current assets are to be depreciated by 10% ; Interest on debentures is due for six months; preference dividend is also due for the year. Neither of these has been provided for in the balance sheet.

Calculate the value of each equity share under Net Asset Method.

21. From the following particulars prepare final accounts of Mr. Arun for year ended 31st March 2012

Particulars	Rs	Particulars	Rs
Cash in hand	1,200	Capital	1,00,000
Purchase	1,20,00	Bills payable	22,000
Dtock	35,00	Creditors	24,000
Debtors	50,000	Sales	2,00,200
Plant and machinery	60,000	Reserve for bad debts	1,000
Furniture	15,000		
Bills receivable	20,000		
Rent and rates	10,000		
Wages	16,000		
Salaries	20,000		
	3,47,200		3,47,200

Additional particulars: (a) closing stock Rs 40,000; (b) outstanding rent Rs 2000 and outstanding salaries Rs 4000; (c) provide depreciation on plant and machinery at 5% and on furniture at 10% and (d) increase reserve for bad debts on Debtors to 2.5 %.

22. Explain the procedure for redemption of preference shares.

23. Describe the various methods of valuation of goodwill.

24. NYK Ltd. Issued shares of Rs. 10 each at 10% premium payable as follows:

On application	2
On allotment	3 (Including premium)
On first call	2
On final call	4

All the money due were received except from Mahesh who was holding 50 shares did not pay his allotment and first call and his shares were forfeited and Suresh , who was holding 30 shares did not pay first call and his shares also were forfeited. Journalise the above transaction.

25. Distingue between Capital expenditures and Revenue expenditure.