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Total Number of Pages: 02

Course: MBA  
Sub\_Code: 18MBA107

1<sup>st</sup> Semester Back Examination: 2025-26  
SUBJECT: FINANCIAL ACCOUNTING & ANALYSIS  
BRANCH(S): FM, GM, LSCM, MBA, MBA (A&I), MBA (M&F)  
Time: 3 Hours  
Max Marks: 100  
Q.Code: U587

Answer Q1 (Part-I) which is compulsory, any eight from Part-II, and any two from Part-III.  
The figures in the right hand margin indicate marks.

**Part-I**

**Q1 Answer the following questions:**

**(2 x 10)**

- Accounting is often called the language of business. Why?
- Define the concept of Business Entity.
- What is meant by GAAP?
- State any two limitations of accounting.
- What is the meaning of Double Entry System?
- Define Share Capital.
- What is meant by Buy-back of shares?
- What is a Common Size Statement?
- State the objective of Cash Flow Statement as per AS-3.
- Mention any two ethical issues in accounting.

**Part-II**

**Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve)**

**(6 x 8)**

- Explain the need for accounting for internal and external users.
- What are subsidiary books? Explain any two.
- A company issued 10,000 equity shares of ₹ 10 each payable ₹ 3 on application, ₹ 4 on allotment and ₹ 3 on call. All shares were subscribed and amounts duly received. Pass journal entries. Prepare the Balance Sheet on completion of the issue.
- Briefly discuss any five basic accounting terminologies.
- Explain accounting concepts and conventions with suitable examples.
- Describe the stages involved in the accounting cycle.
- From the following transactions, prepare journal entries:
  - Started business with cash ₹ 5,00,000
  - Purchased furniture ₹ 50,000 on credit
  - Paid salaries ₹ 20,000
- Explain Trend Analysis with a suitable example.
- Distinguish between Equity Shares and Preference Shares.
- Explain the accounting treatment for issue of shares at premium.

- k) What are debentures? Explain any two types.  
 l) Prepare a Trial Balance from the following balances:

Particulars	Amount (₹)
Cash	40,000
Capital	1,00,000
Purchases	30,000
Sales	60,000
Creditors	30,000

### Part-III

#### Only Long Answer Type Questions (Answer Any Two out of Four)

- Q3 From the following information, prepare **Income Statement and Balance Sheet:** (16)

Particulars	Amount (₹)
Opening Stock	50,000
Purchases	2,50,000
Sales	4,00,000
Wages	40,000
Rent	20,000
Closing Stock	70,000
Capital	3,00,000
Creditors	60,000
Cash	90,000

- Q4 The following is the Balance Sheet of ABC Ltd. (16)

Liabilities	₹	Assets	₹
Equity Share Capital	5,00,000	Fixed Assets	6,00,000
Reserves	2,00,000	Inventory	2,50,000
Current Liabilities	1,50,000	Debtors	1,20,000
9 % Debentures	2,00,000	Cash	80,000

Calculate and interpret:

- Current Ratio
- Debt–Equity Ratio
- Return on Capital Employed

- Q5 From the following data, prepare a **Cash Flow Statement as per AS–3 (Revised):** (16)

- Net Profit before tax: ₹ 1,20,000
- Depreciation: ₹ 20,000
- Increase in Debtors: ₹ 10,000
- Decrease in Creditors: ₹ 5,000
- Purchase of Machinery: ₹ 40,000
- Tax Paid: ₹ 30,000

- Q6 Explain the significance of Cash Flow Analysis for management. Narrate the shortcomings, if any. (16)