

**VPM's**  
**DR VN BRIMS, Thane**  
**Programme: MMS (2016-18)**  
**First Semester Examination December 2016**

<b>Subject</b>	<b>Financial Accounting</b>		
<b>Roll No.</b>		<b>Marks</b>	<b>60 Marks</b>
<b>Total No. of Questions</b>	<b>7</b>	<b>Duration</b>	<b>3 Hours</b>
<b>Total No. of printed pages</b>	<b>4</b>	<b>Date</b>	

**Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.**

**Q1) A) 20 Marks (Compulsory)**

**Balance Sheet For Tata Motors Ltd.**

(Rs in Cr)	(Rs in Cr)	(Rs in Cr)	(Rs in Cr)	(Rs in Cr)	(Rs in Cr)
	Mar' 16	Mar' 15	Mar' 14	Mar' 13	Mar' 12
<b>SOURCES OF FUNDS</b>					
<b>Owners' Fund</b>					
Equity Share Capital	679.18	643.78	643.78	638.07	634.75
Share Application Money	0	0	0	0	0
Preference Share Capital	0	0	0	0	0
Reserves & Surplus	21666.03	14195.94	18510	18473.46	18967.51
<b>Loan Funds</b>					
Secured Loans	3717.42	4803.26	4450.01	5877.72	6915.77
Unsecured Loans	10322.26	15277.71	10065.52	8390.97	4095.86
<b>Total</b>	<b>36384.89</b>	<b>34920.69</b>	<b>33669.31</b>	<b>33380.22</b>	<b>30613.89</b>
<b>USES OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	29204.83	27973.79	26130.82	25190.73	23676.46
Less: Revaluation Reserve	22.87	22.87	22.87	23.31	23.75
Less: Accumulated Depreciation	13440.86	12190.56	10890.25	9734.99	8656.94
Net Block	15741.1	15760.36	15217.7	15432.43	14995.77
Capital Work-in-progress	6480.89	6040.79	6355.07	4752.8	4036.67
Investments	18711.46	16987.17	18458.42	19934.39	20493.55
<b>Net Current Assets</b>					
Current Assets, Loans & Advances	11469.93	11131.98	9680.36	12041.84	14969.54
Less : Current Liabilities & Provisions	16018.49	14999.61	16042.24	18781.24	23881.64
Total Net Current Assets	-4548.56	-3867.63	-6361.88	-6739.4	-8912.1
Miscellaneous Expenses not written	0	0	0	0	0
<b>Total</b>	<b>36384.89</b>	<b>34920.69</b>	<b>33669.31</b>	<b>33380.22</b>	<b>30613.89</b>
<b>Note</b>					
Book Value of Unquoted Investment	18357.96	16633.67	18104.92	19580.89	20140.06
Market Value of Quoted Investment	270.09	275.36	253.07	204.82	299.54
Contingent liabilities	7341.2	9882.65	13036.73	15090.21	15413.62
Number of Equity shares outstanding (in Lacs)	33956.8	32186.8	32186.8	31901.16	31735.47

1. What percentage increase has observed in sources of funds of Tata Motors in year mar 2016 as compared to Mar 2015?
2. What are current ratios of Tata Motors in year 2016 and 2015
3. What is the working capital of Tata Motors in year 2016?
4. What are the reasons that gross block (assets) has increased from 15-16 to 16-17 but there is a decline in net block in?
5. How do interpret the negative balance shown in total net current assets?

- Q1. B) The standard ratios for the industry and the ratios of company X are given  
Give your comments on the Performance and Financial Management of the company  
Based on the ratios

Sr. No	Ratios	Industry Standard	Actual of Company X
1	Net Profit Ratio	3.3%	2.1%
2	Current Ratio	2.4	2.67
3	Liquid Ratio	1:1	2:1
4	Proprietary Ratio	0.5:1	0.85:1
5	Debtors Turnover Ratio	90 days	60 days
6	Gross Profit Ratio	25%	20%

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) From the following transactions find out the types of account. state which account should be debited and which account should be credited.
1. Rent paid
  2. Salaries paid
  3. Interest received
  4. Dividends received
  5. Furniture purchased for cash
- b) From the following transactions find out the type of account state which account should be debited and which account should be credited
1. Machinery sold
  2. Outstanding for salaries
  3. Telephone charges paid
  4. Paid to Suresh
  5. Received from Mohan(the proprietor)
- c) Explain following financial accounting concepts 1)going concern, 2)Accrual concept 3)Separate entity 4)Money measurement and dual aspect principle

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What is importance of financial statements? What do you understand by GAAP Principles? What recent changes are suggested as per IFRS?
- b) Journalize the following transactions:

2011	Particulars	Rs.
Jan. 1	Started Business with Cash	30,000
Jan. 2	Deposited into bank	10,000
Jan. 3	Goods purchased for cash	5,000
Jan. 4	Withdraw from bank for office use	1,000
Jan. 5	Credit sales to Krishna	1,500

- c) What do you understand by accounting standards? explain the accounting standards prescribed for
- i. Depreciation
  - ii. Contingent liabilities
  - iii. Inventory
  - iv. Interim financial reporting

Q4) Any one from (a) or (b) ————— (10x1) = 10 Marks

- a) Classify following items of cash flow into 3 heads: Cash flow from Operating Activities/ Investing Activities/ Financing Activities
1. Depreciation on Building

2. Dividend Paid
3. Sale of Machine
4. Purchase of Machinery
5. Issue of Debenture
6. Interim Dividend Paid
7. Transfer to Reserves
8. Preliminary Expenses Return of
9. Purchase of Building
10. Sale of Investment

b) From the following balance sheets of V Ltd. prepare cash flow statement

Liabilities	2010 (Rs.)	2011 (Rs.)	Assets	2010 (Rs.)	2011 (Rs.)
Equity Share Capital	2,00,000	2,50,000	Goodwill	30,000	20,000
12% Preference Share Capital	50,000	40,000	Building	1,00,000	80,000
General Reserve	35,000	55,000	Plant	40,000	70,000
P&L A/c	15,000	17,000	Debtors	1,20,000	1,60,000
Creditors	23,000	5,000	Stock	18,000	20,000
			Cash	15,000	17,000
	3,23,000	3,67,000		3,23,000	3,67,000

Depreciation charged on Plant was Rs. 30,000 and on building Rs. 50,000

**Q5) Any one from (a) or (b) ————— (10x1) = 10 Marks**

- a) Opening Stock Rs. 1,50,000, Cash Sales Rs. 60,000, Credit Sales Rs. 12,00,000, Returns Outwards Rs. 10,000, Wages and Salaries Rs. 4,000, Carriage Inward Rs. 2,000, Freight Inward Rs. 3,000, Cartage Inward Rs. 1,000, Cash Purchases Rs. 50,000, Credit Purchases Rs. 10,00,000, Returns Inward Rs.20,000, Closing Stock as on 31.3.2014, Rs. 90,000 but its market value is Rs. 84,000.

From the above information prepare trading account for the year ending on 31<sup>st</sup> March, 2014

- b) From the following identify capital expenses, revenue expenses, deferred revenue expenses ,capital receipts and revenue receipts
1. Preliminary Expenses
  2. Commission received by company
  3. Research and development costs
  4. Repairs and renewals on plant and machinery
  5. Heavy Cost of advertisement
  6. Amount invested in government loan
  7. Excise duty paid on sugar manufactured
  8. Interest on bank deposits. 9Interest on loan borrowed
  9. Sale proceeds of old machine

**Q6) Any one from (a) or (b) ————— (10x1) = 10 Marks**

- a) Draw up the Balance Sheet of M/s. ABC Ltd. from the following data as on 31.3.2015

Current Ratio	2.5
Liquidity Ratio	1.5
Net Working capital	Rs. 3,00,000
Stock Turnover Ratio (Cost of sales/ Closing stock)	6 times
Gross Profit Ratio	20%
Fixed Asset Turnover Ratio (On cost of sales)	2 times
Average debt collection period	2 months
Fixed assets/ shareholder Net worth	0.80
Reserves and Surplus/ Capital	0.50

b) From the following particulars prepare Fund Flow Statement

Liabilities	2009 (Rs.)	2010 (Rs.)	Assets	2009 (Rs.)	2010 (Rs.)
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
General Reserve	40,000	70,000	Land & Building	2,00,000	1,70,000
Profit and Loss Account	30,000	48,000	Plant	80,000	2,00,000
10% Debentures	1,50,000	1,00,000	Debtor	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditor	55,000	83,000	Bill Receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information

1. Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on Plant and Builder respectively in 2010
2. An Interim Dividend of Rs. 20,000 have been paid in 2010
3. Income tax Rs. 35,000 was paid during the year 2010

**Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) What do you mean by Inflation Accounting? What are various methods of inflations accounting?
- b) What is difference between financial accounting and management accounting?
- c) Explain accounting standard of Earning per share and Intangible assets