

Indian Maritime University
(A Central University, Govt of India)
End Semester Examinations – December 2023
Programme Name: IMU-BBA
Semester: I
Subject Code: UG32T1103
Subject Name: FINANCIAL ACCOUNTING

Date: 20.12.2023

Max Marks: 70

Duration: 03 Hrs

Pass Marks: 35

General Instructions

- (i) All Sections (A, B & C) are to be attempted.
- (ii) Options, if any, are specified in respective section.

Section A

Ten MCQs/Fill in the Blanks of 01 Mark each – Choose the correct answer as applicable.

1. The nature of financial accounting is
 - a. Historical
 - b. Analytical
 - c. Social
 - d. Forward looking
2. _____ account is not a nominal Account.
 - a. Salaries
 - b. Interest paid
 - c. Commission received
 - d. Outstanding salaries
3. Balance sheet is a statement of _____
 - a. Liabilities
 - b. Assets
 - c. Capital
 - d. All of the above
4. A higher inventory ratio indicates _____
 - a. Better inventory management
 - b. Quicker turnover
 - c. Higher turnover
 - d. Both A and B
5. Trial Balance is prepared to check accuracy of _____
 - a. Balance sheet balances
 - b. Ledger account balances
 - c. Income statement balances
 - d. Cash flow statement balances
6. Receipts and payments account is a summary of _____
 - a. Income and expenditure account
 - b. Cash book
 - c. Balance sheet
 - d. Bank account
7. Under the depreciation method, assets are shown every year at _____

- a. At original cost
 - b. At cost less than projected value
 - c. At calculated, price, which remains the same
 - d. A calculated value, which keeps on decreasing
8. Rate of commission payable on issue of shares should not exceed.
- a. 2%
 - b. 3%
 - c. 4%
 - d. 5%
9. Debenture holders _____.
- a. are the owners of the company
 - b. are the right to vote
 - c. are the right to dividend
 - d. are the creditors of the company
10. If sales are Rs. 18,000 Gross Profit is 6,000, Net loss 2,000, then the amount of operating expenses will be _____
- a. Rs. 5,000
 - b. Rs 8,000
 - c. Rs. 12,000
 - d. Rs. 7,000

Section B

Five Questions of 02 Marks each

- 11. Explain the objectives of Financial Accounting.
- 12. How do you know about rectification of errors?
- 13. Explain the concept of Depreciation.
- 14. What are the methods of valuation of Goodwill?
- 15. Write the uses of Ratio Analysis.

Section C

Seven Questions of 10 Marks each of which any 05 questions to be answered

- 16. Explain the Accounting Concepts.
- 17. Journalising the following transactions in the books of Mr. Gupta for the month of September, 2023.
 - 1-9-2023 Business commenced with cash Rs. 50,000, Stock Rs. 40,000, Buildings Rs. 2,00,000 and creditors Rs. 35,000.
 - 5.9.2023 Cash deposited in bank Rs. 20,000
 - 8-9-2023 Goods purchase from Krishan Rs. 10,000

9-9-2023 Cash received from Hari Rs. 4,000
 11-9-2023 Bought furniture Rs. 5,000
 14-9-2023 Credit sales to Vijay Rs. 40,000
 16-9-2023 Goods returns to Krishnan Rs, 1,000
 20-9-2023 Cash withdrawn from bank Rs. 8,500
 24-9-2023 Sold goods for cash Rs. 25,000
 30-9-2023 Paid Office rent Rs. 10,000

18. What is Bank Reconciliation Statement? Explain how it is prepared.

19. On 1st January, 2020, first machinery was purchased by Mr. Kumar for Rs. 3,00,000. On 1st July, 2021 second machinery was purchased for Rs. 5,00,000. On 1st April, 2022 third machinery was purchased for Rs. 2,00,000 on same day first machinery was sold for Rs. 1,80,000. Depreciation is charged @10% p.a. on original cost. Show the machinery in the books Mr. Kumar up to 31st December, 2023.

20. Discuss the meaning, advantages and factors affecting of valuation of shares.

21. (a) Write the objectives of Financial Statement Analysis

(b) Given information calculate (1) Current ratio (2) Liquidity ratio

(3) Working capital turnover ratio

Current Assets: 2, 50,000

Current Liabilities: 1, 50,000

Liquid Assets: 2, 00,000

Turnover: 10, 00,000

22. From the following Trial Balance prepare (1) Trading a/c (2) Profit and Loss a/c (3) Balance Sheet for the year ended 31-03-2023 in the books of Mr Bhanu.

Debit	Rs.	Credit	Rs.
Cash	540	Sales account	98,780
Cash at Bank	2,630	Returns outwards	500
Purchases	40,675	Capital	62,000

Returns inwards	680	Accounts payable	6,300
Wages	8,480	Rent	9,000
Fuel and power	4,730		
Carriage on sales	3,200		
Carriage on purchases	2,040		
Stock (1-4-2022)	5,760		
Buildings	32,000		
Freehold land	10,000		
Machinery	20,000		
Patents	7,500		
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
Accounts receivable	14,500		
Total	1,76,580	Total	1,76,580

Adjustments:

1. Stock as on 31-3-2023 Rs. 15,000
2. Depreciation on Machinery 10%
3. Appreciation on Buildings 20%
