

MASTER OF BUSINESS ADMINISTRATION
FIRST SEMESTER [REPEAT]
FINANCIAL ACCOUNTING
MBA – 104

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. Long term assets without any physical existence but, possessing a value are called
 - a. Intangible assets
 - b. Fixed assets
 - c. Current assets
 - d. Investments
2. Which accounting principle differentiates between owner and the management?
 - a. Going concern
 - b. Separate entity
 - c. Dual aspect
 - d. None of the above
3. Accounting concepts are based on
 - a. Assumptions
 - b. Records
 - c. Facts and figures
 - d. None of the above
4. Non financial quantitative information are not recorded in the accounts due to
 - a. Dual concept
 - b. Accrual concept
 - c. Money measurement
 - d. None of the above
5. Accounting principles are divided into
 - a. Concepts
 - b. Conventions
 - c. Both A & B
 - d. None of the above
6. Profit and loss account shows the _____.
 - a. Profit earned or loss suffered by the business
 - b. Total capital employed
 - c. Profit and loss through the sale of assets
 - d. All of the above
7. The credit side of a trading accounts records _____.
 - a. Indirect income
 - b. Indirect expenses
 - c. Direct income
 - d. Direct expenses
8. Excess of debit in the profit and loss account is known as _____.
 - a. Gross loss
 - b. Gross profit
 - c. Net loss
 - d. Net profit
9. Profit and loss account is also known as _____.
 - a. Statement of earnings
 - b. Statement of income
 - c. Statement of operations
 - d. None of the above

10. Depreciation is generated due to
 - a. Increase in the value of liability
 - b. Decrease in capital
 - c. Wear and tear
 - d. None of the above
11. According to straight line method of providing depreciation, the depreciation
 - a. Remains constant
 - b. Increase each year.
 - c. Decrease each year
 - d. None of the above
12. According to fixed instalment method, the depreciation is calculated on
 - a. Balance amount
 - b. Original cost
 - c. Scrap value
 - d. None of the above
13. Value Added can be generated by
 - a. Value Added = Gross value of output – gross value of input
 - b. Value Added = Gross value – of factory – gross value of input
 - c. Both A & B
 - d. None of the above
14. Financial shenanigans are
 - a. Financial frauds
 - b. Financial statements
 - c. Financial accounts
 - d. None of the above
15. Companies involve in Financial Shenanigans to
 - a. Company to go public
 - b. To show better when mergers happens
 - c. To show better performance to shareholders
 - d. All of the above
16. What ways companies use to do Financial shenanigans?
 - a. Inflate current earnings
 - b. Deflate current earnings
 - c. Both A & b
 - d. None of the above
17. Which is not a usual suspect of financial shenanigans?
 - a. Lots of acquisitions
 - b. Went public
 - c. Change business model
 - d. All of the above
18. Value Added Accounting is the difference between the cost of goods purchased by a business and its _____
 - a. Cost
 - b. Price
 - c. Revenue
 - d. None of the above
19. Which are the main beneficiaries of the net value added by company?
 - a. Employee
 - b. Capital provider
 - c. Government
 - d. All of the above
20. In accounting, becoming out of date or obsolete is known as
 - a. Amortization
 - b. Obsolescence
 - c. Depletion
 - d. Physical deterioration

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. a) What do you mean by Financial Accounting? 2+8=10
b) Explain the Accounting Concepts
2. Journalise the following transactions: 10
Ganesh started business with cash 300000
Paid cash into Bank 80000
Sold goods to Rajesh for cash 20000
Purchased from Ram 50000
Withdraw for personal use 25000
Paid salary 6000
Rent paid for office 2000
Goods sold to Raj 30000
Bought machinery for cash 100000
Commission received 750
3. a) What is Trading Account and Profit and loss account? 5+5=10
b) Explain the difference between trading and profit and loss account.
4. Prepare Trading and Profit and Loss account. and balance sheet on M/s 10
Royal Traders from the following balances as on March 31, 2011.
- | | |
|----------------------|----------|
| Stock | 20,000 |
| Sales | 2,45,000 |
| Cash | 5,000 |
| Creditors | 10,000 |
| Bank | 10,000 |
| Bills Payable | 4,000 |
| Carriage on Purchase | 1,500 |
| Capital | 2,00,000 |
| Purchase | 1,90,000 |
| Drawings | 9,000 |
| Wages | 55,000 |
| Machinery | 1,00,000 |
| Debtors | 27,000 |
| Postage | 300 |
| Sundry Expenses | 1,700 |
| Rent | 4,500 |
| Furniture | 35000 |
| Closing Stock | 8,000. |

5. a) What do you understand by Depreciation? 2+8=10
b) Explain difference between Straight line method and written down method with the help of example.
6. On April 1, 2014, a company purchased machinery worth ` 1,00,000 . On October 1, 2016, it purchased additional machinery worth ` 20,000 and spent ` 2,000 on its erection. The accounts are closed each year on March 31. Assuming the annual depreciation to be 10%, show the Machinery Account for 5 years under the straight line method. 10
7. Explain the advantages and explain the reason behind why companies should include value added statement in their record 10
8. What are the seven Financial Shenanigans explain each one with help of example 10

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