

ANURAG GROUP OF INSTITUTIONS
Venkatapur (V), Ghatkesar (M), R.R. Dist

School of Business Management (2016-18)
TEACHING PLAN

Subject: Financial Accounting & Analysis (A9103)

Name of the Faculty: P Kalpana

S.No	Topic	No. of Classes	References
	UNIT-1 INTRODUCTION TO ACCOUNTING AND ACCOUNTING PROCESS		
1.	Definition, Objectives & Importance	1	
2.	Principles, Accounting Concepts & Conventions	2	
3.	The Generally Accepted accounting Principles (GAAP)	1	
4	Implications on Accounting System	1	
5.	Double Entry system – Recording Business Transactions	1	
6.	Classification of Accounts, Accounting Cycle	2	
7.	Books of Original Record, Journal	2	
8.	Subsidiary Books	3	
9.	Ledger	1	
10.	Trial Balance	2	
	UNIT-2 FINAL ACCOUNTS		
11.	Meaning of Financial Statements, Classification of Income, Expenditure and Receipts	2	
12.	Income Statement, Final Accounts with adjustments	2	
13.	Ratio Analysis- Liquidity, Leverage, Solvency and Profitability Ratios – Du Pont Chart	3	
	UNIT-3 FINANCIAL ANALYSIS-I		
14.	Objectives of Financial statement, Meaning and Interpretation	2	
15.	Types of Financial Statement Analysis	1	
16.	Comparative and common Size Statement Analysis	3	
17.	Funds Flow and Cash Flow statements	3	
18.	Statement of changes in Working Capital	2	
19.	Funds from operations, paid costs and unpaid costs	2	
20.	Distinction between cash profits and Book Profits	2	
	UNIT-4 FINANCIAL ANALYSIS-II		
21.	Analysis and Interpretation of Financial statements from investor and company points of view	2	
22.	Horizontal Analysis and Vertical Analysis of company Financial statements.	2	
23.	Accounting Standards Issued by ICAI	1	

**NARAYANA
SWAMY,
“FINANCIAL
ACCOUNTING &
ANALYSIS”**

&

**ARYASRI
“ACCOUNTING
AND
FINANCIAL
MANAGEMENT
“**

24.	Its Rationale and growing importance in global accounting environment		
25	IAS-IFRS-US- Creative Financial Practices and Issues related to Quality of disclosures in reported earnings	2	
	UNIT-5 INVENTORY VALUATION		
26.	Methods of Inventory Valuation and Valuation of Good will	2	
27.	Valuation of Fixed Assets	2	
28.	Tangible vs Intangible Assets and Methods of Depreciation	2	
29.	Depreciation Concept- Depreciation of fixed Assets	2	
30.	Methods of Depreciation	1	
31.	Impact on measurement of Business Accounting	2	
	TOTAL NO OF CLASSES	56	

UNIT WISE IMPORTANT QUESTIONS

UNIT-1 INTRODUCTION TO ACCOUNTING AND ACCOUNTING PROCESS

Short Answer Questions

1. Define Accounting
2. Double Entry System
3. Accounting Cycle
4. Journal, Ledger
5. Trial Balance

Essay type Questions

1. Define Accounting. Explain the importance of Accounting
2. Explain the concepts and conventions of accounting with suitable examples
3. Explain the GAAP and its implications on Accounting System
4. Journalize the following transactions in the books of a trader

Debit balance on January 1st, 1998:

Cash in hand Rs. 8000, cash at Bank Rs.25000, Stock of goods Rs.20,000, Furniture Rs.2000, Building Rs. 10,000, Sundry Debtors: Vijay Rs. 2000, Anil Rs.1000, Madhu Rs.2000

Credit balance on January 1st, 1998:

Sundry Creditors: Anand Rs.5000, Loan from Babul Rs.10, 000

Following were further transactions in the month of January, 1998

Jan 1 purchased goods worth Rs.5000 for cash less 20% trade discount and 5% cash discount

Jan 4 Received Rs.1980 from vijay and allowed him Rs.20 as discount

Jan 6 purchased goods from Bharat Rs.5000

Jan 8 purchased plant from Mukesh for Rs.5000 and paid Rs.100 as cartage for bringing the plant to the factory and another Rs.200 as installation charges

Jan 12 sold goods to Rahim on credit Rs.600

Jan 15 Paid Salary to Ratan Rs.2000

Jan 21 Interest received from Madhu Rs.200

Jan 31 with drew goods from business for personal use Rs.200

5. Problem on Trial Balance

UNIT-2 FINAL ACCOUNTS

Short Answer Questions

1. Meaning of Financial Statements
2. Ratio Analysis
3. Liquidity Ratio

Essay type Questions

1. Explain the classification of Income, Expenditure and Receipts.
2. From the following Trial balance of shri samir. Prepare the Final Accounts

Particulars	Debit (Rs.)	Credit(Rs)
Drawings & Capital	7500	50000
Purchases & Sales	72100	95000
Returns	1300	2700
Sundry Debtors & Creditors	18200	35750
Stock(1.10.83)	19800	
Bad Debts	3000	
Bills Receivable & Payable	12000	23000
Cash in hand	300	
Office Expenses	6210	
Sales Van	15000	
Sales Van Expenses	1400	
Discount	-	2910
Rent & Tax	10700	
Telephone Charges	10050	
Postage & Telegram	950	

Furniture	5000	
Printing & Stationary	2750	
Commission	8400	
Carriage Inwards	3200	
Salaries & Wages	20500	
	209360	209360

Adjustments:

- Closing Stock was valued at Rs.61,700
 - Depreciation furniture at 10% and sales van 20%
 - Outstanding Rent amount to Rs.900
 - Make a provision for bad and doubtful debts at 5% and further bad debts amounted to Rs200
 - Charge $\frac{1}{4}$ th of salaries and wages to trading A/C`
- Explain the classification of Ratio
 - From the following particulars, draw up Balance sheet of the company

Current Ratio	2.5
Quick ratio	1.5
Net working Capital	Rs.30000
Stock Turnover Ratio	6 times
Gross Profit Ratio	20%
Fixed Assets Turnover Ratio	2 times
Debtors	2 months
Fixed Assets to Shareholders Net worth	0.8
Reserves & Surplus to capital	0.5
Long term Loans	Rs.15000
 - Explain the Du Pont Chart

UNIT – 3 FINANCIAL ANALYSIS - I

Short Answer Questions

- Objectives of Financial statement
- Funds Flow statement
- Cash Flow statement
- Distinction between cash profits and Book Profits

Essay Type Questions

- Explain common size and comparative size statement analysis
- From the following information related to A LTD. Prepare Funds Flow Statement

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share Capital	300	400	Cash	30	90
Reserve	100	50	Accounts Receivable	105	150
Retained Earnings	30	60	Inventories	150	195
Accounts Payable	45	135	Fixed Assets	190	210
	475	635		475	635

Additional Information

- The company issues bonus shares for Rs50,000 and for cash Rs.50,000
- Depreciation written off during the year Rs.15000

3. The Comparative Balance Sheets of a Company are given below

	2005	2006		2005	2006
Share Capital	35000	37000	Cash	4500	3900
Debentures	6000	3000	Book Debts	7450	8850
Creditors	5180	5920	Stocks	24600	21350.
Provision for Doubtful Debts	350	350	Land	10,000	15000
Profit and loss	5020	5280	Good Will	5000	2500
	51550	51600		51550	51560

Additional Information

- Dividends paid amounted to Rs1750
 - Land was purchased for Rs 5000 and amount provided for the amortization of good will amounted to Rs. 2500
 - Debentures were repaid to the extent of Rs.3000
- You are required to prepare a Cash Flow Statement

4. The summary of Balance sheet data in respect of ALtd and B Ltd is as under

A Ltd Rs.	A Ltd Rs.	B Ltd Rs.
Buildings	4,50,000	1, 00,000
Machinery	7,50,000	3,00,000
Share Capital	14,50,000	4,50,000

Retained Earnings	33,000	50,000
Debtors	1,60,000	1,51,000
Stocks	60,000	217999
Cash	10000	5000
Prepaid Expenses	5000	3000
Creditors	91000	100000
Liability for Expenses	9000	17000
Preliminary Expenses	10000	15000

Prepare Common Size Balance sheets

UNIT-4 FINANCIAL ANALYSIS - II

Short type questions

1. Horizontal and vertical analysis of company financial statement
2. Accounting standards issued by ICAI

Essay type questions

1. Distinguish between horizontal analysis & vertical analysis
2. Explain the accounting standards issued by ICAI and its rationale, importance in global accounting environment
3. Explain the financial practices and issues related to quality of disclosures in reported earnings of IAS-IFRS-US

UNIT-5 INVENTRORY VALUATION

Short type questions

1. Valuation of Good will
2. Tangible Vs Intangible Assets
3. Concept of Depreciation

4. Valuation of Fixed Assets

Essay Type Questions

1. Explain the methods of Inventory Valuation.
2. Problems on valuation of good will
3. ABC LTD Co. Purchased second hand machinery on 1st April 1996 for Rs. 3,70,000 and installed it at a cost of Rs30,000. On Oct 1997 it purchased another machine for Rs100000 and on 1st oct 1998. It sold off the first machine purchased in 1996 for Rs.280000

On the same date it purchased Machinery for Rs. 250000. On 1st oct 1999 the Second Machinery purchased for Rs.1, 00,000 was sold off Rs.20,000

In the beginning depreciation was provided on Machinery at rate of 10% P.A. on the original cost each year on 31st March. From the year 97-98, however the company changed the method of providing depreciation and adopted the written down value method, the rate of Depreciation being 15%.

Give Machinery a/c for the period. 1996-2000

4. Explain the various methods of Depreciation
5. Explain the Valuation of Fixed Assets

MODEL QUESTION PAPER I

Subject: FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours

Max.Marks:60

Section – A (Short answer type questions)

(5X4=20marks)

- Answer all the questions
- 1. What are the various subsidiary books
- 2. What are the various financial statements
- 3. Write a brief note on comparative Size Statements.
- 4. Accounting standards
- 5. Methods of Depreciation.

SECTION-B (Essay Questions)

- Answer all questions (5x8=40 Marks)
- 6. A) Discuss Accounting Concepts and conventions

OR

B) Journalize the following transactions.

2014, Jan 1 Rao started business with cash	50,000
Jan 2 Bought goods from Ram for cash	40,000
Jan 13 Sold goods to Shyam for cash	48,000
Jan 14 Bought goods from Mohan	6,000
Jan 15 Sold goods to Vijay	7,200
Jan 26 Received from Vijay 7000 and allowed him discount 200	
Jan 27 Paid Mohan cash 5700 and discount received 300	
Jan 28 Purchased Furniture	10,000
Jan 30 Paid office exp.	100

- 7. A) The following Trial Balance is extracted from the Books of Krishna
On 31st December, 2014.

Particulars	Debit : ₹.	Credit : ₹.
Furniture	6,400	
Motor vehicles	62,500	
Buildings	75,000	
Capital Account		1,25,000
Bad debts	1,250	
Provision for Bad debts		2000
Sundry Debtors and Creditors	38,000	25,000
Stock on January,1, 2009	34,000	
Purchase and Sale	54,000	1,54,500
Bank Overdraft		28,500
Sales and Purchase returns	2000	
Advertising	4,500	
Interest(on Bank Overdraft)	1,180	
Commission		3,750
Cash	6,500	
Taxes and Insurance	12,500	
General expenses	7,820	
Salaries	33,000	
Total	3,40,000	3,40,000

Adjustments:

1. Stock in hand on 31st December, 2009 was : ₹.. 32,500.
2. Depreciate buildings at the rate of 5%, on Furniture@10%, and Motor vehicles@20%.
3. Salaries: ₹..3,000 and Taxes: ₹..1,200 are outstanding.
4. Insurance amounting to : ₹..1,000 is prepaid.

Prepare Trading, Profit and Loss A/C for the year ending 31st December, 2009 and Balance Sheet as on that date

OR

B) Explain the various methods of depreciation.

8. A) What is a financial statement and describe various types of financial statements.

OR

B) Balance Sheets of M/s XYZ as on 1st January 2014 and 31st December 2014 were given as follows:

Liabilities	1 st January ₹.	31 st December ₹.	Assets ₹.	1 st January ₹.	31 st December ₹.
Capital	1,25,000	1,53,000	Land	40,000	50,000
Loan	25,000	-	Buildings	35,000	60,000
Loan from SBI	40,000	50,000	Machinery	80,000	55,000
Creditors	40,000	44,000	Stock	35,000	25,000
			Debtors	30,000	50,000
			Cash	10,000	7,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year Machine costing: ₹ 10,000 (accumulated depreciation: ₹ 3,000) was sold for : ₹ 5,000. The provision for depreciation against machinery as on 1st January, 2014 was : ₹ 25,000 and on 31st December, 2014 was : ₹.40,000. Net profit for the year 2014 amounted to: ₹ 45,000. You are required to prepare Funds Flow Statement.

9. A) Discuss the difference between Horizontal and Vertical Analysis.

OR

- B) Compare and Contrast GAAP Versus IFRS.

10. A) Write a brief note on Inventory and describe various Inventory valuation methods.

OR

- B) A firm purchases a plant for a sum of : ₹ 10,000 on 1st January 2015, installation charges are ₹. 2000. The Plant is estimated to have a scrap value of ₹ 1000 at the end of its useful life of five years. You are required to prepare Plant Account for the five years charging depreciation according to the Straight Line Method.

MODEL QUESTION PAPER -II

Subject: FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours

Max.Marks:60

Section – A (Short Answer type questions)

- **Answer all questions** (5 x 4=20)
- 1. Classification of accounts and Rules for Debit and Credit.
- 2. Importance of Ratio Analysis.
- 3. Types of Financial Statements Analysis.
- 4. Accounting Standards Issued by ICAI.
- 5. What is Fixed Assets and write about Valuation of fixed Assets.

Section – B (Essay Type Questions)

- **Answer all the questions.** (5x8=40 marks)
- 6. A) Discuss the importance of accounting information in Decision Making.

a. OR

Journalize the following transactions in the books of Mr.Kiran for the month of March 2015.

- b. 2015 March 1- Sold goods to Y for Rs. 10,000 on credit
 - 1. March 3- Sold goods for cash Rs. 8,000
 - 2. March 5- Y returned goods valued Rs. 1,000
 - 3. March 8 - Purchased goods from Z for 8,000 on credit
 - 4. March10 - Returned goods to Z for Rs. 1,000
 - 5. March 24 - Purchased goods for cash Rs. 4,000
 - 6. March 26- paid Rent by cheque Rs. 1,000
- 7. A) Explain the concepts and conventions of Accounting.
 - a. OR
 - b. B) From the following Trail Balance prepare Final Accounts for the year ending 31St March 2015.

i. P.T.O

Debit Balances		Rs.,	Credit Balances Rs.,	
Stock (1 st April 2014)	12,000		Capital	42,000
Machinery	30,000		Sales	38,000
Purchases	20,000		Return outwards	2,000
Return Inwards	1,000		Bills Payable	8,000
Furniture	10,000		Discount received	400
Rates & Taxes	1,600		13% Loan	24,000
Wages	4,000			
Salaries	6,000			
Frieght on purchases	1,500			
Commission paid	3,000			
Sundry Debtors	15,000			
Insurance	2,000			
Repairs	800			
Cash	5,000			
Cash at Bank	2,500			
Total	1,14,400		1,14,400	

8 A) Distinguish between Cash Profits and Book profits.

OR

B) Distinguish between Funds flow and cash flow statement.

9A) What are accounting standards? Explain their importance in global accounting environment.

OR

B) From the following balance sheet of x ltd you are require to prepare the schedule of changes in working capital & statement of funds flow.

P.T.O

Particulars	31.12.2014	31.12.2015
ASSETS		
Land& Buildings	100000	100000
Plant	48000	68000
Stock	18000	18000
Debtors	33000	39000
Cash at Bank	8000	18000
	207000	239000
LIABILITIES & CAPITAL		
Capital	80000	170000
Funds from operations(P&L Acct)	14500	49000
Creditors	9000	10000
Mortgage	Nil	10000
	207000	239000

10A) Explain the major inventory costing methods with examples.

OR

B) Methods of Depreciation—their impact on measurement of Business Accounting.

Subject Code: R14E11MB02

R14

ANURAG GROUP OF INSTITUTIONS

(Autonomous)

School of Business Management

I-M.B.A-I-Semester Supplementary Examinations, February - 2016

Subject: FINANCIAL ACCOUNTING AND ANALYSIS

Time: 3 Hours

Max.Marks:60

Section – A (Short Answer type questions)

(10×2 = 20 marks)

- Answer all questions
- 1. What is Accounting Cycle?
- 2. What is a Ledger?
- 3. What are assets?
- 4. What is a Ratio?
- 5. What is Net Working Capital?
- 6. What is a position statement?
- 7. Write a brief note on IFRS?
- 8. What is Trial Balance?
- 9. What is Goods will?
- 10. What is Fixed Assets?

SECTION – B (Essay Type Questions)

(5x8=40)

- Answer all questions, each question carry equal marks.

11. a) Discuss various accounting concepts.

8M

OR

b) Classify the following items of a consulting company in the following format based on the type of account each item belongs to:

8M

1. Share Capital.
2. Prepaid Advertising.
3. Cash.
4. Accounts Payable.
5. Building.
6. Electricity Charges.
7. Interest Income.
8. Proprietor's drawings.

Items	Type of Account				
	Asset	Liability	Capital	Income	Expenditure
1.					
2.					
3					

12. a) Discuss Final Accounts.

8M

OR

b) From the following Trail Balance of M/s XYZ Co., prepare a trading and profit & loss account and a balance sheet as on 31st March 2016.

8M

Particulars	Amount (INR)	Particulars	Amount (INR)
Opening Stock	1,250	Plant and Machinery	6,230
Sales	11,800	Return Outwards	1,380
Depreciation	667	Cash in Hand	835
Commission Cr.	211	Salaries	750
Insurance	380	Debtors	1,905
Carriage Inwards	300	Discount Dr.	328
Furniture	670	Bills Receivable	2,730
Printing Charges	481	Wages	1,589
Carriage Outwards	200	Return Inwards	1,659
Capital	9,228	Bank Overdraft	4,000
Creditors	1,780	Purchases	8,679
Bills Payable	541	Petty Cash in Hand	47
		Bad Debts	180

The value of stock as on 31st December, 2015 was INR 3,700.

13. a) Discuss financial ratios as a tool of analysis.

8M

OR

b) From the following information, prepare a summarized balance sheet as on 31st March, 2016.

8M

Particulars	
Current Ratio	1.75
Liquid Ratio	1.25
Stock Turnover Ratio (Cost of Sales/Closing Stock)	9.0
Gross Profit Ratio	0.25
Debt Collection Period	1.5 months
Reserves and Surplus to Capital	0.2
Turnover to Fixed Assets (COGS/FA)	1.2
Capital Gearing Ratio	0.5
Fixed Assets to Net Worth	1.25
Sales for the Year	12,00,000

14. a) What is a Cash Flow Statement and discuss its advantages and limitations

8M

OR

b) From the following details relating to the accounts of PNR Inc., prepare a Cash Flow Statement.

8M

particulars	31 st December, 2014 INR	31 st December, 2015 INR
Liabilities and Capital		
Share Capital	10,00,000	8,00,000
Reserve	2,00,000	1,50,000
Profit and Loss Account	1,00,000	60,000
Debentures	2,00,000	-
Provision for Taxation	1,00,000	70,000
Proposed Dividend	2,00,000	1,00,000
Sundry Creditors	7,00,000	8,20,000
Total	25,00,000	20,00,000
Assets		
Plant and Machinery	7,00,000	5,00,000
Land and Building	6,00,000	4,00,000
Investments	1,00,000	-
Sundry Debtors	5,00,000	7,00,000
Stock	4,00,000	2,00,000
Cash in Hand/Bank	2,00,000	2,00,000
Total	25,00,000	20,00,000

1. Depreciation @ 25% per annum was charged on the opening value of plant and machinery.
2. During the year, one old machine costing INR 50,000 (WDV INR 20,000) was sold for INR 35,000.
3. INR 50,000 were paid towards income tax during the year.
4. Building under construction was not subject to any depreciation.
5. Ignore interest on debentures.

15. a) Discuss Accounting Standards.

OR

b) Explain IFRS.

Subject Code: R15E11MB03

R15

ANURAG GROUP OF INSTITUTIONS
(Autonomous)
School of Business Management
I-M.B.A-I-Semester End Examinations, February- 2016
Subject: Financial Accounting and Analysis

Time: 3 Hours

Max.Marks:60

Section – A (Short Answer type questions)

- **Answer all questions** (5 x 4=20)
- 1. Classification of accounts and Rules for Debit and Credit.
- 2. Importance of Ratio Analysis.
- 3. Types of Financial Statements Analysis.
- 4. Accounting Standards Issued by ICAI.
- 5. What is Fixed Assets and write about Valuation of fixed Assets.

Section – B (Essay Type Questions)

- **Answer all the questions.** (5x8=40 marks)
- 6. A) Discuss the importance of accounting information in Decision Making.

OR

- B) Journalize the following transactions in the books of Mr.Kiran for the month of March 2015.

- 2015
- March 1- Sold goods to Y for Rs. 10,000 on credit
 - March 3- Sold goods for cash Rs. 8,000
 - March 5- Y returned goods valued Rs. 1,000
 - March 8 - Purchased goods from Z for 8,000 on credit
 - March10 - Returned goods to Z for Rs. 1,000
 - March 24 - Purchased goods for cash Rs. 4,000
 - March 26- paid Rent by cheque Rs. 1,000
7. A) Explain the concepts and conventions of Accounting.

OR

- B) From the following Trail Balance prepare Final Accounts for the year ending 31St March 2015.

Debit Balances	Rs.,	Credit Balances	
Stock (1 st April 2014)		Capital	42,000
12,000		Sales	38,000
Machinery		Return outwards	
30,000		2,000	
Purchases		Bills Payable	8,000
20,000		Discount received	400
Return Inwards	1,000	13% Loan	24,000
Furniture			
10,000			
Rates & Taxes			
1,600			
Wages	4,000		
Salaries	6,000		
Frieght on purchases	1,500		
Commission paid	3,000		
Sundry Debtors	15,000		
Insurance	2,000		
Repairs	800		
Cash	5,000		
Cash at Bank	2,500		
Total	1,14,400		1,14,400

8. A) Distinguish between Cash Profits and Book profits.

OR

B) Distinguish between Funds flow and cash flow statement.

9. A) What are accounting standards? Explain their importance in global accounting environment.

OR

B) From the following balance sheet of x ltd you are require to prepare the schedule of changes in working capital & statement of funds flow.

Particulars	31.12.2014	31.12.2015
ASSETS		
Land& Buildings	100000	100000
Plant	48000	68000
Stock	18000	18000
Debtors	33000	39000
Cash at Bank	8000	18000
	207000	239000
LIABILITIES & CAPITAL		
Capital	80000	170000
Funds from operations(P&L Acct)	14500	49000
Creditors	9000	10000
Mortgage	Nil	10000
	207000	239000

10. A) Explain the major inventory costing methods with examples.

OR

B) Methods of Depreciation–their impact on measurement of Business Accounting.

CASESS

UNIT-1 Introduction to Accounting and Accounting Process

KANIKA AND GAURAV MANGEMENT CONSULTANTS

Partnership Firm Transaction Analysis and Journal Gaurav Lal and Kanika Raj, both MBAs from the renowned FSM school of Management and having worked in the industry in various capacities for over ten years, called it a day and decided to be on their own. They enter into a partnership on 1st July 2006 and form a firm Kanika and Garb Management Consultants. They agree to bring in capital of Rs.6,00,000 in the ratio of Gaurav 3,00,000 and Kanika 2, maintain their personal drawings in that ratio and share the profits or losses of the firm also in the same proportion. They hire a furnished office at G-40, Fort, Mumbai @ Rs. 17,000 P.M. inclusive of electricity. They also get two telephones already connected for which they have to make monthly payment to the owner. They also appoint one financial analyst Pawn Sharma; research associate Neena Kapoor and peon Satish Rane. The following are the details of the transactions entered into by the firm during the month of July.

Date	Tr No.	Transactions	Amount (Rs)
July 1	1	Gaurav bring his capital	3,60,000
July 2	2	Kanika Raj brings her capital cash	2,40,000
July 3	3	Purchased car	5,75,000
July 4	4	Purchased 4 computers. Issued cheque	5,00,000
July 5	5	Subscribed to capital plus database for a year. Issued cheque	1,80,000
July 6	6	Subscribed to 5 business magazines for a year. Issued cheque to the subscription agency.	1,25,000
July 7	7	Raised bill for consulting fee on Modi Ventures Ltd	3,500
July 8	8	Received cheque from Modi Ventures	75,000
July 9	9	Received cheque from Modi Ventures ltd. and deposited in ICICI bank	75,000
July 10	10	Raised bill for consulting fee from Bata Ltd	1,15,000
July 11	11	Paid telephone bill	4,500

July12	12	Salary paid to Pawn Sharma for the month by cheque	25,000
July13	13	Salary paid to Neena Kapoor for the month by cheque	10,000
July14	14	Salary paid to Satish Rane for the month in cash	4,000
July15	15	Issued cheque for office rent for the month	17,000
July16	16	Paid by cheque to petrol pump for the moth consumption og Esteem	5,000
July17	17	Cheque issued to Gaurav for personal use	6,000
July18	18	Cheque issued to kanika for personal use	4,000

UNIT-II Final Accounts

SANJAY INDUSTRIES LTD.

The following is the trial balance of Sanjay Industries Ltd. As on 31st March 2006

Particulars	Dr.(Rs)	Cr.(Rs)
Stock 1 st April 2005	6,75,000	
Sales		30,60,000
Wages	2,70,000	
Share capital		9,00,000
Discount		27,000
Purchases	2,20,5000	
Carriage inward	8,550	
Purchases returns		90,000
Patents &trademark	43,200	
Salaries	67,500	
Bills Receivable	45,000	
Sundry expenses	63,450	
Bills payable		63,000
Rent	36,000	
Debtors&creditors	2,47,500	1,57,500
Plant Machinery	2,61,000	
Furniture fittings	1,53,000	
Cash at bank	4,15,800	
General reserve		1,39,500
Profit loss account, 31 st March 2005		54,000
Total	44,91,000	44,91,000

Further information:

1. Outstanding rent amounted to Rs.7,200 while outstanding salaries RS.8,100 at the end of the year
2. Make a provision for doubtful debts amounting to Rs.4,590
3. Stock on 31 st March 2006 was valued at Rs. 4,590
4. Depreciate plant &machinery @ 14% and furniture &fittings @18%
5. Amortise patents &trademarks@5%
6. Provive for managerial remuneration @10% of the net profits before tax
7. Make a provision for income tax 35%
8. The Board of Directors proposes a divided @ 10% for the year ended 31 st March 2006 after transfer to General Reserve @5% of profit after tax

Requirements:

1. Prepare Final Accounts
2. Compute all the possible ratios as per information available in the financial statements of the company
3. Examine and anlyse the following aswpects of the state of affairs of the company
4. Return on Investment , Solvency, Liquidity, Resources Efficiency, Profitability, Dupont Analysis

UNIT III Financial Analysis - I

Case 3

Greg Rhoda and Debra Sondgeroth are examining the following statement of cash flows for k.K Bean Trading Company for the year ended January 31,2002

K.K Bean Trading Company Statement of Cash Flows

Sources of cash	Rs.
From sales of merchandise	3,90,000
From sale of capital stock	4,20,000
From sale of investment (purchased below)	80,000
From depreciation	55,000
From issuance of note for truck	20,000
From interest on investment	6,000
Total	9,71,000
Use of Cash	
For purchase of fixtures and equipment	3,40,000
For merchandise purchased for resale (all sold)	2,58,000
For operating expensed (including depreciation)	1,60,000
For purchase of investment	75,000
For purchase of truck by issuance of note	20,000
For purchase of treasury stock	10,000
For interest on note payable	3,000
Total uses of cash	8,66,000
Net increase in cash	1,05,000

Greg claims that K.K Bean “statement of cash flows is an excellent example of a superb first year, with cash increasing Rs.1, 05,000. Debra replies that it was not a superb first year- but rather, that the year was an operating failure. She says that the statement was incorrectly presented and that Rs. 1,05,000 is not the actual increase in cash. The cash balance at the beginning of year was Rs.1,40,000

Unit IV Financial Analysis - II

Andy Minion, president of Minion Industries, wishes to issue a press release to bolster his company image and may be even its stock price, which has been gradually falling. As controller, you have been asked to provide a list of twenty financial ratios along with some other operating statistics relative to *Manion Industries first quarter financials and operations*. Two days after you provide the ratios and data requested, Manny Alomar, the public relations director of Minion, asks you to prove the accuracy of the financial and operating data contained in the press release written by the president and edited by Manny. In the news release, the president highlights the sales increase of 25% over last year first quarter and the positive change in the current ratio from 1.5:1 last year to 3:1 this year. He also emphasizes that production was up 50% over the prior year first quarter. You note that press release contains only positive or improved ratios and none of the negative or deteriorated ratios. For instance, no mention is made that the debt to total assets ratio has increased from 35% to 55%, that inventories are up 89%, and that while the current ratio improved, the acid-test ratio fell from 1:1 to 5:1. Nor is there any mention that the reported profit for the quarter would have been a loss had not the estimated lives of Minions plant and machinery been increased by 30%. Manny emphasized, "The prez wants this release By early this afternoon

Questions:

1. Who are the stakeholders in this situation?
2. Is there anything unethical in President Minions action?
3. Should you as controller remain silent? Does Manny have any responsibility?

UNIT-V Inventory Valuation

RATI UDHYOG LTD

DETERMINATION OF COST OF FIXED ASSETS OF A PROJECT UNDER CONSTRUCTION

Rati Udhyog Ltd. Has established a new project. Details of fixed assets and expenditure incurred during the construction of the project are given here under. Determine the cost of each asset at the end of completion of the project, ready for commercial production

Detail	Amount (Rs)
Land	1,25,00,000
Buildings	2,50,00,000
Plant and Machinery	20,75,00,000
Misc. Fixed Assets	50,00,000
Pre operative administrative expenses on Start up Commissioning, test Runs and Experimental Production	1,50,00,000
Interest on Term Loans during the construction period	1,80,00,000
Total	28,30,00,000