



SIDDHARTH GROUP OF INSTITUTIONS :: PUTTUR
Siddharth Nagar, Narayanavanam Road – 517583

QUESTION BANK (DESCRIPTIVE)

Subject with Code : MEFA(13A52701)

Course & Branch: B.Tech - CIVIL

Year & Sem: IV-B.Tech & I-Sem

Regulation: R13

UNIT- IV

Introduction to financial accounting and analysis

1. What is meant by Ratio analysis? Explain briefly about various types of ratios. 10 M
2. The particulars of incomes and expenses of a company are given hereunder, for the year ended 31st March, 2011. 10 M

Particulars	Rs.	Particulars	Rs.
Opening Stock	76,250	Sales	5,00,000
Purchases	3,15,000	Closing Stock	98,500
Manufacturing Exp.	7,000	Income from Investments	6000
Admin Exp.	1,00,000		
Selling and Distribution Exp.	12,000		
Loss by Fire	13,000		

From the above information you are required to calculate :

- a) Gross profit ratio and Net profit ratio b) Operating ratio c) Stock turnover ratio.
3. Write a short note on : 10 M
 - a) Working capital
 - b) Journal and Ledger with format.
4. Briefly explain the various accounting concepts. 10 M
5. Alpha Manufacturing Co. has drawn up the following Profit and Loss Account for the year ended 31st March, 2012. 10 M

Particulars	Rs.	Particulars	Rs
To Opening Stock	26,000	By Sales	1,60,000
To Purchases	80,000	By Closing Stock	38,000
To Wages	24,000		
To Manufacturing Expenses	16,000		
To Gross Profit c/d	52,000		
	198000		1,98,000
To Selling and Distribution Exp.	4,000	By Gross Profit	52,000
To Administrative Exp.	22,800	Commission Received	4,800
To General Exp.	1,200		
To Value of furniture lost by Fire	800		
To Net Profit	28,000		
	56,800		56,800

You are required to find out :

- A) Gross Profit Ratio B) Net Profit Ratio C) Operating Ratio

6. Journalise the following transactions of Mr.Ravi and post them in the ledger and balance the same.

10 M

2010, June 1 Ravi invested Rs.5,00,000 cash in the business

3 Paid into bank Rs.80,000

5 Purchased building for Rs.3,00,000

7 Purchase goods for Rs.70,000

10 Sold goods for Rs.80,000

15 Withdrew cash from bank Rs.10,000

25 Paid electric charges Rs.3,000

30 Paid salary Rs.15,000

7. A) Calculate debtors turnover ratio and debtors collection period, if credit sales for the year Rs.9,00,000, debtors Rs.90,000 and bills payable Rs.60,000. 5 M

- B) Calculate the acid test ratio , if current assets Rs.8,00,000; Current liabilities Rs.4,00,000; and Stock Rs. 2,20,000. 5 M
8. A) Write about various types of accounts and their rules governing each account. 5 M
- B) Advantages of double-entry book-keeping. 5 M
9. Journalise the following transactions in the books of Amrutha. 10 M
- 2012, Jan 1 Amrutha commenced business with cash Rs.50,000
- 2 Purchased goods for cash Rs.10,000
- 3 Purchased goods from Mohan Rs.6,000
- 7 Paid into bank Rs.5,000
- 10 Purchased furniture Rs.2000
- 20 Sold goods to Suresh on credit Rs.5,000
- 25 Cash sales Rs. 3,500
- 26 Paid to Mohan on account Rs.3,000
- 31 Paid salaries Rs.2,800
10. Short answer questions:
- a. Journal 2 M
- b. Trial balance 2 M
- c. Balance sheet 2 M
- d. Types of accounts 2 M
- e. Double entry system 2 M

- C) Journal
D) Final accounts
22. The difference between assets and liabilities called []
A) Over draft
B) Capital
C) Sales
D) Net Purchases
23. Patent account is []
A) Real account
B) Personal account
C) Nominal account
D) None of the above
24. Building is an example for []
A) Revenue account
B) Expense account
C) Capital expenditure
D) Liability account
25. The trading and profit and loss account is also called as []
A) Account statement
B) Income statement
C) Balance statement
D) Cost statement
26. It refers to the firm's position to meet its long-term commitments such as repayment of long-term loans and so on. []
A) Profitability
B) Liquidity
C) Solvency
D) None
27. The current ratio is also called as []
A) Acid test ratio
B) Working capital ratio
C) Gross profit ratio
D) Quick ratio
28. Quick assets = []
A) Current assets – (Stock + Prepaid expenses)
B) Current assets- (Stock-Prepaid expenses)
C) Current assets – Current liabilities
D) Current assets / Current liabilities
29. It is the ration between gross profit to sales []
A) Gross profit ratio
B) Cost of goods sold
C) Net profit ration
D) Operating ratio
30. Higher asset turnover ratio explains []
A) More profitability
B) Better Utilisation of assets
C) Higher sales turnover
D) Large asset base
31. Journal is also called a []
A) Account book
B) A day book
C) Year book
D) None
32. Which of the accounting concept says that assets equals to liabilities plus capital? []
A) Dual aspect concept
B) Accrual concept

- C) Going concern concept
D) Matching concept
33. The process of preparation of accounts from the journal into ledger is called []
A) Recording
B) Writing
C) Posting
D) Drafting
34. Gross profit = []
A) Net sales-Cost of goods sold
B) Net sales +Cost of goods sold
C) Purchases +Sales
D) None
35. Depreciation refers to the _____ in the value of the asset. []
A) Increasing
B) Decreasing
C) Constant
D) All of the above
36. Which one of the following accounting equations is correct ? []
A) Asset=Owner's equity
B) Assets=Liabilities+Owner's e
C) Assets=Liabilities-Owner's capital
D) Assets +Liabilities = Owner's equity
37. It refers to the firm's position to meet its long-term commitments such as repayment of long-term loans and so on []
A) Profitability
B) Liquidity
C) Solvency
D) None
38. The Quick ratio is also called as []
A) Acid test ratio
B) Working capital ratio
C) Gross profit ratio
D) Liquidity ratio
39. Quick assets = []
A) Current assets -(Stock + Prepaid expenses)
B) Current assets- (Stock-Prepaid expenses)
C) Current assets - Current liabilities
D) Current assets / Current liabilities
40. The Liquidity ratios assess the capacity of the company to repay its__ Liability []
(A) Long-term
(B) Profitability
(C) Solvency
(D) Turnover