10 M



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

1. What is meant by Ratio analysis? Explain briefly about various types of ratios.

UNIT- IV

Introduction to financial accounting and analysis

2. The particulars of incomes and expenses of a company are given hereunder, for the year ended 31st 10 M March, 2011.

Particulars Rs. **Particulars** Rs. ______ 76,250 Opening Stock 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:

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- Working capital a)
- Journal and Ledger with format. b)
- 4. Briefly explain the various accounting concepts.

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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.

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- Ravi invested Rs.5,00,000 cash in the business 2010, June 1
 - Paid into bank Rs.80,000
 - Purchased building for Rs.3,00,000
 - 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)	Calcu	ulate the acid test ratio, if current assets Rs.8,00,000; Current	at liabilities
	,		00,000; and Stock Rs. 2,20,000.	5 M
8.	A)	Write	about various types of accounts and their rules governing each account	t. 5 M
	B)		ntages of double-entry book-keeping.	5 M
9.	Journ	nalise the	e 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. S	hort ans	swer que	estions:	
	a. Joi	urnal	2	M
	b. Tr	ial balar	nce 2	M
	c. Ba	lance sh	neet 2	M
	d. Ty	pes of a	accounts 2	M
	e. Do	ouble ent	try system 2	M

<u>UNIT - IV</u>

1. Managers use the accounting information to report to		[]	
A) Co	ompany employees	B) Chief Financial Officer		
C) Cl	nief Executive Officer	D) Owners		
2. The finance	cial statement comprises		[]
A) Tr	rading account, Balance sheet	B) Balance sheet, Ledger		
C) Jo	ournal, Ledger	D) Trading, Profit & Loss account, I	Balan	ce
		sheet		
3. Accounting	ng cycle is the process of	stages respectively.	[]
A) Jo	urnal, Ledger, Final Accounts	B) Journal, Final Accounts, Ledger		
C) Le	edger, Final accounts, Journal	D) None of these		
4. Provision	for taxes is a		[]
A) Cı	urrent asset	B) Current Liability		
C) T	angible asset	D) None		
5. Which one of the following accounting equations is correct?			[]
A) As	sset=Owner's equity	B) Assets=Liabilities+Owner's equi	ty	
C) As	ssets=Liablities-Owner's capital	D) Assets +Liabilities = Owner's eq	uity	
6. Debt-Equi	ty ratio equals to		[]
A) De	ebt/Equity	B) Equity/Debt		
C) S	hareholders funds/Equity	D) None		
7. Find out th	ne current asset		[]
A) La	and & Building	B) Dividend		
C) M	arketable securities	D) Bills payable		
8. Tthe most suitable form of business organization for the people of weaker section is			[]
A) Pa	artnership form	B) Co-operative society		
C) So	ple-trading business	D) Joint-stock company		
9. What is the	e Desirable current Ratio		[]
(A) 1	:2	(B) 3:2		
(C) 2	:1	(D) 1:1		
10. Long-tern	m stability of an enterprise indicates by	which ratios.	[]
(A)L	iquidity	(B) Profitability		
(C) S	olvency	(D) Turnover		

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11. Management accounting starts where it ends.		[]
A) Cost accounting	B) Standard accounting		
C) Financial accounting	D) None of the above		
12. Which of the following involves for every debit there	re is a corresponding credit?	[]
A) Single entry	B) Ledger entry		
C) Journal entry	D) Double entry		
13. Which of the following assumes that every business	s firm continues forever and it ha	s a	prefectural
life?		[]
A) Business entity concept	B) Cost concept		
C) Money measurement concept	D) Going concern concept.		
14. Which of the following aims at ascertaining and	controlling the costs of a produc	t, se	ervice or a
department		[]
A) Management accounting	B) Cost accounting		
C) Financial accounting	D) Accounting cycle		
15. Salary account is		[]
A) Personal account	B) Real account		
C) Nominal account	D) None		
16. Acid test ratio also knows as		[]
A) Current ratio	B) Debt ration		
C) Quick ratio	D) Operation ratio		
17. Find out the standard ratio of liquidity ratio		[]
A) 2:1	B) 1:1		
C) 1:2	D) None		
18. Expand EPS		[]
A) Equity per share	B) Earnings per share		
C) Efficient per share	D) Equity preference share		
19. Operating expenses =		[]
A) Cost of goods sold+Admn Exp.+S&D exp	B) Gross profit – Sale		
C) Cost of goods sold+Indirect expenses	D) All of the above		
20. To test the liquidity of a concern/firm, which of the	following ratios are useful	[]
A) Acid test ratio	B) Capital turnover ratio		
C) Bad debt ratio	D) Inventory turnover ratio		
21. On the basis of balances shown by ledger accounts,	which of the following is prepare	d?[]
A) Balance sheet	B) Trial Balance		

	QUESTION BA	NK 2	2016
C) Journal	D) Final accounts		
22. The difference between assets and liabilities called	d	[]
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 call	led 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	n commitments such as repaymer	t of lo	ng- 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 expense	ses) B) Current assets- (Stock-Pr	repaid	expenses)
C) Current assets – Current liabilities	D) Current assets / Current lia	bilitie	S
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 ass	ets	
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	al 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 good	s sold	
C) Purchases +Sales	D) None		
35. Depreciation refers to the in the value of the	he asset.	[]
A) Increasing	B) Decreasing		
C) Constant	D) All of the above		
36. Which one of the following accounting equations is co	orrect?	[]
A) Asset=Owner's equity	B) Assets=Liabilities+Own	er's e	
C) Assets=Liablities-Owner's capital	D) Assets +Liabilities = O	wner's	equity
37. It refers to the firm's position to meet its long-term of	commitments such as repayment	ent of lo	ong-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-Pr	repaid e	xpenses)
C) Current assets – Current liabilities	D) Current assets / Current	liabilit	ies
40. The Liquidity ratios assess the capacity of the compan	y to repay its Liability	[]
(A)Long-term	(B) Profitability		
(C) Solvency	(D) Turnover		