

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 1136/7103/7103 Roll No.

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**M. B. A.****(Semester-I) Theory Examination, 2012-13****ACCOUNTING & FINANCIAL ANALYSIS**

Time : 3 Hours]

[Total Marks : 100

Note : Attempt questions from each Section as per directions.

**Section-A**Attempt *all* parts of this question. Each part carries 2 marks.

2×10=20

1. (a) What is accounting process ?
- (b) Give the definition of 'Balance Sheet'.
- (c) What is meant by 'Average Due Date' ?
- (d) Explain briefly two objectives of providing for depreciation.
- (e) Define book-keeping.
- (f) What do you mean by trial balance ?
- (g) Define subsidiary book.
- (h) What is the use of cash book ?
- (i) State the accounts involved in purchase return.
- (j) What is the use of funds ?

**Section-B**Attempt any *three* parts of this question. Each part carries 10 marks.

10×3=30

2. (a) From the following items calculate value of closing stock on 31.12.2010 :
  - (i) 1.1.2010, opening stock Rs. 40,000
  - (ii) Goods bought during the year 2010 Rs. 60,000
  - (iii) Goods sold during the year 2010, sales price Rs. 40,000, cost Rs. 30,000.
- (b) What is meant by financial analysis ? Mention any two tools used for financial analysis.

(c) Which of the following items will appear in the Assets side of the Balance Sheet and which will appear in the liability side ?

- (i) Capital
- (ii) Outstanding rent
- (iii) Proposed dividend
- (iv) Goodwill
- (v) Provision for taxation
- (vi) Provision for bad debts
- (vii) Prepaid expenses
- (viii) Interest received in advance.

(d) Differentiate between revenue realization and matching concept.

(e) What are the objectives of preparing trial balance ?

### Section-C

Attempt *all* questions of this Section. Each question carries 10 marks.

10×5=50

3. From the following particulars prepare Profit and Loss Account for the year ending on 31st December, 2011 :

	Rs.		Rs.
Capital	28,000	Commission received	900
Building	30,000	Insurance and taxes	2,000
Scooter	4,000	Cash in hand	2,000
Bad debts	300	Closing stock	6,000
Provision for bad debts	700	Gross profit	21,500
Debtors	15,000	Carriage on sales	700
Creditors	13,000		

Additional information :

- (i) Commission received in advance Rs. 300
- (ii) Provide 5% of the debtors for bad and doubtful debts
- (iii) Unexpired insurance Rs. 500
- (iv) Scooter is to be depreciated at 10%
- (v) Interest on capital Rs. 300

Or

Briefly explain about the different types of adjustment entries.

4. From the following transactions of M/s Sharma & Co., write up the journal in proper form, post the ledger, and take out a trial balance :

2010	Rs.
April 1 Started business with cash	1,000
April 2 Deposit in the bank	50
April 3 Furniture purchase for cash	20
April 5 Purchased goods for cash	40
April 7 Old furniture sold for cash	80
April 8 Purchased goods from M/s Varun on credit	100
April 9 Received cheque of money due to M/s Varun	
April 12 Deposited the cheque into bank	
April 15 Paid taxes in cash	50
April 16 Goods sold to M/s Ram & Co. for cash	560
April 24 Goods sold on credit to Ramesh	210
April 28 Received cash from Ramesh	310
April 30 Bank interest credited	70
April 30 Paid rent	150
April 30 Paid salary	150

*Or*

Differentiate between Personal, Real and Nominal Account.

5. Following are the ratio of the trading activities of Jain Ltd. :

Debtors velocity	—	3 months
Stock velocity	—	8 months
Creditors velocity	—	2 months
Gross profit ratio	—	25%

Gross profit for the year amounts to Rs. 4,00,000

Closing stock of the year is Rs. 10,000.

Find out :

- (a) Sales
- (b) Sundry debtors
- (c) Sundry creditors.

*Or*

Differentiate between diminishing balance and straight line methods of charging depreciation.

6. The net profit of a company before tax is Rs. 12,50,000 as on March 31, 2010 after considering the following :

Depreciation on fixed assets Rs. 25,000

Goodwill written off Rs. 15,000

Loss on sale of Machine Rs. 12,000

The current assets and current liabilities of the company in the beginning and at the end of the year were as follows :

	March 31, 2009 (Rs.)	March 31, 2010 (Rs.)
Bills receivables	25,000	15,500
Bills payables	10,000	12,500
Debtors	30,000	38,800
Stock in hand	18,000	14,000
Outstanding expenses	8,000	7,000

Calculate cash flow from operating activities.

Or

A company purchased a machine for Rs. 20,000 on January 1, 2009. It spent Rs. 7,000 on its fixation at the same date. On the date of purchase, it was estimated that the scrap value of the machine would be Rs. 3,000 at the end of third year. Prepare machinery account up to the end of the calendar year 2011.

7. From the following you are required to comment upon the long-term as well as short-term solvency of the company :

**Balance Sheet as on 31.12.2010**

Liabilities	Rs.	Assets	Rs.
Share Capital	5,00,000	Fixed Assets	6,00,000
Fixed Liabilities	2,50,000	Liquid Assets	3,00,000
Current Liabilities	2,50,000	Stock-in-trade	1,00,000
	<u>10,00,000</u>		<u>10,00,000</u>

Or

Explain in brief about the significance of various accounting standards adopted in India for the construction of final books of account.