

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

PAPER ID : 1170

Roll No.

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**M.B.A.**

(SEM. I) ODD SEMESTER THEORY EXAMINATION 2013-14

**ACCOUNTING AND FINANCIAL ANALYSIS**

Time : 3 Hours

Total Marks : 70

**SECTION—A**

Attempt **ALL** the Questions. (7×2=14)

1. (a) What are the Golden Rules of Journalizing ?
- (b) Define compound entry with an example.
- (c) What is super profit and how we calculate it ?
- (d) What will be the treatment of "Income Tax Paid" in case of proprietorship business in Final Accounts ?
- (e) Who are the internal users of Accounting Information ?
- (f) Define the term "Depreciation" and "Amortization".
- (g) Explain the significance of Solvency Ratio.

**SECTION—B**

Attempt any **THREE** questions (in 200 words).(7×3=21)

1. What are the ratios in which share-holders and potential investors of a company are interested ? Explain them.
2. Define fund flow and cash flow. What is the difference between these two ? Explain that out of these two which one is best and why ?
3. Explain the advantages and limitations of Accounting.
4. State whether the following expenditure is Capital or Revenue and why ? Give reasons for your answer :
  - (i) Depreciation on Machine.
  - (ii) White-wash to a new Building.

- (iii) Amount spent on the addition of an exit gate in Cinema Hall.
  - (iv) Advertising expenditure, the benefits of which will last for 6 years.
  - (v) Amount spent on the erection of cycle shed.
5. Distinguish between "Capital Expenditure" and "Revenue Expenditure".

**SECTION—C**

Attempt **ALL** the questions (in **300** words). (7×5=35)

1. Explain the following :
- (a) Materiality Convention
  - (b) Convention of Consistency
  - (c) Convention of Prudence
  - (d) Cost Concept.

**OR**

Give the format of Company's Balance Sheet as per revised Schedule VI of Company Act.

2. The following Balances were extracted from the books of Bhavya on 31<sup>st</sup> March 2012 :

Capital	24,500	Loan	7,880
Drawings	2,000	Sales	65,360
General Expenses	4,740	Purchase	47,000
Building	11,000	Motor Car	2,000
Machine	9,340	Bad Debts Provision	900
Stock	16,200	Commission (Cr)	1,320
Taxes and Insurance	1,315	Car Expenses	1,800
Wages	7,200	Bills Payable	3,850
Debtors	6,280	Cash	80

Creditors	2,500	Bank Overdraft	3,300
Bad Debts	550	Charity	105

Prepare the Trading and Profit and Loss Account for the year ended 31<sup>st</sup> March 2012 and a Balance Sheet as on that date after considering the following adjustments :

- (a) Stock on 31<sup>st</sup> March 2012 was valued at Rs. 23,000.
- (b) Write off a further Rs. 180 as Bad Debts and maintain the Bad Debts Provisions at 5% on Debtor.
- (c) Depreciate Machine by 10%.
- (d) Provide Rs. 700 for outstanding interest on loan.

**OR**

Define Segment Reporting, its objectives and types.

3. From the following information calculate :

- (i) Stock Turnover Ratio
- (ii) Current Ratio
- (iii) Liquid Ratio
- (iv) Net Profit Ratio
- (v) Working Capital Turnover Ratio.

Sales 25,20,000; Cost of Sales 19,20,000; Net Profit 3,60,000;  
Average Stock 8,00,000 ; Other Current Assets 7,60,000 ;  
Fixed Assets 14,40,000 ; Long Term Debt 9,00,000 ;  
Current Liabilities 6,00,000 ; Trade Creditors 2,00,000 ;  
Net Profit before interest and Tax 8,00,000.

**OR**

Define International Financial Reporting Standards (IFRS), its utility and major challenges in implementation of IFRS in Indian context.

4. Balance Sheet of A and B as on 31<sup>st</sup> March 2012 were as follows :

**Balance Sheet**

Liabilities	2012	2011	Assets	2012	2011
Creditors	44,000	40,000	Cash	7,000	10,000
Mrs. A's Loan	—	25,000	Debtors	50,000	30,000
			Stock	25,000	35,000
Loan from Bank	50,000	40,000	Machine	55,000	80,000
Capital (A & B)	1,53,000	1,25,000	Land	50,000	40,000
			Building	60,000	35,000
	2,47,000	2,30,000		2,47,000	2,30,000

During the year, a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The Provision for depreciation against machinery as on 31<sup>st</sup> March 2011 and 2012 was of Rs. 25,000 and Rs. 40,000 respectively. The Net Profit for the year amounted Rs. 45,000. You are required to prepare the Cash Flow Statement.

**OR**

Define valuation of shares, its needs and different methods.

5. From the following information prepare Store Ledger Card under FIFO and LIFO system, and calculate the value of closing stock :

**2012**

Jan 1	Opening Stock	1000 units @ Re. 1 Per Unit
Jan 10	Received	300 units @ Rs. 1.05 Per Unit
Jan 20	Issued	700 units
Jan 22	Received	300 units @ Rs. 1.25 Per Unit
Jan 23	Issued	620 units
Jan 24	Issued	240 units.

**OR**

Distinguish between following :

- (a) Trial Balance and Balance Sheet
- (b) Book-Keeping and Accounting.