



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

**PAPER ID : 270127**

Roll No. 

1	4	0	3	2	7	0	0	0	8
---	---	---	---	---	---	---	---	---	---

**M. B. A.**

(SEM. I) (ODD SEM.)

THEORY EXAMINATION, 2014-15

**BUSINESS ACCOUNTING**

Time : 3 Hours]

[Total Marks : 100

- Note :**
- (1) Attempt all questions.
  - (2) The question paper contains three parts.
  - (3) All parts and questions are compulsory.

**PART-I**

**(5X4)**

- 1 Attempt any four parts of the following :
- (a) The return on Capital Employed is often taken as measure of efficiency of the organization. Comment.
  - (b) Write the difference between Balance Sheet and Trial Balance.
  - (c) What do you understand by Horizontal and Vertical financial analysis?
  - (d) What is Ledger? What purpose does it serve?
  - (e) Explain with examples Personal, Real and Nominal accounts.

- (f) The Matching principle attempts to find satisfactory bases of association between expenses and revenue.

Elaborate the statement.

**PART-II**

**(15X2)**

- 2 Attempt any two parts of the following :  
From the following Trial Balance prepare Trading, profit and loss A/c and Balance Sheet.

**Trial Balance as on 31<sup>st</sup> March, 2013**

<b>Particulars</b>	<b>Debit Rs</b>	<b>Credit Rs</b>
Capital		14,00,000
Bank loan		3,00,000
Office equipment	10,00,000	
Distribution van	2,00,000	
Furniture	3,00,000	
Creditors		4,80,000
Bills payable		4,40,000
Bills receivables	4,00,000	
Debtors	10,00,000	
Cash in hand	24,000	
Opening stock	7,00,000	
Purchases	24,00,000	
Rent and taxes	2,00,000	
Salaries	3,76,000	
Interest on bank loan	20,000	
Sales		40,00,000
<b>Total</b>	<b>66,20,000</b>	<b>66,20,000</b>

**Additional Information :**

- (1) Closing stock Rs 5, 00,000.
- (2) Outstanding salaries Rs. 50,000.
- (3) Depreciate office equipment @ 10%, furniture @15% and distribution van @20%.
- (4) Goods worth Rs 25,000 were taken by the proprietor for personal use but not recorded in the books of accounts.

**OR**

Following accounting information is obtained relating to limited company:

Particulars	Rs
Sales	45,00,000
Cost of good sold	<u>25,00,000</u>
	20,00,000
Administrative expenses	<u>7,00,000</u>
	13,00,000
Taxes	<u>8,00,000</u>
Net Profit	5,00,000

**BALANCE SHEET**

LIABILITIES	Rs	ASSETS	Rs
7% Preference Shares	30,00,000	Building	30,00,000
Equity Share Capital	15,00,000	Machinery	25,00,000
Reserves	5,00,000	Debtors	3,00,000
6% Debentures	8,00,000	Stocks	3,00,000
Current Liabilities	6,00,000	Goodwill	1,00,000
		Cash	2,00,000
<b>Total</b>	<b>64,00,000</b>	<b>Total</b>	<b>64,00,000</b>

Opening Stock was Rs 3,00,000. Assume 360 days in a year. Compute the following ratios:

- (1) Current ratio
- (2) Debt Equity ratio
- (3) Stock turnover ratio
- (4) Gross profit ratio
- (5) Return on Capital Employed

**OR**

From the following Balance Sheets of MAS Ltd. Prepare Fund Flow Statement.

LIABILITIES	31-12-2012	31-12-2013	ASSETS	31-12-2012	31-12-2013
Equity share capital	4,50,000	6,00,000	Goodwill	1,90,000	1,40,000
6% preference share capital	2,25,000	1,50,000	Plant	1,60,000	2,50,000
Profit & loss accounts	60,000	75,000	Building	2,40,000	1,95,000
Proposed dividend	55,000	67,000	Inventories	92,000	1,25,000
Trade creditors	72,000	90,000	Trade debtors	1,75,000	2,35,000
Bills payable	32,000	25,000	Bills receivables	45,000	57,000
Provision for taxation	60,000	72,000	Cash	52,000	77,000
<b>Total</b>	<b>9,54,000</b>	<b>10,79,000</b>	<b>Total</b>	<b>9,54,000</b>	<b>10,79,000</b>

**Additional Information:**

- (1) An Interim dividend of Rs 35,000 has been paid during the year 2013.
- (2) Payment of income tax Rs 52,000 was paid during the year 2013.
- (3) Depreciation of Rs 35,000 and Rs 42,000 have been charged on plant and building in 2013 respectively.

**PART-III (12.5X4)**

Attempt **all** questions.

- 3 Explain the basic accounting principles. Discuss the significance of such principles in modern accounting.

**OR**

- (a) Define the term Depreciation, Amortization and Depletion.
- (b) On 1<sup>st</sup> January 2011 XYZ ltd. purchases the machinery for Rs 68,000 and spends Rs 2,000 on its erection. On 1<sup>st</sup> July, 2011 an additional machinery costing Rs 20,000 was purchased. On 1<sup>st</sup> January, 2013 the machine purchased on 1<sup>st</sup> January, 2011 was sold for Rs 50,000 and on the same day a new machine was purchased for Rs 50,000. Show the machinery account for first three calendar years according to written down method taking rate of depreciation at 10%p.a.

- 4 What do you understand by Common Size statements?  
What purpose does it serve in analysis and interpretation of financial statements?

**OR**

Financial analysis is a study of relationship among the various financial factors in a business disclose by single or series of statements. Elaborate the statement by pointing its objectives, nature and limitations.

- 5 (a) What is Fund flow statement? Examine its managerial uses.  
(b) Differentiate between Fund flow statement and Cash flow statement.

**OR**

To judge the financial soundness and Profitability Positions of the company what financial ratios are required by users of accounting statements?

- 6 Explain the utility and limitations of Cash flow statement. Give the format prescribed by AS-3 for classification of cash flows.

**OR**

6 Explain the following:

- (a) Accounting policies for Intangible Assets
- (b) Need for matching the Indian Accounting Standards with International Accounting Standards