



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

PAPER ID : 270127

Roll No.

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**M.B.A. (I Sem.)**

**SPL. THEORY EXAMINATION 2014-15**

**BUSINESS ACCOUNTING**

*Time : 3 Hours]*

*[Total Marks : 100*

**Note:** Attempt all questions.

1. Answer any four parts : 4×5=20
- (a) What is the difference between Accounting concepts and Accounting conventions?
  - (b) Write short notes on following :
    - i) Matching concept
    - ii) Going concern concept
  - (c) Write a short note on International Accounting Standards.
  - (d) What is accounting? Write down four objectives of Accounting.

- (e) What is the need of accounting standards? What is the process of formation of these standards?
- (f) "Accounting method at all time, confirms to an algebraic equation", discuss.

2. Answer any two parts : 10 x 2 = 20

(a) Compare with example Diminishing method with Straight line method of depreciation.

(b) Journalise the follownig :

- i) Business commenced with cash Rs. 50000 and building Rs. 25,000
- ii) Goods purchased from Mr. X Rs. 10,000.
- iii) Goods sold to Ram for Rs. 15000, Trade discount allowed @ 10%, cash Discount Allowed @ 2%, Cash paid by Ram Rs. 4000
- iv) Machinery purchased for Rs. 10000 in mid of the year.
- v) Depreciation charged on machinery @ 10%.
- vi) Bed debt Rs. 2,000
- vii) Bed debt recovered 500.

(c) Post the transactions mentioned in Part b above into ledge and prepare Trial Balance.

**Additional information**

- (i) Depreciation written off on land and building during the year 2014 is Rs. 10000.
- (ii) Land was purchased for Rs. 9,000 during the year 2014.
- (c) What are the objectives of fund flow statement? Differentiate between fund from operations and cash flow from operating activities.

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3. Attempt any two questions : 10 x 2 =20

- (a) What do you mean by Analysis of financial statements? Explain its various tools commonly used for the purpose.
- (b) What is Ratio analysis? "Ratios shows the exact performance and position of a organisation in most useful manner". Justify.
- (c) (i) Current assets of a company is are Rs. 5,00,000 current ratio=2.5:1 and quick ratio=1:1. Calculate the value of Current liabilities, liquid assets and stock.  
(ii) Current ratio of a company is 2:1, working capital is Rs. 90,000. Calculate the amount of current assets and current liabilities.  
(iii) Calculate stock turnover and purchases :  
Opening stock Rs. 42,000  
Closing stock Rs. 58,000  
Sales Rs. 3,00,000  
Gross profit ratio is 20%.

4. Attempt any two parts : 10 x 2 = 20

(a) What do you mean by Fund flow statement? How it is different from cash flow statements?

(b) Rattan Ltd. made a profit of Rs. 300000. After considering the following information :

- |   |           |
|---|-----------|
| (i) Depreciation on fixed assets          | Rs. 70000 |
| (ii) Amortisation of preliminary expences | Rs. 60000 |
| (iii) Loss on sale of machinery           | Rs. 5000  |
| (iv) Provision for doubtful debt          | Rs. 30000 |
| (v) Gain on sale of building              | Rs. 15000 |

The following information is given :

	31-03-2013	31-03-2014
Debtors	36000	45000
Creditors	30000	60000
Bills Receivable	30000	25000
Bills Payable	24000	18000
Outstanding Expenses	15000	12000
Prepaid Expenses	600	900

Calculate cash flow from operating activities.

(c) Prepare cash flow statement of X :

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Liabilities	2013	2014	Assets	2013	2014
Share Capital	100000	125000	Land and Building	100000	95000
10% debentures	10000	7500	Plant and Machinery	75000	87000
Profit and Loss	30250	33800	Stock	50000	37000
Bank O/D	35000	-	Sundry Debtors	40000	32100
Proposed Dividend	15000	16500	Bank	-	4000
Bills Payable	15000	72800	Cash	250	300
	262250	255400		262250	255400

Additional information

- (i) Depreciation written off on land and building during the year 2014 is Rs. 6000.
- (ii) Land was purchased for Rs. 19,000 during the year 2014.

5. Attempt any two parts : 10 x 2 = 20

(a) What do you mean by cash flow statement? How it is prepared?

(b) Prepare fund flow statement of Ram :

Liabilities	2013	2014	Assets	2013	2014
Share Capital	105000	125000	Land and Building	100000	110000
10% debentures	15000	17500	Plant and Machinery	72000	85000
Profit and Loss	30500	23800	Stock	52000	35000
Bank O/D	34000	-	Sundry Debtors	41000	32100
Proposed Dividend	15000	6500	Bank	-	4000
Bills Payable	10000	52600	Cash	250	300

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