

Model Question Paper
MBA – I Semester
Business Accounting (NMBA013)

Time: 3 Hours

Total Marks: 100

NOTE: Attempt all questions.

PART I

1. Attempt all parts of the following: (2x10 = 20 Marks)

(a) CR :3:1 ,LR 1:1, CL=600000, Calculate stock

Liabilities	2007	2008	Assets	2007	2008
Capital	252,000	4,00,000	Cash	60,000	50,000
Long term Loan	200,000	2,40,000	Debtors	1,20,000	2,22,000
Creditor	168000	1,56,000	Stock	2,20000	2,00,000
Bank Overdraft	1,40,000	1,00,000	Building	3,20,000	4,00,000
Outstanding expenses	20,000	24,000	Furniture	60,000	48,000
	780000	920000		780000	920000

(b) Explain Cash Realization and Accrual concept

(c) “Trend analysis is helpful because moving with trends, and not against them, will lead to profit for an investor”, Comment.

(d) As a manager how would adjust outstanding salary of your employees

(e) Explain the term Cash from financing activity

(f) Explain the limitations of Ratio Analysis.

(g) “Book keeping is a part of accounting process”. Explain

(h) Deprecation is a source of fund. Comment.

(i) State some users of accounting.

(j) What is the difference between funds flow and Cash flow statement?

PART II

2. Attempt any five of the following: (10x5 = 50 Marks)

(a) Elucidate Accounting Standards and also elaborate objectives of accounting standards in the global context.

(b) The following Balance sheet & P & L A/c of X Ltd. for the year ending 31st March 2014. You are required to rearrange the items for purposes of financial analysis and calculate the following ratios; i) Current Ratio (ii) Liquid ratio (iii) Operating Exp ratio (iv) Stock Velocity (v) Fixed assets turnover ratio (vi) Debtor’s turnover ratio (vii) Return on capital employed.viii) Debt Equity

(c) Tata Motors has purchased a machinery on 1st Jan 2012 for Rs 10000. On 1st July in the same year a machinery was purchased of Rs5000. On 1st July 2013 the machinery purchased on 1st Jan 2012 was sold for Rs4000. Dep is to be provided 10% per annum on diminishing method. Prepare Machinery A/c for 2012, 2013 and 2014.

(d) Suppose you are a Modern Financial Manager , what different roles would you perform other than the Traditional Financial Manger.

(e) Draw the Cash Flow statement format via indirect method with imaginary example of your choice.

(f) State the difference between Comparative and Common size statement

(g) Explain the adjustments affecting the preparation of a balance sheet related to (i) outstanding expenses and prepaid expenses
(ii) Outstanding income and incomes received in advance .

(h) From the following Balance sheet of RR & Co. Ltd., you are required to prepare :

(i) Schedule of Changes in Working Capital

(ii) Fund Flow Statement and

(iii) Fund From Operations

Balance Sheet

liabilities	2002	2003	Assets	2002	2003
Equity Capital	1,00,0	1,00,000	Good Will	6000	6000
General Reserve	14,000	18,000	Patents	6000	6000
Profit & Loss	16,000	13,000	Building	50000	46000
Bank Overdraft	3,000	2,000	Machinery	27000	26000
Sundry Creditors	5,000	3,400	Investments	10000	11000
Bills Payable	1,200	800	Stock	20000	13400
Provision Tax	10,000	11,000	B/R	12000	13200
Proposed Dividend	6,000	7,000	Debtors	18000	19000
Provision for Debt	400	600	Cash at Bank	6600	15200
TOTAL	1,55,600	1,55,800		1,55,600	1,55,800

Additional Information

(1) Depreciation Charged on Machinery Rs. 4,000 and on Building Rs. 4,000.

(2) Provision for Taxation of Rs. 19,000 was made during the year 2003.

(3) Interim Dividend of Rs. 8,000 was Paid during the year 2003.

PART III

3. Case Study:

(1x30 = 30 Marks)

The following balances are drawn from the books of M/s Arvind Mills as on 31-12-2013:

Particulars	Amount Rs.	Particulars	Amount Rs.
Land	1,00,000	Sales	3,00,000
Building	2,00,000	Purchases	175,000
Sales returns	10,000	Stock (1-1-12)	25,000
Purchase returns	5,000	Debtors	50,000
Bank overdraft	15,200	Cash in hand	5,000
Creditors	20,000	Salaries	10,000
Wages	12,000	Goodwill	15,000
General expenses	5,000	Selling expenses	12,000
Bad debts	1,000	Insurance	1200
Capital	2,81,000		

Adjustments:

- Closing stock is Rs, 30,000,
- Provide for depreciation @ 10% on buildings
- Write off further bad debts Rs, 1,000

- Salaries yet to be paid Rs, 3,000.
- Insurance prepaid Rs 300
- Goods sent on approval basis of Rs 5000 at 6000.
- Create 5% provision on Debtors

(a) You are required to prepare Trading and P & L A/c and balance sheet of M/s Arvind Mills in vertical format.

b) What tool can be used for analysis of the Balance sheet

c) Can comparative statement be made from the above particulars.

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