



## BRAINWARE UNIVERSITY

Course – MBA

Basic Accounting and Financial Statement Analysis (MBA 106)

(Semester – 1)

**Time allotted: 3 Hours**

**Full Marks : 70**

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

**Group-A**

**(Multiple Choice Questions)**

**Choose the correct answer from the given alternatives of the following:**

**1x10=10**

1. Dual concept results in the following equation
  - a) Capital = Assets
  - b) Capital + Liabilities = Assets
  - c) Revenue = Expenses
  - d) Capital + Profit = Assets
2. Outstanding Salaries represents
  - a) A personal account
  - b) A real account
  - c) A nominal account
  - d) An asset
3. From the accounting point of view, loss means
  - a) increase in liabilities
  - b) Decrease in assets
  - c) increase in owner's equity
  - d) Decrease in owner's equity
4. Current assets not include
  - a) Cash
  - b) Debtors
  - c) Outstanding Expenses
  - d) Stock
5. The main objective of providing depreciation is to
  - a) Keep the capital intact
  - b) Replacement of assets
  - c) Reduce tax burden
  - d) none of the above
6. Based on which concept the share capital of a business is shown in the liability side
  - a) Separate entity concept
  - b) Money measurement concept
  - c) Going concern concept
  - d) Matching concept
7. Which of the following is a real account.
  - a) Salary account.
  - b) Cash accountancy.
  - c) Outstanding rent.
  - d) Purchase return account.

8. Outstanding salaries appearing in the trial balance should be
- Debited to P&L Account.
  - Shown as a liability in Balance Sheet
  - Shown as an asset in Balance Sheet
  - Both a & b above.
9. Out Standing salaries represents
- A personal account.
  - A real accountant.
  - A nominal account.
  - An assets.
10. The owner of a company included his personal medical expenses in the company's sundry expenses account. Which of the following accounting principle is violated.
- Cost concept.
  - Going concern concept
  - Business entity concept
  - Duality concept.

**Group – B**  
**(Short Answer Type Question)**  
**Answer any three questions**

**3 x 5 = 15**

1. The following is extracted from the trial balance of A Ltd. As on March 31, 2015.

Particulars	Dr. Balance	Cr. Balance
Stock as on 1 <sup>st</sup> April 2014	40000	
Sales and Sales returns	80000	960000
Purchase and Purchase returns	664000	84000
Carriage inward	27800	
Rent and Taxes	12000	
Wages	50000	

Additional information.

Closing stock as on March, 31, 2015 was Rs. 42500.

Calculate Gross Profit for the year ended March, 31, 2015.

2. The following balances are extracted from the books of S & Co. for the year ended March 31, 2015.

Particulars	Rs.
Credit Sales	936000
Debtor's balance (as on April 1, 2004)	97200
Discount allowed	5600
Cash received from debtors	840000
Return inward	22000
Carriage outward	4200

A cheque of Rs. 3100 received from Mr. Reddy, a customer, has been returned by the bank for Signature dispute. During the year, Rs. 3900 has been declared as bad debts. Show the Debtor account.

3. State the process of valuation of unsold stock for joint venture with examples.

4. Show the journal entry in the books of Mr. R. Roy-

- |            |   |
|------------|---|
| January 1. | Started business with a cash Rs. 15000 and goods Rs. 8000.  |
| January 2. | Purchased office furniture of Rs. 4000 from personal cash.  |
| January 3. | Sold goods to X Limited for Rs. 10000. 75% of the sale proceeds received in cash and balance in credit. |
| January 4. | Paid land lord Rs. 1200 for repairing window glass.   |
| January 5. | Realized the amount of credit sales in cheque.  |

5. Ray Ltd. Purchased furniture for Rs. 60000 two years ago. The current book value of the furniture is Rs. 43350. If the company charges depreciation on furniture under written down value method. Calculate the rate of depreciation. State the objective of depreciation.

**Group – C**  
**(Long Answer Type Question)**  
**Answer any three questions**

**3 x 15 = 45**

1. a) On 1<sup>st</sup> January 2001, Hindustan Ltd. purchased machinery for Rs. 12,00,000 and on 30<sup>th</sup> June 2002, one more machine of worth Rs. 2,00,000. On 31<sup>st</sup> March 2003, one of the original machinery which had cost Rs. 50,000 was found to have become obsolete and was sold as scrap for Rs. 7,000. It was replaced on that date by a new machine costing Rs. 80,000. Depreciation is to be provided @ 15% p.a. on written down value (WDV) Method. Accounts are closed on 31<sup>st</sup> December every year. Show machinery account for 3 years. Show machinery account for 3 years.

b) The Trial Balance of Mr. Suresh as on Dec. 31, 2014 showed the following balances.

Bad Debts	Rs. 2500
Provision for Bad Debts	Rs. 2250
Bad debt recovered	Rs. 1400
Sundry Debtors	Rs. 47500

Suresh wants to continue Provision for bad debts @ 10% on debtors.

Pass journal entries for the above transactions and prepare the necessary ledger accounts.

10+5

2. Discuss on any 3 of the followings

- a) Accounting cycle
- b) Convention of consistency
- c) Tangible assets
- d) External liability Vs Internal liability
- e) Current assets vs. fixed assets

3x5

3. From the following Trial balance of Ramesh as on 31.12.2004 prepare Final Accounts as on the same date.

Particulars	Debit	Credit
Capital Account		120000
Drawings	15000	
Bills Receivables	22000	
Machinery	20000	
Debtors & Creditors	60000	58000
Wages	39000	
Purchases & Sales	252000	355000
Commission		5500
Rents & Taxes	6000	
Stock on 1.1.2004	90000	
Salaries	10500	
Travelling Expenses	2000	
Insurance	600	
Repairs	3400	
Bad Debts	3500	
Furniture	9000	
Returns	5000	2000
Cash in hand and bank	2500	
	540500	540500

**Adjustments:**

1. Stock in hand on 31.12.2004 was Rs.100000.
2. Create 5% provision on debtors for doubtful debt.
3. Prepaid insurance amounted to Rs. 100
4. Wages outstanding was Rs. 1000.
5. Depreciation on Machinery @5% and Furniture @10% p.a.

15

4. a) Q Ltd, purchased on 1st January, 2008 a machine for Rs. 10,000. On 1.7.08 it again purchased another machine for Rs. 5,000. On 1.7.09 the machine purchased on 1.1.2008 was sold for Rs.4,000. On 1.7.2010 a new machine was purchased for Rs. 12,000. On the same date the machine purchased on 1.7.2008 was sold for Rs. 4,200. Depreciation was provided at 10% p.a. on the written down value every year. Show the Machinery Account for the years from 2008 to 2011.

b) State the reason behind creating provision for Bad & Doubtful Debt account.

10+5

5. What do you mean by accounting information? Who are the users of accounting information? Discuss the significance of accounting concepts and conventions with appropriate examples.

3+5+7