

00873

**MASTER OF BUSINESS ADMINISTRATION
(FULL TIME PROGRAMME)
(MBACN)**

Term-End Examination

December, 2011

MCN - 003 : PRINCIPLES OF ACCOUNTING

Time : 3 hours

Maximum Marks : 100

Note : Answer *any five* questions. All questions carry equal marks.

1. Financial statements represent the health and activity of a company. Discuss with respect to the need of the external stake holders. Illustrate with examples. 20

2. What do you understand by "Fundamental Accounting Equation", why is it important ? Explain with an illustrative example state the debit/credit rules for different types of accounts. 20

3. From the following particulars, prepare the balance sheet of the company. 20
 - Current Ratio → 2
 - Working capital ₹ 4,00,000/
 - Capital block to current asset → 3:2

- Fixed Asset to turnover → 1:3
- Sales cash/credit → 1:2
- Debenture/share capital → 1:2
- Stock velocity → 2 months
- Creditors velocity → 2 months
- Debtors velocity → 2 months
- Gross profit ratio → 25% (to sales)
- Capital block :
 - Net profit, 10% of turnover
 - Reserve, 2.5% of turnover

4. What is depreciation ? On which type of asset it is applicable ? What are different methods of evaluating it ? Illustrate 3 such methods with the help of an example. How depreciation is accounted for in final accounting statements ? 20
5. What do you mean by accounting concepts ? Explain the following concepts. 20
- (a) Business Entity Concept
 - (b) Money Measurement Concept
 - (c) Going Concern Concept
 - (d) Dual-Aspect Concept.
6. What are Accounting Standards ? What is their utility ? How many Accounting standards have been issued so far by ICAI ? Illustrate any 2 Accounting Standards. 20

7. P. Ltd. issued a prospectus inviting applications for 1,00,000 equity shares of ₹ 10 each, payable as to ₹ 2.50 with application, ₹ 3.50 on allotment and the balance on first and final call. Applications were received for 99,000 shares only and all of them were accepted. All the money of the first and final call were subsequently received in due course of time. Journalise all these transactions. 20
8. Write short notes on (*any two*) 20
- (a) LIFO and FIFO
 - (b) Fixed Assets and Current Assets
 - (c) IFRS v/s Indian GAAP
 - (d) SLM v/s WDV, method of calculating depreciation.
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