

After taking the following information in to account, prepare a Cash Flow Statement for the year ending 31.12.2016 :

- (a) Income Tax Rs. 90,000 was paid during the year.
- (b) An interim dividend of Rs. 25,000 was paid in July 2016.
- (c) Additional Plant was purchased for Rs. 25,000 during the year
- (d) Investments (Cost Rs. 25,000) were sold for Rs. 24,000.

(15)

6. Write Short Notes on **any 3** of the following :

- (a) Advantages and Limitations of Ratio Analysis
- (b) Going Concern Concept
- (c) Convention of Prudence
- (d) Salient features of Ind AS 1

(3×5)

(500)

22/5/17 morning

[This question paper contains 8 printed pages.]

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Your Roll No.....

Sr. No. of Question Paper : 7361

Unique Paper Code : 61011204

Name of the Paper : Business Accounting

Name of the Course : Bachelor of Management Studies (BMS), 2017 (CBCS)

Semester : II

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any **Five** questions.
3. **All** questions carry equal marks.
4. All subparts of a question should be attempted together.
5. Use of simple calculators is allowed.

1. (a) "The process of accounting facilitates the collection, storage and processing of financial and accounting data for various users." In the light of the given statement discuss the relevance of Accounting as an information system.

(7)

P.T.O.

(b) Record the following transactions in the Journal Proper of Mr. Sushant : (8)

(i) Paid by cheque Life Insurance Premium Rs. 5,000.

(ii) Bought goods from R & Co. for Rs. 15,000 and accepted their bill for Rs. 10,000 and gave them a cheque for the balance.

(iii) Bank returned Sunil's cheque of Rs. 10,500 as dishonoured.

(iv) Received a cheque for commission Rs. 3,600

(v) Amit, a customer returned goods invoiced at Rs. 12,000 because they were defective

(vi) An amount of Rs. 6,500 earlier written off as bad debt was recovered.

(vii) Sold goods costing Rs. 60,000 to Kabir at an invoice price 10% above cost less 5% Trade discount.

(viii) Goods worth Rs. 1,20,000 were stolen and the Insurance claim was admitted in full.

2. (a) Discuss the need and concept underlying the formulation of Ind-AS. Bring out the benefits of convergence of Ind-AS with IFRS ? (6)

PARTICULARS	Note No.	31.12.15	31.12.16
I Equity and Liabilities:			
1. Shareholders' funds			
a) Share Capital		5,00,000	5,00,000
b) Reserves and Surplus		1,92,000	2,10,000
2. Non-current Liabilities			
Provision for Tax		95,000	1,05,000
3. Current Liabilities			
Trade payables		48,750	31,900
Provision for Doubtful Debts		5,000	6,000
Total		8,40,750	8,52,900
II Assets			
1. Non-current Assets			
(a) Fixed assets			
(i) Tangible Assets			
Building		2,34,000	2,25,000
Plant and Machinery		1,91,400	2,10,150
(ii) Intangible Assets			
Goodwill		65,000	65,000
(b) Non-Current Investments		50,000	56,250
2. Current Assets			
a) Inventories		1,50,000	1,40,000
b) Trade Receivables		1,10,350	1,11,500
c) Cash and cash equivalents		40,000	45,000
Total		8,40,750	8,52,900

Inventory Rs. 8,00,000	
Quick Assets Rs. 7,60,000	
Fixed Assets Rs. 14,40,000	
Current Liabilities Rs. 6,00,000	
Net Profit before Interest and Tax Rs. 8,00,000	(10)

(b) Using the Multivariate model of Corporate Distress Prediction developed by Edward Altman (1968), comment on the financial health of Gagan Ltd on the basis of the information given below : (5)

Working Capital to Total assets	: 42%
Retained Earnings to Total Assets	: 28%
EBIT to Total Assets	: 35%
Market Value of Equity and Preference to Book Value of Total Debt	: 4 times
Sales to Total Assets	: 6 times

5. The summarized Balance Sheet of Jay Ltd as on 31.12.15 and 31.12.2016 are as follows :

(b) From the following details prepare the three-column Cashbook of M/s Motilal and Sons for the month of April, 2017 : (9)

April, 2017

- 1 Cash in hand Rs. 2,300: Balance at Bank 24,500
- 5 Sale proceeds of household furniture Rs. 15,000 was deposited with the bank.
- 9 Paid by cheque to Mayank Rs. 10,000 on account.
- 12 Received a cheque of Rs. 4,500 from Lavanya in full settlement.
- 13 Deposited Lavanya's cheque in the bank.
- 16 Bank returned Lavanya's cheque as dishonoured.
- 18 Sold goods for cash Rs. 12,500
- 20 An advance of Rs 1,000 for travelling was given to the Salesman.
- 25 Received Rs. 4,500 from Raj, in full settlement of Rs. 4,750 due from him
- 28 Paid cash Rs. 3,800 to Shiv in full settlement of Rs. 4,000.
- 29 Drew for office use from bank Rs. 5,700.
- 30 Paid by cheque salaries Rs. 23,400; rent Rs. 4,900 and sundry expenses 19,850 in cash.

3. From the following Trial Balance of Mr. Narendra Singh for the year ending 31.03.2017 and additional information given, prepare Trading and Profit and Loss A/c and Balance Sheet as at 31.3.2017 : (15)

Trial Balance

Particulars	Amount (in Rs)	
	Dr.	Cr.
Opening Stock	62,500	
Capital		4,64,000
Debtors and Creditors	75,000	43,750
Purchases and Sales	5,00,000	8,75,000
Carriage	10,000	
Wages and Salaries	31,250	
Commission		16,750
Machinery	1,38,750	
Furniture	25,000	
Bad debts recovered		8,000
B/R and B/P	37,500	33,750
Land and Buildings	5,00,000	
Taxes and Insurance	21,250	
10% Bank Loan		50,000
Interest on Bank Loan	3,000	
Bank	24,500	
Drawings	62,500	
	14,91,250	14,91,250

Additional Information :

- (i) Value of Closing Stock, as on 31st March, 2017 is Rs. 50,000.
 - (ii) Wages and Salaries outstanding is Rs. 12,500 and Insurance prepaid is Rs. 5,000.
 - (iii) Depreciate Machinery and Furniture @10% and 15% per annum respectively.
 - (iv) Machinery included a machine which was purchased for Rs. 38,500 on 30th September, 2016.
 - (v) Goods costing Rs. 10,000 were taken by the proprietor for his personal use, but no entry has been made in the books of accounts.
4. (a) From the following information relating Seven Seas Ltd. calculate : (i) Gross Profit Ratio (ii) Inventory Turnover Ratio (iii) Current Ratio (iv) Interest Coverage Ratio (v) Debt-Equity Ratio :
- Sales Rs. 25,20,000
- Cost of Sales Rs. 19,20,000
- 10% Long-term Debts Rs. 9,00,000