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Roll No.....

Sr. No. of Question Paper : 2522
Unique Paper Code : 248103
Name of the Paper : Fundamentals of Business & Accounting
Name of the Course : B.A. (Hons) Business Economics, 2013
Semester : I
Duration : 3 hours
Maximum Marks : 75

Write your Roll No. on the top immediately on receipt of this question paper.

Attempt all Sections.

Follow the instructions given with each Section.

Use of simple calculator is allowed.

SECTION A

Attempt all the questions

Q1. What is Network Marketing ? Discuss the advantage of Network Marketing. (10)

Or

“The external environment of business is dynamic.” Elucidate with the help of appropriate examples. (10)

Q2. Write short notes on any *two* of the following:

(a) Accounting Equation

(b) Going concern concept

(c) Procedure of issuing Accounting Standards in India

(2x5=10)

P. T. O.

SECTION B

Attempt any three questions

Q3. From the following balances taken from the Ledger of Ms. Angelina on 31 March, 2013, prepare the Trading and Profit and Loss Account for the year ended 31 March, 2013 and the Balance Sheet on that date:

Sundry creditors	Rs. 19,000	Bad debts	Rs. 100
Building	15,000	Loan from Victoria	2,500
Income tax	1,025	Sundry debtors	9,500
Loose tools	1,000	Investments	6,500
Cash at Bank	16,200	Bad Debt Reserve	1,600
Sundry expenses	1,990	Rent and rates	850
Bank Interest (credit)	75	Furniture	3,000
Purchases	1,57,000	Stock (1.4.2012)	27,350
Wages	10,000	Capital	47,390
Carriage Inwards	1,120	Discount Allowed	630
Sales	1,85,000	Dividend Received	535
Motor Van	12,500	Drawings	2,000
Cash in hand	335	Bills payable	10,000

Adjustments:

1. Write off further Rs.300 as bad debts out of sundry debtors and create a reserve for bad debts at 20% on debtors.
2. Dividend accrued and due on investments is Rs. 135. Rates paid in advance Rs.100 and wages owing Rs.450.
3. On 31.3.2013 stock was valued at Rs. 15,000 and Loose tools were valued at Rs.800.
4. Write off 5% for depreciation on building and 40% on Motor van.
5. Provide for interest at 12% p.a due on loan taken on 1-6-2012.
6. Manager is entitled to a commission of 5% on net profits.

(15)

Q4.(a). B Ltd had an opening stock of 500 units @Rs.20 per unit on 1st January 2012.

It purchased raw materials during the month of January to March 2012 as stated below:

January 1	400 units @Rs.21 per unit
February 1	800 units @Rs.24 per unit
March 1	500 units @Rs.25 per unit

Issues were as under:

January 15	600 units
February 15	500 units
February 20	500 units
March 15	400 units

Find out the cost of closing stock at the end of March 2012 as per Weighted Average method according to perpetual inventory system and periodic inventory system for the quarter. (7)

(b) On January 1, 2010 X Ltd purchased a machine for Rs. 50,000 and spent Rs.2,000 on its erection. On July 1st 2010, additional machine costing Rs. 20,000 was purchased. On July 1st 2012, the machine purchased on January 1, 2010 was sold for Rs. 28,600 and on the same date a new machine was purchased at a cost of Rs. 40,000. Depreciation was provided for annually on December 31st @10% per annum on written down value of the machinery. If in 2013, the company decided to change the method of depreciation from written down value to straight line method @ 5% per annum with effect from January 1, 2010, prepare the machinery account for the four calendar years. (8)

Q5. U Ltd. had the following Trial Balance as at 31-3-2012:

Debit	Amount	Credit	Amount
Cash	7,500	Current Liabilities	15,0000
Accounts Receivable	30,000	Long Term Notes Payable	25,500
Investment	20,000	Bonds Payable	25,000
Plant Assets	67,500	Capital Stock	75,000
Land	40,000	Retained Earnings	24,500
	1,65,000		1,65,000

During 2012-2013, the following transactions took place

- A tract of land was purchased for 7,750 in cash
- Bonds payable in the amount of 6,000 were retired for cash at face value
- An additional Rs. 20,000 Equity shares were issued at par for cash

P. T. O.

- (d) Dividend of Rs. 9,375 was paid
- (e) Net income for 2012-2013 was Rs.28,450 after allowing for depreciation of Rs. 9,500.
- (f) Land was purchased through the issue of Rs. 22,500 in bonds
- (g) U Ltd. sold a part of its investment for Rs. 12,875 cash. The transaction resulted in a gain of Rs. 1,375 for the firm
- (h) Current Liabilities increased to Rs. 18,000 at 31-3-2013
- (i) Accounts Receivable at 31-3-2013 totalled Rs. 38,000.

Prepare a statement of cash flow for the year 2012-2013 as per the AS-3 (Revised). (15)

Q6. Ratio analysis is an important tool for analyzing the liquidity, solvency and profitability of a company. Explain with suitable examples. (15)

SECTION C

Q7. A company has fixed expenses of Rs.90,000 with sales at Rs.3,00,000 and a profit of Rs.60,000 during the first half year. If in the next year, the company suffered loss of Rs.30,000, Calculate:

- (i) The P/V ratio, break-even point and margin of safety for the first half year.
- (ii) Expected sales volume for next half year assuming that selling price and fixed expenses remain unchanged.
- (iii) The break-even point and margin of safety for the whole year (10)

Or

- (i) Explain briefly the different elements of cost. (5)
- (ii) What are the advantages and limitations associated with cost accounting? (5)