

Hours. — III

XEV(H-2)—BBM(3)

B.B.M.
IInd year 2015

Time : 3 Hours

Full Marks : (75) 100

BUS. ACC
&
FM

Candidates are required to give their answers in their own words as far as practicable.

The questions are of equal value

Answer any five questions, selecting atleast two from each Group.

Group—A

1. What is the concept of time value of Money ?
Examine the various techniques employed to adjust the time value of Money.
2. What do you understand by 'under capitalisation' ?
What are its effects ? Also state the steps to be taken for its correction.
3. What are debentures ? What types of debentures can a joint stock company issue ? Evaluate debentures as a source of funds.
4. What is meant by Financial leverage ? How does it magnify the revenue available for equity shareholders ? Also discuss its limitations.

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(1)

(Turn Over)

5. Calculate :

(a) Current Assets

(b) Liquid Assets

(c) Inventory

(d) Current liabilities

Current Ratio—2.6 : 1

Liquid Ratio—1.5 : 1

Current liabilities—₹ 40,000

Group—B

6. Write an essay on 'Accounting standards' in India.
7. From the following Trial Balance, Prepare a Trading and Profit & Loss A/c for the year ended 31st March 2014 and Balance sheet as on that date :

	Dr. ₹	Cr. ₹
Furniture	640	—
Motor vehicles	6,250	—
Building	7,500	—
Capital Account	—	12,500
Bad Debts	125	—
Sundry Debtors & Creditors	3,000	2,500
Stock on 1 April 2013	3460	—
Purchase & Sales	5,475	15,450
Sales & Purchase Return	200	125
Advertising	450	—

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(2)

(Contd)

Interest	118	—
Commission	—	375
Cash in hand	650	—
Taxes & Insurance	1,250	—
General Charges	782	—
Salaries	3,300	—
Reserve for Bad Debts	—	200
Bank Overdraft	—	2850
	<u>34,000</u>	<u>34,000</u>

Adjustment :

(a) Stock in hand on 31st March 2014 was ₹ 3250

(b) Insurance Prepaid ₹ 50

(c) Salaries outstanding ₹ 300

(d) Create a reserve for Bad Debts @ 10%

8. There was an error in the Trial Balance of Mr. Rajesh on 30th June 2014 and the difference in books which stood at ₹ 14,800 (short in cr. side) was carried to Suspense Account. On going through the book, you find that :

(a) ₹ 5400 received from Mr. M. Mehta were posted to the debit side of his account.

(b) ₹ 1000 being purchase return were posted to the debit side of Purchase A/c.

(c) Discount ₹ 2000 receivable were posted to the debit side of Discount A/c.

(d) ₹ 3740 paid for repairs to Motor car were debited to Motor Car A/c 1,740.

(e) ₹ 4000 paid to C. Dhruv were debited to the account of G. Dhruv.

Give Journal Entries to rectify the above errors and Suspense A/c.

9. What are Investment Accounts ? Discuss the accounting treatment of purchase and sale of Investments in the books of a company. Give Journal entries with imaginary Figures.

10. (a) Discuss scope of Accounting.

(b) The following information is given to you :

(i) Hari started business with cash ₹ 25,000

(ii) Goods purchased on credit from Ram ₹ 10,000

(iii) Goods costing ₹ 1,500 sold to Mahesh in credit ₹ 1,800

Develop the Accounting Equations.