

00035

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

**Term-End Examination**

**June, 2012**

**MCN-003 : PRINCIPLES OF ACCOUNTING**

*Time : 3 hours*

*Maximum Marks : 100*

---

*Note : Attempt any five questions.*

---

1. Explain *any two* of the following concepts : **10+10**
  - (a) Money Measurement concept
  - (b) Cost concept
  - (c) Full Disclosure concept
  - (d) Consistency concept
  
2. What is a Trial Balance ? Why is it prepared ? **20**  
Discuss the procedure of preparing a trial balance.
  
3. "Ratio analysis is a tool to examine the health of a business with a view to make financial results more intelligible." Explain. **20**
  
4. Define the term 'Cash Flow'. What are the objectives of preparing a Cash Flow Statement ? Explain and illustrate the procedure of preparing a Cash Flow Statement. **20**

5. Define depreciation. Explain the factors influencing the choice of a depreciation method. Discuss the financial considerations involved in the choice of a depreciation policy. 20
6. Journalise the following, post them into ledger and prepare a trial balance. 20
- (a) Furniture purchased Rs. 2,00,000
  - (b) Bad debts Rs. 5,000
  - (c) Discount allowed Rs. 1,000
  - (d) Sales return Rs. 3,000
  - (e) Goods purchased on credit Rs. 70,000
  - (f) Cash sales Rs. 50,000
  - (g) Rent paid to landlord Rs. 10,000
  - (h) Cash withdrawn for personal use Rs. 5000
  - (i) Depreciation charged on Fixed assets Rs. 6000.
  - (j) Cash received from debtors Rs. 60,000
7. What is LIFO method of valuation of inventory ? Under what circumstances this method is useful ? Discuss the limitations of this method. 20
8. Discuss the legal provisions regarding issue and buy back of equity shares. 20
-