

19. Explain briefly the steps to be following in preparing funds flow statement.

20. Lakshmi & Co. is desirous to purchase a business and has consulted you and one point on which you are asked to advise them is the average amount of working capital which will be required in the first year's working.

You are given the following estimates and instructed to add 10 % to your completed figure to allow for contingencies.

Figures for
the year Rs.

(i) *Amount blocked up for stocks :*

Stock of finished product - 5,000

Stock of stores, material, etc. - 8,000

(ii) *Average credit given :*

Inland sales 6 weeks credit - 3,12,000

Export sales 1½ weeks
credit - 78,000

Register Number :

Name of the Candidate :

6 7 8 7

**B.B.A. (Applied Management)
DEGREE EXAMINATION, 2008**

(SECOND YEAR)

(PART - III)

(PAPER - V)

220. FINANCIAL ACCOUNTING

December]

[Time : 3 Hours

Maximum : 100 Marks

SECTION - A (10 × 2 = 20)

Answer ALL questions.

All questions carry equal marks.

1. What is ledger ?
2. What are real accounts ?
3. Write a short note on 'Prime Cost'.

Turn over

4. Write a note on 'Cost Volume Profit Analysis'.
5. State the term 'Financial Statement'.
6. What is 'Funds Flow Statement' ?
7. What is P/V ratio ?
8. What is the concept of working capital ?
9. Write any two importance of financial management.
10. Define marginal cost.

SECTION - B (4 × 10 = 40)

Answer any FOUR questions.

All questions carry equal marks.

11. Journalise the following :

- (a) Booked an order with Mr. Rakesh for Rs. 4,000.
- (b) Paid wages for construction of building Rs. 1,500.
- (c) Goods given as charity worth Rs. 500.
- (d) X closed his account by paying us Rs. 950 after deducting 5 % cash discount.

18. Mr. Muthu runs a tempo service in the town and has two vehicles. He furnishes you the following data and wants you to compute the cost per running km.

	Vehicle - A Rs.	Vehicle - B Rs.
Cost of vehicle	25,000	15,000
Road licence per year	750	750
Supervision and salary (yearly)	1,800	1,200
Driver's wages per hour	4	4
Cost of fuel per litre	1.50	1.50
Repairs and maintenance per km.	1.50	2.00
Tyre cost per km.	1.00	0.80
Garage rent per year	1,600	550
Insurance (yearly)	150	500
Km. run per litre	6	5
Km. run during the year	15,000	6,000
Estimated life of vehicle km.	1,00,000 km.	75,000 km.

Charge interest at 10 % p.a. on the cost of the vehicle. The vehicles run 20 km. per hour on an average.

Turn over

	Rs.
Carriage on purchases	- 3,600
Provision for doubtful debts-	1,000
Bad debts written - off	- 1,600

Adjustments :

- (i) Stock on 31-12-2005 was estimated as Rs. 40,120.
- (ii) Write - off depreciation on business premises Rs. 600 and furniture Rs. 520.
- (iii) Make a provision of 5 % on debtors for bad and doubtful debts.
- (iv) Allow interest on capital at 5 % and carry forward Rs. 1,400 for unexpired insurance.

Prepare final account for the year ended 31-12-2005.

(e) Paid Rs. 600 to Shyam on account of Mohan.

(f) Received commission from Harish Rs. 100.

12. What are main objectives of cost accounting ?

13. What are the types of financial analysis ?

14. The following information of a company is given :

Current ratio 2.5 : 1 ;

Acid - test ratio 1.5 : 1 ;

Current liabilities Rs. 50,000.

Find out :

- (a) Current assets.
- (b) Liquid assets.
- (c) Inventory.

15. Explain scope of financial management.

Turn over

16. The sales turnover and profit during two years were as follows :

Year	Sales Rs.	Profit Rs.
2004	1,40,000	15,000
2005	1,60,000	20,000

You are required to calculate :

- P/V ratio.
- Sales required to earn a profit of Rs. 40,000.
- Profit when sales are Rs. 1,20,000.

SECTION - C (2 × 20 = 40)

Answer any TWO questions.

All questions carry equal marks.

17. The following are the ledger balances extracted from books of Raja :

	Rs.
Raja's capital	- 50,000
Bank over draft	- 8,400

	Rs.
Furniture	- 5,200
Business premises	- 40,000
Creditors	- 26,600
Opening stock	- 44,000
Debtors	- 36,000
Rent from tenants	- 2,000
Purchases	- 2,20,000
Sales	- 3,01,000
Return inwards	- 5,000
Discount (Cr.)	- 800
Taxes and insurance	- 4,000
General expenses	- 8,000
Salaries	- 18,000
Commission allowed	- 4,400

Turn over

	Figures for the year Rs.
(iii) <i>Lag in payment of wages and other out going :</i>	
Wages 1½ weeks	- 2,60,000
Stock, materials, etc. 1½ months	- 48,000
Rent, royalty etc. 6 months	- 10,000
Clerical staff ½ month	- 62,400
Manager ½ month	- 4,800
Miscellaneous expenses 1½ months	- 48,000
(iv) <i>Payment in advance :</i>	
Sundry expenses (paid quarterly in advance)	- 8,000
(v) Undrawn profit on the average throughout the year	- 11,000
Set up your calculations for the average amount of working capital required.	

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