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Prepare a cost sheet to show the prime cost, factory cost and total cost of production of 3,000 units.

- 8. From the following particulars, calculate the sales required to earn a profit of Rs. 1,20,000 :

	Rs.
Sales	- 6,00,000
Variable costs	- 1,37,500
Fixed costs	- 1,80,000

- 9. What is capital budgeting? State its importance.
- 10. Explain the concept of working capital.

SECTION - B (3 × 20 = 60)

*Answer any THREE questions.
All questions carry equal marks.*

- 11. From the following trial balance as on 31st March, 2010, prepare the trading and profit and loss account for the year ended 31st March, 2010 and a balance sheet as on that date :

Register Number :

Name of the Candidate :

5 6 9 1

B.C.A. DEGREE EXAMINATION, 2010

(SECOND YEAR)

(PART - III)

(PAPER - VIII)

620 / 220. BUSINESS AND ACCOUNTING

(New Regulations and Revised Regulations)

(Including Lateral Entry Systems)

December] [Time : 3 Hours

Maximum : 100 Marks

SECTION - A (8 × 5 = 40)

*Answer any EIGHT questions.
All questions carry equal marks.*

- 1. Why and how trial balance is prepared ?

Turn over

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2. Draft journal entries for the following transactions :

- (a) Purchased goods for cash from M/s. X & Co. Rs. 5,000.
- (b) Purchases returns to M/s Y & Co. Rs. 500.
- (c) Bought furniture from Godrej Company for cash Rs. 30,000.
- (d) Insurance premium paid in advance Rs. 600.

3. State the limitations of financial statements analysis.

4. What is meant by ratio analysis ?

5. How does marginal cost differs from total cost ?

6. Rectify the following errors unearthed before the preparation of trial balance :

- (a) Good sold to Exe for Rs. 500 has been entered in the purchases book.

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- (b) Rs. 5,250 paid for wages to workmen for construction of cycle shed has been debited to wages account.
- (c) Insurance premium paid Rs. 300 on proprietor's life insurance policy has been debited to sundry expenses account.
- (d) Goods returned by Wye Rs. 200 was found to be unrecorded though included in stock on hand.

7. A small scale manufacturer has given to you the following information relating to the manufacture of a standard product (output 3,000 units) for the month of March, 2010 :

	Rs.
Raw materials consumed	- 60,000
Direct wages	- 18,000
Manufacturing overheads	- 11,280
Administrative overheads	- 18,100
Selling overheads	- 6,250

Turn over

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Trial Balance as on 31-3-2010

Particulars	Rs.	Rs.
Drawings	20,000	-
Capital	-	1,89,000
Plant and Machinery	80,000	-
Sundry debtors	70,000	-
Sundry creditors	-	50,000
Purchases	1,03,000	-
Sales	-	2,20,000
Sales returns	10,000	-
Wages	40,000	-
Cash in hand	5,000	-
Cash at bank	10,000	-
Salaries	38,000	-
Stock on hand (1-4-2009)	45,000	-
Rent	10,000	-
Manufacturing expenses	7,000	-
Bills receivable	12,000	-
Bills payable	-	20,000
Bad debts	5,000	-
Carriage inwards	9,000	-
Furniture	15,000	-
	4,79,000	4,79,000

Stock on 31st March, 2010 was valued at Rs. 50,000.

Turn over

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12. What do you understand by flexible budget ?
When it is desirable to prepare ?
13. The expenses for budgeted production of 10,000 units of a standard product in a factory are furnished below :

	Per unit
Materials	140
Labour	50
Variable overheads	40
Fixed overheads (Rs. 2,00,000)	20
Variable expenses (Direct)	10
Selling expenses (10 % fixed)	26
Distribution expenses (20 % fixed)	14
Administration expenses (Rs. 1,00,000)	10
Total cost per unit	310

Prepare a budget for production of 8,000 units and 6,000 units and indicate cost per unit at both levels.

Assume that administration expenses are fixed for all levels of production.

- 14. What is funds flow statement? State its managerial uses.
- 15. A company is considering to replace an existing machine by the new one. There are two models M_1 and M_2 of the new machine. Prepare a statement of profitability sharing the pay-back period from the following information and advise the company about the model to be preferred from the information given below :

	Model M_1	Model M_2
Estimated life (years)	4	5
	Rs.	Rs.
Cost of machine	18,000	36,000
Estimated savings in scrap	1,000	1,600
Estimated savings in direct wages	12,000	16,000
Additional cost of maintenance	1,600	2,000
Additional cost of supervision	2,400	3,600

Stock on 31st March, 2009 was valued at Rs. 26,800.

Prepare the final accounts for the year ended 31st March, 2009.

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B.C.A. DEGREE EXAMINATION, 2010

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620 / 220. BUSINESS AND ACCOUNTING

(New Regulations and Revised Regulations)

(Including Lateral Entry)

May]

[Time : 3 Hours

Maximum : 100 Marks

SECTION - A (8 × 5 = 40)

Answer any EIGHT questions.

All questions carry equal marks.

1. What is Trial Balance? State the errors disclosed by it.

Turn over

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2. The following data are extracted from the published accounts of two companies :

	EXE Ltd. Rs.	WYE Ltd. Rs.
Sales	32,00,000	30,00,000
Profits after tax	1,23,000	1,58,000
Equity capital	10,00,000	8,00,000
Long term debt	8,00,000	6,60,000
Creditors	3,82,000	5,49,000
Short term bank credit	60,000	2,00,000
Inventories	3,31,000	8,09,000
Other current assets	5,44,000	4,52,000
Fixed assets	15,59,000	15,90,000

You are to prepare a statement of comparative liquidity and profitability ratios of the two companies.

3. Explain briefly how comparative income statements are prepared.
4. Explain any two methods of costing.

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15. The following is the trial balance of a small scale manufacturer as on 31st March, 2009 :

	Debit Rs.	Credit Rs.
Cash in hand	540	-
Cash at bank	12,630	-
Purchases	1,40,675	-
Sales	-	2,58,780
Returns inwards	2,680	-
Returns outwards	-	1,500
Wages	20,480	-
Fuel and power	4,730	-
Carriage on sale	3,200	-
Carriage on purchases	2,040	-
Stock (1-4-2008)	25,760	-
Buildings	30,000	-
Freehold land	20,000	-
Machinery	20,000	-
Patents	7,500	-
Salaries	15,000	-
General expenses	13,000	-
Insurance	600	-
Drawings	15,245	-
Capital	-	82,000
Sundry debtors	14,500	-
Sundry creditors	-	6,300
	3,48,580	3,48,580

Turn over

13. Define marginal costing and explain the advantage of marginal costing.
14. The expenses for the production of 5,000 units in a factory are given as follows :

	Per Unit Rs.
Materials	50
Labour	20
Variable overheads	15
Fixed overheads (Rs. 50,000)	10
Administrative expenses (5 % variable)	10
Selling expenses (20 % fixed)	6
Distribution expenses (10 % fixed)	5
Total cost per unit Rs.	116

You are required to prepare a budget for the production of 7,000 units.

5. There are two projects, X and Y. Each projects requires an investment of Rs. 20,000. You are required to rank these projects according to the Pay Back Method from the following information :

Year	Project - X Rs.	Project - Y Rs.
1	1,000	2,000
2	2,000	4,000
3	4,000	6,000
4	5,000	8,000
5	8,000	-

6. Why is capital budgeting significant for a firm ?
7. A manufacturer of medicines used machines for personal purposes worth Rs. 200, distributed as samples worth Rs. 1,500 and gave to his office staff worth Rs. 1,000 for their personal use.

Show the treatment of these items in accounts.

8. Explain the various kinds of working capital.

Turn over

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9. Find out the balance or overdraft as per pass book from the following particulars :

- (a) Bank overdraft as per cash book on 30th April, 2009 Rs. 2,000.
- (b) Cheques issued but not presented for payment Rs. 1,350.
- (c) Cheques deposited but not yet collected by bank Rs. 500.
- (d) Bank charges Rs. 80 made by the bank not yet entered in the cash book.
- (e) Interest on investments collected by the bank and credited in the pass book amounted to Rs. 905.

10. State the objectives of budgetary control.

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SECTION - B (3 × 20 = 60)

Answer any THREE questions.

All questions carry equal marks.

11. Describe the different methods used for financial statement analysis.

12. Draft journal entries to rectify the following errors :

- (a) Paid wages for the construction of a cycle shed debited to wages account.
- (b) Purchased goods for the personal use of the proprietor Rs. 300, debited to purchases account.
- (c) Paid repairing charges on an old machinery purchased Rs. 2,500 debited to general expenses account.
- (d) Paid rent to landlord Rs. 3,000, debited to landlord's account.
- (e) Sold old furniture for Rs. 150, passed through sales book.

Turn over

Register Number :

Name of the Candidate :

1 7 6 8

B.C.A. DEGREE EXAMINATION, 2011

(SECOND YEAR)

(PART - III)

(PAPER - VIII)

220. BUSINESS AND ACCOUNTING

(*Including Lateral Entry System*)

May]

[Time : 3 Hours

Maximum : 100 Marks

SECTION – A (8 × 5 = 40)

Answer any EIGHT questions.

All questions carry equal marks.

1. What is 'Journal'? What are the subdivisions of Journal?

Turn Over

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2. Rectify the errors in the followings statements before the preparation of Trial Balance:

- (a) A sale of old furniture for ₹ 860 has been passed through to sales book.
- (b) Licence fee for the proprietor's gun ₹ 300 has been debited to renewal expenses account.
- (c) ₹ 3,750 paid for wages to carpenters for making show - cases had been charged to wages account.
- (d) Goods sold to S.Lal & Sons for ₹ 540 has been entered in the sales book as ₹ 450.

3. State the need for financial statements analysis.
4. Explain the usefulness of Trend percentages in the interpretation of financial performance of a company.
5. What are the salient features of marginal costing?

7

Taxation to be regarded at 50% of profit before charging depreciation. Which model would you recommend to the company for business?

14. What is Budgetary control? State its objectives.
15. For the production of 10,000 Electrical Automatic Irons, the following are the budgeted expenses:

	Per unit ₹
Direct materials	- 60
Direct labour	- 30
Variable overheads	- 25
Fixed overheads (₹1,50,000)-	15
Variable expenses (Direct)	- 5
Selling expenses (10% Fixed)	- 15
Administration expenses (₹30,000 rigid for all levels of production)	- 5
Distribution expenses (20% fixed)	- 5
Total cost of sale per unit	160

Prepare a Budget for production of 6,000 irons showing distinctly the cost per unit.

4

8. You are given the following data for the year 2009 – 2010.

	₹
Variable cost	6,00,000
Fixed cost	3,00,000
Net profit	1,00,000
Sales	10,00,000

Find :

(a) P/V Ratio

and (b) B.E.P.

9. State the methods of ranking investment proposals.

10. What is marginal costing? State its utility.

SECTION – B (3 × 20 = 60)

Answer any THREE questions.

All questions carry equal marks.

11. From the following particulars, prepare a cost sheet showing

(i) The cost of materials consumed,

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(ii) Prime cost,

(iii) Works cost,

(iv) Total cost

and (v) Profit.

	₹
Stock of raw materials (1st Jan., 2009)	30,850
Work-in-progress (1.1.2009)	60,850
Purchases of raw materials	1,43,250
Direct wages	1,78,500
Factory overheads	1,42,800
General overheads	1,12,700
Stock of raw materials (31st Dec., 2009)	37,700
Work-in-progress (31st Dec., 2009)	67,750
Sales for the year	8,60,625

12. Explain the various factors influencing the working capital requirement.

Turn Over

13. None such company is considering the purchase of a new machine which will carryout some operations performed manually. X and Y are alternative models. From the following information, you are required to prepare a profitability statement and work out the pay-back period for each model.

	Model - X	Model - Y
Estimated life (years)	5	6
Cost of Machine (₹)	1,50,000	2,50,000
Cost of Indirect Materials (₹)	6,000	8,000
Estimated savings in scrap (₹)	10,000	15,000
Additional cost of maintenance (₹)	19,000	27,000
<i>Estimated earnings in direct wages (₹)</i>		
Employees not required (number)	150	200
Wages per employee (₹)	600	600

6. Draft Journal entries to record the following transactions:

- (a) Started business with cash borrowed from wife ₹ 1,00,000.
- (b) Paid A 1,950 in full settlement of his account for ₹ 2,000.
- (c) Draw goods for domestic consumption amounting to ₹ 1,200.
- (d) Paid customs duty by cheque ₹ 3,000.

7. Calculate the Gross profit ratio from the following information:

	₹
Sales	1,00,000
Sales returns	10,000
Opening stock	20,000
Purchases	60,000
Purchases returns	15,000
Closing stock	5,000

Turn Over