

USN

--	--	--	--	--	--	--	--	--	--

07MCA11A

First Semester MCA Degree Examination, May/June 2010
Accounting and Financial Management

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions.

- 1 a. What is a trial balance? Why and how is it prepared? (05 Marks)
- b. From the following trial balance of Akash, prepare trading and profit & loss account and Balance sheet as on 31st March 2009.

Trial Balance as on 31-03-2009

S.No.	Particulars	Debit (Rs)	Credit (Rs)
1	Akash's capital	-	3,50,000
2	Akash's drawings	8,000	-
3	Purchases and sales	1,00,000	1,36,000
4	Returns	7,000	5,000
5	Wages	14,000	-
6	Fuel and power	1,800	-
7	Carriage outwards	1,900	-
8	Carriage inwards	1,000	-
9	Discount received	-	16,000
10	Commission allowed	1,100	-
11	Bad debts	1,300	-
12	Salaries	14,500	-
13	Sundry debtors and sundry creditors	23,000	18,000
14	Bank over-draft	-	5,000
15	Bills payable & bill receivable	12,000	6,000
16	Rent & taxes	1,700	-
17	Insurance	1,400	-
18	Postage	200	-
19	Land & Buildings	3,25,000	-
20	Plant & machinery	13,000	-
21	Furniture	3,000	-
22	Stock as on 1-4-2008	5,600	-
23	Cash in hand	500	-
		5,36,000	5,36,000

Adjustments :

- i) Closing stock Rs. 15,000.
- ii) Outstanding expenses: Wages Rs.500; Salaries Rs. 700.
- iii) Prepaid expenses: Rent Rs.200; Insurance Rs.100.
- iv) Write off further bad-debts Rs.500.
- v) Create 3% reserve for discount on creditors.
- vi) Provide 4% reserve for bad-debts and 5% reserve for discount on debtors.
- vii) Allow interest on drawings @ 5% p.a. and interest on capital Rs.700.
- viii) Depreciate plant and machinery @ 6% furniture @ 8%.

(15 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
 2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

2 a. Distinguish between cost accounting and financial accounting. (05 Marks)

b. A company manufactured and sold 100 computers. Following are the particulars for the year 2008.

Materials	Rs. 3,20,000
Wages	Rs. 4,80,000
Factory overheads	Rs. 2,00,000
Office overheads	Rs. 3,60,000
Selling & distribution overheads	Rs. 1,20,000
Sales	Rs.16,00,000

Estimations for the year 2009 are:

- i) Production and sales 300 computers
- ii) Material cost will increase by 20%
- iii) Wages will increase by 5%.
- iv) Factory overhead will increase in proportion to the combined cost of materials and wages.
- v) Selling & distribution costs per unit will remain the same.
- vi) Office expenses will not be affected.

Prepare an estimated cost sheet for the year 2009, showing a profit of 10% on sales.

(15 Marks)

3 a. Define marginal costing. Briefly explain the advantages of marginal costing. (05 Marks)

b. The following data is supplied:

Fixed cost	Rs. 6000
Variable cost	Rs. 200 per ton
Selling price	Rs. 600 per ton

The units produced and sold are 30 tons. Draw a break even chart and calculate

- i) P/V ratio
- ii) Break even point
- iii) Margin of safety.

(15 Marks)

4 a. Distinguish between cash flow and fund flow analysis. (05 Marks)

b. From the following balance sheets of X Ltd., on 31st December 2007 and 2008, you are required to prepare i) A schedule of changes in working capital ii) A funds-flow statement.

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share capital	1,00,000	1,00,000	Goodwill	2,000	2,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit & loss A/c	6,000	3,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investments	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	4,000	600	Debtors	18,000	19,000
			Cash/bank	6,600	15,200
	1,45,600	1,45,800		1,45,600	1,45,800

The following additional information has also been given:

- i) Depreciation charged on plant was Rs.4000 and on building Rs.4000.
- ii) Provision for taxation of Rs,19000 was made during the year 2008.
- iii) Interim dividend of Rs.8000 was paid during the year 2008.

(15 Marks)

- 5 a. What do you mean by ratio analysis? Mention the various classifications of ratios. (05 Marks)
- b. MEGHA factory, engaged in an industry, which is capital intensive, has been in operation for five years. The capital employed is Rs. 170 lakhs, out of which Rs.100 lakhs represents equity capital and reserves, Rs. 50 lakhs long term borrowings on debentures and Rs.20 lakhscash credit from banks. The working capital of the company Rs. 85 lakhs is made up of stocks Rs.30 lakhs; stores Rs. 14 lakhs; debtors Rs.35 lakhs and advances and deposits Rs.6 lakhs. Annual sales is Rs.80 lakhs.
Calculate the following ratios for use of the management:
i) Current ratio ii) Liquidity ratio iii) Debt-Equity ratio
iv) Proprietary ratio v) Fixed assets ratio. (15 Marks)

- 6 a. What do you mean by networking capital? Briefly explain the different determinants of working capital. (05 Marks)
- b. You are supplied with the following information in respect of Geeta Ltd., for the ensuing year:

Production for the year	69000 units
Finished goods on stores	3 months
Raw material in store	2 months
Production process	1 month
Credit allowed by creditors	2 months
Credit given by debtors	3 months
Selling price per unit	Rs.50
Raw material	50% of selling price
Direct wages	10% of selling price
Overheads	20% of selling price

There is regular production and sales cycle and wages and overheads occur evenly. Wages are paid in the next month of accrual. Material is introduced in the beginning of production cycle. Find the required working capital. (15 Marks)

- 7 a. Define C.V.P. analysis. Briefly discuss the various utilities of C.V.P. analysis. (05 Marks)
- b. Draw a flexible budget for overhead expenses on the basis of the following data. Determine the overhead rates @ 70%, 80% iand 90% plant capacity.

<u>Variable overheads</u>	@ 80% capacity (Rs)
Indirect labour	12,000
Stores including spares	4,000
<u>Semi-variable overheads</u>	
Power (30% fixed, 70% variable)	20,000
Repairs and maintainance (60% fixed, 40% variable)	2,000
<u>Fixed overheads</u>	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
	Total overheads
	62,000
Estimated direct labour hours	124000 hrs

(15 Marks)

- 8 Write short notes on the following:
- a. Nature of investment decisions in capital budgeting
- b. Objectives of budgetary control
- c. Principles of double entry system of book keeping
- d. Estimating working capital needs. (20 Marks)
