

13. The following ratios relate to the trading activities of X - Ltd. :

Debtor's velocity - 3 months.

Stock velocity - 8 months.

Creditors velocity - 2 months.

Gross profit ratio - 25 %.

Gross profit for the year ended 31st December, 2008 amounted to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amounted to Rs. 25,000 and bills payable to Rs. 10,000.

Calculate :

- (a) Sales.
- (b) Sundry debtors.
- (c) Sundry creditors

and (d) Closing stock.

Register Number :

Name of the Candidate :

**6 9 1 2**

**M.C.A. DEGREE EXAMINATION, 2009**

( FIRST SEMESTER )

( PAPER - II )

**121. ACCOUNTING AND FINANCIAL  
MANAGEMENT**

( *New Regulations* )

December ]

[ Time : 3 Hours

Maximum : 100 Marks

**SECTION - A** (8 × 5 = 40)

*Answer any EIGHT questions.*

*All questions carry equal marks.*

1. Explain the rules of journalising with suitable examples.
2. What is the need for analysis and interpretation of financial statements ?
3. Explain the concept "working capital".

**Turn over**

4. On 31st March, 2009 the bank pass book showed a balance of Rs. 10,500. Cheques amounting to Rs. 2,750 were deposited in the bank but only cheques of Rs. 750 had not been cleared upto 31st March. Cheques amounting to Rs. 3,500 were issued but a cheque for Rs. 1,200 had not been presented for payment in the bank upto 31st March. Bank had given the debit of Rs. 35 for sundry charges and also, bank had received directly from customers Rs. 800 and dividend of Rs. 130 upto 31st March. Find out the balance as per cash book.
5. Correct the following errors unearthed before preparation of the trial balance.
- The total of the returns outward book is Rs. 120 short.
  - A purchase of Rs. 250 from Arul has been posted to the debit of his account.
  - A machine purchased for Rs. 1,00,000 has been entered in the purchase account.
  - A sale of Rs. 275 to Natarajan has been entered in his account as Rs. 257.

Ledger balances :	Rs.
Capital account	- 10,000
Machinery	- 3,500
Debtors	- 2,700
Drawings	- 900
Purchases	- 9,500
Creditors	- 1,400
Wages	- 5,000
Bank	- 1,500
Stock in trade (opening)	- 2,000
Rent	- 450
Sales	- 14,500
Sundry expenses	- 200
Carriage	- 150

**Turn over**

Calculate :

- (i) Liquid ratio.
  - (ii) Solvency ratio
- and (iii) Debt equity ratio.

**SECTION - B** (3 × 20 = 60)

*Answer any THREE questions.*

*All questions carry equal marks.*

11. Define cost accounting ? What are its objectives ? State the advantages of cost accounting.
12. From the following balances and additional information, you are required to prepare trading and profit and loss account and balance sheet :

*Additional information :*

- (a) Stock at the end - Rs. 600.
- (b) Outstanding rent - Rs. 50.
- (c) Wages prepaid - Rs. 200.
- (d) Depreciation on machinery at 10 %.

6. From the following balance sheets of ABC Co. Ltd., prepare a schedule of changes in working capital :

BALANCE SHEET

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share capital	40,000	42,500	Land and buildings	25,000	25,000
General reserve	7,250	12,250	Plant	12,000	17,000
Accrued expenses	-	2,500	Stock	4,500	3,500
Creditors	4,500	2,500	Debtors	8,250	9,750
	51,750	59,750	Cash at bank	2,000	4,500
				51,750	59,750

7. From the following data, calculate the break - even point expressed in terms of units and also, the new break - even point if the selling price is reduced by 10 % :

Fixed expenses - Rs. 1,00,000

Depreciation (fixed) - Rs. 1,00,000

*Variable expenses per unit :*

Materials - Rs. 3

Labour - Rs. 2

Selling price per unit - Rs. 10.

8. There is a plan to prepare a production budget for three products A, B and C. The sales forecast for three products is 1,66,400, 1,45,600 and 1,76,800 units respectively. The estimated requirements on inventory both at the beginning and at the end of the budget periods are shown in the following schedule :

	Products		
	A	B	C
1st January (Units)	32,000	24,000	40,000
31st December (Units)	57,600	22,320	55,200

You are required to prepare the production budget.

9. A company is considering two projects - A and B each requiring a cash outlay of Rs. 15,000. The following are the cash inflows from each project :

Cash inflows

Year	Project - A Rs.	Project - B Rs.
1	2,500	8,000
2	2,500	6,000
3	2,500	3,000
4	5,000	2,000
5	7,000	1,000

If the cut - off pay back period is 3 years, suggest which project should be accepted.

10. The balance sheet of a company as on 31-12-2008 is as follows :

Liabilities	Rs.	Assets	Rs.
Share capital :		Fixed assets	10,00,000
Equity shares of Rs. 10/- each	10,00,000	Stock	4,00,000
Reserve fund	1,00,000	Debtors	3,00,000
7 % debentures	3,00,000	Cash	2,00,000
Overdraft	2,00,000		
Creditors	3,00,000		
	19,00,000		19,00,000

**Turn over**

	(Rs. 000')
(c) Direct expenses	- 10
(d) Works over heads (60 % fixed)	- 225
(e) Administrative overheads	- 40
(f) Selling overheads (50 % fixed)	- 20

For want of demand, the actual production for the period was only 60,000 units. Calculate the budgeted cost per unit under both the original plan and under actual performance.

14. The following are the particulars of M - Ltd. manufacturing a product :

	Rs.
Total fixed expenses	- 18,000
Total variable expenses	- 30,000
Total sales	- 60,000
Units sold	- 20,000

Calculate :

- Contribution per unit.
- Break - even point.
- Margin of safety.
- Profit

and (v) Sales to earn a profit of Rs. 24,000.

15. An engineering company had prepared its budget for 2008 based on the production of one lakh units of their only product as follows :

	(Rs. 000')
(a) Raw materials	- 252
(b) Direct labour	- 75

**Turn over**