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MCA112

(Following Paper ID and Roll No. to be filled in your Answer Book)

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**M.C.A****(SEM I) ODD SEMESTER THEORY EXAMINATION 2009-10  
ACCOUNTING & FINANCIAL MANAGEMENT**

Time : 3 Hours]

[Total Marks : 100

**SECTION - A**

1 Attempt all question of this section :

Fill in the blanks :

1×10

- (a) The system of recording important transactions is called \_\_\_\_\_ concept.
- (b) The convention of conservatism, when applied takes care of all the \_\_\_\_\_.
- (c) The convention of disclosure implies that all \_\_\_\_\_ information should be disclosed in the accounts.
- (d) The basic function of financial accounting is to record all \_\_\_\_\_ transactions.
- (e) Book keeping is mainly concerned with recording of financial data relating to business \_\_\_\_\_.
- (f) The amount brought in by the proprietor in the business should be credited to \_\_\_\_\_ account.
- (g) The return of goods by a customer should be debited to \_\_\_\_\_ account.



- (h) In case of a debt becoming bad, the amount should be credited to \_\_\_\_\_ account.
- (i) The cash discount allowed to a debtor should be credited to \_\_\_\_\_ account.
- (j) Trial balance helps in knowing the \_\_\_\_\_ accuracy of the accounting entries.

Explain the following terms : 1×10

- (k) New working capital
- (l) Intangible assets
- (m) Current liabilities
- (n) Net worth
- (o) Ledger
- (p) Capital employed
- (q) Shareholders fund
- (r) Trend analysis
- (s) Closing stock
- (t) Real account.

### SECTION - B

2 Attempt any **three** of the following : 10×3

- (a) Define accounting. What are the functions of accounting ? How does it differ from book keeping ?
- (b) Attempt both the parts :
  - (i) What do you understand by analysis of Financial statements ? Describe the uses of such analysis.

- (ii) Rectify the following errors :
  - (a) Furniture purchased for Rs. 40,000 was debited to purchases account.
  - (b) Wages paid for the construction of office debited to wages account Rs. 15000/-.
  - (c) Sales to X Rs. 400, posted to Y's account.
  - (d) Purchases from X Rs. 1002 were omitted from the books.
  - (e) Wages paid Rs. 2250 were recorded in the cash book as Rs. 2550.

(c) Journalise the following transactions, post the same in relevant ledger account and balance the same :

**2008**

- June 1      Karthik commenced business with Rs. 20,000.
- June 2      Paid into bank Rs. 5,000.
- June 3      Purchased plant worth Rs. 10,000 from Modi and Co.
- June 4      Purchased goods worth Rs. 5,000 from Anwar.
- June 6      Goods worth Rs. 4,000 sold to Anbu.
- June 8      Sold goods worth Rs. 2,000 for cash.
- June 10     Goods returned by Anbu Rs. 50.
- June 15     Paid rent Rs. 250.
- June 18     Withdrawn from bank for office use Rs. 2,500.

- June 20 Paid salaries Rs. 1,800.
- June 25 Withdrawn for personal use Rs. 250.
- June 26 Goods returned to Anwar Rs.100.
- June 27 Paid for office furniture Rs. 1,500 by cheque.
- June 28 Received Rs. 3,900 cash from Anbu and discount allowed Rs. 50.
- June 29 Paid Anwar on account Rs. 4,800 and discount allowed by him Rs.100.

(d) The following balances are drawn from the books of M/s Arvind Mills as on 31-12-2008 :

Account	Amount Rs.	Account	Amount Rs.
Land Building	1,00,000	Sales Purchases	3,00,000
Sales returns	2,00,000	Stock (1-1-07)	1,75,000
Purchase returns	10,000	Debtors	25,000
Bank overdraft	5,000	Cash in hand	50,000
Creditors	15,000	Salaries	5,000
Wages	20,000	Goodwill	10,000
General expenses	12,000	Selling expenses	15,000
Bad debts	5,000	Insurance	12,000
Capital	2,81,000		

**Adjustments :**

- (a) Closing stock is Rs. 30,000.

- (b) Provide for depreciation @ 10% on buildings
- (c) Write off further bad debts Rs. 1,000
- (d) Salaries yet to be paid Rs. 3,000.

Required : To prepare a P and L A/c and balance sheet M/s Arvind Mills.

- (e) Tiny Toys Ltd. Furnish you the following Balance Sheets for the year ending 31<sup>st</sup> December, 2007 and 2008. You are required to prepare a cash flow statement for the year ending 31<sup>st</sup> December, 2008.

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Equity Share Capital	10,000	10,000	Goodwill	1,200	1,200
General Reserve	1,400	1,800	Land	4,000	3,600
Profit and Loss A/c	1,600	1,300	Building	3,700	3,600
Sundry creditors	800	540	Investments	1,000	1,100
Outstanding Expenses	120	80	Inventories	3,000	2,340
Provision for taxation	1,600	1,800	Receivables	2,000	2,220
Provision for Bad Debts	40	60	Bank balance	660	1,520
	15,560	15,580		15,560	15,580

Following additional informational has also been supplied :

- (i) A piece of land has been sold for Rs. 400.
- (ii) Depreciation amounting to Rs.700 has been charged on building.
- (iii) Provision for taxation has been made for Rs. 1900 during the year.

### SECTION - C

Attempt all questions :

10×5

- 3 Attempt any **one** of the following :
- (a) What are the accounting concepts ? Name them and explain any two accounting concepts in detail.
  - (b) 'Entity' and 'Continuity' concepts are interrelated. Comment.
- 4 Attempt any **one** of the following :
- (a) What do you mean by Journal ? Why is it called the book of original entry ?
  - (b) What is trial balance ? Explain its objectives.
- 5 Attempt any **one** of the following :
- (a) Distinguish between :
    - (i) Personal and impersonal account.
    - (ii) Real and nominal account.
    - (iii) Errors of principle and errors of omission.
  - (b) Give a specimen of vertical form of Profit and Loss A/c and Balance Sheet of a company.

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Attempt any **one** of the following :

- (a) Explain the following ratios :
  - (i) P/E ratio.
  - (ii) Debt equity ratio.
  - (iii) Debtor's turnover ratio.
  - (iv) Quick ratio.
  - (v) Debt coverage ratio.
- (b) What are the uses and limitations of financial ratio analysis ?

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Attempt any **one** of the following :

- (a) "A Fund Flow Statement is a better substitute for an Income Statement". Discuss.
- (b) What is a Cash Flow Statement ? Explain the technique of preparing Cash Flow Statement with imaginary figures.

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