

NC-824

Seat No. _____

First Year B. C. A. Examination

April / May – 2003

Financial Accounting & Management

Time : 3 Hours]

[Total Marks : 50

- Instructions :** (1) Figures to the **right** indicate marks.
 (2) Show calculations wherever necessary.
 (3) Q. 1 is **compulsory**.

- 1** From the following Trial Balance of *Mr. Haresh Shah* as **10**
 on 31st March 2002, prepare trading account, profit and loss
 account and balance sheet :

<i>Debit Balances</i>	<i>Rs.</i>	<i>Credit Balances</i>	<i>Rs.</i>
Opening stock	15,500	Capital	60,000
Land and Building	35,000	Loan from <i>Mrs. Shah</i> @ 9%	30,000
Machinery	50,000	Creditors	9,600
Furniture	5,000	Purchase returns	2,100
Purchases	1,06,000	Sales	2,07,300
Salaries	11,000	Discount	1,200
General expenses	2,500		
Rent	3,000		
Postage	1,400		
Stationery	1,300		
Wages	26,000		
Freight on purchases	2,800		
Carriage outwards	4,000		
Repairs	4,500		
Debtors	30,000		
Bad debts	600		
Cash in hand	100		
Cash at bank	6,400		
Sales returns	5,100		
	3,10,200		3,10,200

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[Contd...

The following are the adjustments :

- (1) Wages for March 2002 Rs. 2,100 have not yet been paid.
- (2) Insurance premium of Rs. 600 is prepaid and is included in general expenses.
- (3) A provision @ 5% is necessary for doubtful debts.
- (4) Depreciate land and building @ 2%, Machinery @10%, and furniture @ 15% p.a.
- (5) The loan from *Mrs. Shah* was taken on 1st October 2001. Interest is outstanding.
- (6) The value of stock on 31st March 2002 was Rs. 14,900.

- 2** (a) Define Accounting. Who are the parties interested in accounting information ? **6**
- (b) Attempt any **four** of the following : **4**
- (1) Name the main branches of accounting.
 - (2) What are personal accounts ? Give two examples of personal accounts.
 - (3) Closing stock is valued at cost or market price whichever is less. (Identify the principle and give one more example of that principle).
 - (4) Cash book is a subsidiary book as well as a ledger. (State whether the statement is true or false).
 - (5) Explain the separate entity concept in brief.
 - (6) Give the journal entries for the following :
Received Rs. 1,000 in cash from Bharat which was earlier written off as bad debt.

OR

- 2** Record the following transactions in the cash book having **10** three columns (cash, bank and discount) :

Date

- 01-03-03 Cash on hand Rs. 4,000 and overdraft with State Bank of India Rs. 6,000.
- 02-03-03 Paid salaries and wages Rs. 1,200 by cheque. Also paid Rs. 400 as rent for the owner's flat.
- 05-03-03 Cash sales amounted to Rs. 5,000 and cash purchases amounted to Rs. 1,200.
- 07-03-03 Issued a cheque of Rs. 1,080 in favour of *Amar* in full settlement of Rs. 1,200.
- 08-03-03 Sold investments costing Rs. 2,000 at Rs. 4,000 and deposited the amount in Bank.
- 12-03-03 Paid Rs. 2,000 by cheque as advance to *Raman Engineering Ltd.* against the order placed for purchase of Machinery.
- 15-03-03 Received a cheque from *Varma Industries* for Rs. 1,000 and cash Rs. 600 against a due of Rs. 1,640 in full settlement.
- 31-03-03 Deposited cash in excess of Rs. 600 in the Bank account.

- 3** (a) From the following calculate the following ratios : **8**
- (1) Gross profit ratio
 - (2) Stock turnover ratio
 - (3) Liquid ratio
 - (4) Debtors ratio (assuming 360 days in a year)
 - (5) Return on capital employed (ROCE)
 - (6) Operating ratio

Income statement for the year ended 31-3-2003

<i>Particulars</i>	<i>Rs.</i>
Sales	6,50,000
Less : Cost of goods sold	
Opening stock	65,000
+ Purchases	+ 3,57,500
	4,22,500
- Closing stock	- 97,500
Gross profit	3,25,000
Less : Operating expenses	
Administrative exps.	1,00,000
Financial exps.	60,000
Selling exps.	35,000
	- 1,95,000
Net Profit	1,30,000

Balance Sheet as on 31-3-2003

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Capital	7,00,000	Land and Building	2,60,000
Reserves and surplus	80,000	Plant and machineries	3,90,000
Creditors	2,00,000	Stock	97,500
Bank overdraft	30,000	Debtors	1,00,000
Bills payable	30,000	Bills Receivable	78,750
		Cash and Bank	1,13,750
	10,40,000		10,40,000

OR

- 3** (a) (1) State the limitations of Ratio analysis. **4**
 (2) Explain the following ratios : (any **two**) **4**
 (1) Net profit ratio
 (2) Current ratio
 (3) Operating expenses ratio.

(b) From the following data, prepare a fund flow statement : **4**

<i>Particulars</i>	<i>Rs.</i>
Issue of preference shares	13,00,000
Issue of 9% debentures	32,50,000
Sale of investments	32,500
Purchase of Machineries	43,87,500
Redemption of redeemable preference shares	26,00,000
Payment of dividend	6,82,500
Decrease in working capital	1,30,000
Funds from operations	29,57,500

OR

(b) What is a fund flow statement ? State three sources **4**
 and three applications of funds.

4 The following figures have been extracted from the books **6**
 of a manufacturing company for the year ended 31st March,
 2003 :

	<i>Rs.</i>
Direct materials	12,00,000
Direct labour	2,50,000

Depreciation

- Factory building	7,500
- Office building.....	4,000
- Staff cars.....	6,000

Insurance

- Staff cars.....	750
- Office building.....	600
- Factory building	750

Salaries 1,50,000

(Including sales manager's salary Rs. 12,500 and factory chief engineer's salary Rs. 12,500)

Electricity..... 20,000

(Including Rs. 2,000 for administrative office)

Branch office expenses 20,000

Delivery van maintenance exps..... 5,000

Finished goods warehouse exps. 10,000

Advertisements..... 10,000

Sundry factory exps. 1,70,000

Sales promotion exps. 7,500

Office Administration exps. 25,000

Sales 21,00,000

From the above informations, prepare a cost sheet.

OR

- 4** (a) Discuss the main functions of the financial manager. **3**
(b) Write a note on : Zero Base Budgeting. **3**

- 5 (a) The following information is supplied in respect of an article manufactured in a factory : 6

Total fixed cost Rs. 2,00,000

Variable cost per unit..... Rs. 50

Selling price per unit Rs. 75

From the above information you are required to find out :

- (1) Break even point in units and values.
- (2) Profit volume ratio.
- (3) New break-even point if selling price is reduced by 20%.
- (4) Sales to earn a profit of Rs. 75,000.

OR

- (a) (1) What is marginal costing ? Explain the importance of break event point. 3

- (2) Explain the term margin of safety. 3

- (b) The standard cost of a unit of output is as follows : 6

Materials : 20 kg @ Rs. 25 per kg.

Labour : 8 hour @ Rs. 20 per hour

Actual production : 1000 units

The actual cost data were as under :

Materials : 19500 kg @ 26 per kg.

Labour : 8100 hours @ Rs. 18 per hour.

Calculate :

- (1) Material cost variance
- (2) Material price variance
- (3) Material usage variance
- (4) Labour cost variance
- (5) Labour rate variance
- (6) Labour efficiency variance.

OR

- (b) (1) What is standard costing ? Explain its advantages in brief. **3**
- (2) Explain fixed or variable overhead variance. **3**