

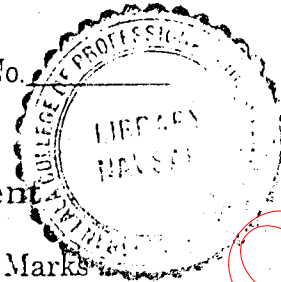
AX-561

Seat No.

B. C. A. (Sem. II) Examination

April / May - 2003

Accounting and Financial Management



Time : Hours]

[Total Marks

1. Prepare Trading and Profit & Loss A/c & Also Balance Sheet from the following balances of Shree Amar For the year ended on 31st March, 2003. 15

	Rs.		Rs.
Debtors	25000	Interest on Investment	10000
Creditors	20000	Bills Payable	5000
Bills Receivables	10000	Bank Loan	10000
Cash	5000	Outstanding Salary	5000
Capital	200000	Drawings	25000
Furniture	10000	Buildings	60000
Opening Stock	5000	Salary	11000
Commission	5000	Wages	20000
12% Loan of X taken in Last year	10000	Interest on Loan of X	600
Investment	100000	12% Loan to Y (on 31.12.2003)	20000
Sales	300000	Purchases	250000
Purchase Return	18000	Sales Return	12000

Adjustments :

- Closing Stock at Market Price Rs. 25000. It's cost price is Rs. 28000.
- Salary is paid upto February, 2003.
- Depreciate Furniture by 10% and Building by 5%.
- Provide Rs. 1000 for Bad Debts & 5% for Bad Debt Reserve on debtors.
- Goods worth Rs. 5000 is taken for personal use during the year is not recorded in the books of accounts.

2. Prepare necessary Subsidiary Books from the following transactions : 11

- Krina started business with Rs. 100000 cash, Loan of Mr. X Rs. 25000.
- Deposited Rs. 25000 in Bank.
- Goods purchase from Vimal Rs. 50000 @ 20% trade discount and 10% cash discount. Half amount paid immediately.
- Half of the goods purchased from Vimal sold to Chetan at 20% profit on selling price.
- Furniture purchased from Dinal worth Rs. 10000.
- Chetan return goods worth Rs. 4000 and we returned to Vimal.
- Wages paid from bank Rs. 2500 and Rent paid Rs. 1500.
- Vimal's account is settled by deducting Rs. 250.
- Chetan becomes bankrupt and paid 50% amount due from him.
- Denial is appointed as a manager at the salary of Rs. 5000 per month.
- One month salary paid in advanced to Denial.

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2. Write as per instructions :

- Explain rules of debit and credit with examples. 5
- Write notes on Trade discount and cash discount. 6

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From the following Receipt and Payments Account of cricket club and the additional informations, prepare an Income & Expenditure Account for the year ended 31 December, 2002 and a Balance Sheet as on that date.

**Receipts & Payments Account**  
for the year ended 31 December, 2002

Receipts	Rs.	Payments	Rs.
To Balance: Cash	352	By Crockery Purchased	365
Bank	2,738	By Maintenance	682
Fixed deposit at 6%	3,000	By Match Expenses	1,324
To Membership Subscription (including Rs. 600 for 1996)	4,000	By Salaries	1,100
To Entrance Fees	275	By Conveyance	82
To Donation	501	By Upkeep of Lawn	424
To Tournament Fund	2,000	By Postage Stamps	105
To Sale of Crockery (Book Value Rs. 120)	200	By Purchase of Cricket goods	972
To Interest on Fixed Deposits	90	By Sundry Expenses	200
		By Investments	570
		By Tournament Expenses	1,880
		By Balance: Cash	220
		Bank	2,332
		Fixed Deposit	3,000
	13,156		5,552

- Information : (a) Monthly Salary is Rs. 100.  
 (b) The value of unused postage stamps is as follows :  
 31 Dec., 2001 Rs. 75, 31 Dec. 2002 Rs. 90.  
 (c) Stock of cricket equipment is as follows :  
 31 Dec., 2001 Rs. 321, 31 Dec. 2002 Rs. 280.  
 (d) Arrears of membership subscription :  
 31 Dec., 2001 Rs. 660, 31 Dec. 2002 Rs. 800  
 (e) Donation and entrances fees are not to be capitalised.

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3. (a) Limitations of Computerised Accounting  
 (b) Distinction between Receipt & Payment Account and Income & Expenditure Account.  
 4. The Goodluck company's Financial Statements contain the following information :

	31-12-2001	31-12-2002
Cash	1,20,000	1,60,000
Account Receivable, net	1,20,000	1,20,000
Inventories	2,00,000	2,40,000
Prepaid Expenses	40,000	40,000
Land	1,20,000	1,20,000
Building	2,40,000	2,00,000
Goodwill	—	40,000
<b>Total Assets</b>	<b>8,40,000</b>	<b>9,20,000</b>
Accounts Payable	1,00,000	1,20,000
Wages & Taxes Outstanding	60,000	40,000
Income-tax Payable	40,000	80,000
5 % Mortgage Debenture	1,60,000	1,60,000
Share Capital	2,40,000	2,40,000
Retained Earnings	2,40,000	2,40,000
<b>Total Liabilities</b>	<b>8,40,000</b>	<b>8,40,000</b>

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Informa-  
a Balance

Condensed income statement of Goodluck & Co. for the year ending 31.12.2002

Net Sales	12,00,000
Less Cost of Goods Sold	7,20,000
Gross profit	4,80,000
Operating Expenses	3,12,000
Operating Profit	1,68,000
Interest	8,000
Income before Tax	1,60,000
Income tax provision	80,000
Net Income after tax	80,000

From the above information find out :

1. Liquid ratio
  2. Debtors Collection Ratio
  3. Gross Profit Ratio
  4. Net Profit Ratio
  5. Returned on Capital Employed
  6. Returned on Share Capital
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4. (a) Limitations of Ratio Analysis.  
(b) Write notes on Subsidiary Books.
5. You are required to prepare a schedule of Changes in Working Capital and a Fund Flow Statement from the following comparative Balance Sheets of XYZ Ltd. as on 31st December.

Liabilities	2001	2002	Assets	2001	2002
Equity Share Capital	40,000	50,000	Land	80,000	60,000
Profit & Loss A/c	13,420	16,000	Buildings	40,000	40,000
General Reserve	13,180	14,200	Furniture	5,000	3,000
Loan(Long Term)	16,400	14,000	Debtors	11,000	15,000
Depreciation Fund (Furniture)	9,000	12,000	Bills Receivable	6,000	4,000
Sundry Creditors	36,720	17,000	Cash in Hand	620	5,400
Bills Payable	13,900	4,200			
	1,42,620	1,27,400		42,620	1,27,400

Additional Information : (a) Bonus shares were issued during the year for Rs. 10,000 (b) Land was purchased at a cost of Rs. 25,000 during the year. (c) Furniture costing Rs. 2,000 with accumulated Depreciation of Rs. 700 was sold for Rs. 1,000. (d) Rs. 5,000 was paid as dividends during the year 2002. (e) Income Tax of Rs. 3,500 was also paid during the year 2002.

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5. (a) Write notes on Financial Accounting And Management Accounting. (b) Computerised Accounting.
6. From the books of Account of M/s. Darshna Enterprises, the following details have been extracted for the year ending March, 2003.

Stock of Materials : Opening	1,88,000	Salaries to Administrative Staff	40,000
: Closing	2,00,000	Freight : Inward	32,000
Material Purchased during the year	8,32,000	: Outward	20,000
Direct Wages paid	2,38,400	Cash Discount Allowed	14,000
Indirect Wages	16,000	Bad debts written off	2,200

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Repairs to Plant & Machinery	42,400	Rent Rates & Taxes : Factory	12,000
Travelling Expenses	12,400	Office	6,400
Salesmen's Salary & Commission	33,600	Depreciation written off : Factory	28,400
Director's Fees	24,000	office	2,400
Electricity Charges(Factory)	48,000	Fuel(for Boiler)	64,000
General Charges	24,800	Manager's Salary	48,000
Sales	16,30,000		

The Manager's salary is shared between the factory and the office in the ratio of 20:80.

From the above details you are required to prepare :

(a) Prime Cost; (b) Factory Overhead ; (c) Factory Cost ; (d) Cost of Production and (e) Total Cost. (f) Profit.

6. (a) Write Short notes on Work-in- Progress. O R  
(b) Match A & B

A		B	
1. Depreciation		1. Current Assets	
2. Bills Receivable		2. Written in Income & expenditure A/c	
3. Cash Discount		3. Debited in Profit & Loss A/c	
4. Bad debts Recovered		4. Included in Cost Accounting	
5. Interest on Building fund Investment		5. Debited in Income & Expenditure A/c	
6. Subscription of news paper		6. Added in Building Fund A/c	
		7. Credited in Income & expenditure A/c	
		8. Credited in Profit & Loss A/c	