

**M.C.A. DEGREE EXAMINATION, APRIL 2011****Second Semester****ACCOUNTING AND FINANCIAL MANAGEMENT**

(CBCS—2008 onwards)

Time : 3 Hours

Maximum : 75 Marks

**Part A**

(10 × 2 = 20)

Answer **all** the questions.

1. Define a Ledger.
2. What do you mean by a Trial Balance ?
3. What is ABC analysis ?
4. What is EOQ ?
5. What is Break Even Analysis ?
6. Define Marginal Costing.

7. What is Budgetary control.
8. What is Key factor ?
9. What is common size Balance sheet ?
10. What is Trend analysis ?

**Part B**

(5 × 5 = 25)

Answer **all** the questions.

11. (a) From the following transaction of Prakash in  
Double column cash book :

Rs.

2008	July	1	Balance of cash in hand	1,600
		2	Paid Mohan	
			(discount allowed) Rs. 20	780
		3	Cash sales	400

Rs.

4 Received from Ram

(discount allowed Rs. 15)

400

5 Received from Anand

(in full settlement of his debt of

Rs, 600)

570

*(Or)*

(b) Pass rectification entries to rectify the following entries :

1 An amount of Rs. 200 withdrawn by the proprietor for his personal use has been debited to trade expenses account.

- 2 Discount column of cash book debit side was undercast by Rs. 80.
- 3 Wages paid for the construction of office debited to wages account Rs. 1,500.
- 4 An amount of Rs. 150 paid for wages is posted twice to the debit of wages account.
- 5 A cheque of Rs. 750 received from L. Raja was credited to the Account of T. Raja and debited correct by to cash account.

12. (a) Calculate labour cost per day of 8 hours

- (i) Monthly wages Rs. 225
- (ii) Leave wages 5% of salary
- (iii) Employers contribution to Provident Fund  $8\frac{3}{4}\%$  of (i) and (ii).

- (iv) Employees contribution to Provident Fund  
 $8\frac{3}{4}$  of (i).
- (v) Labour Welfare expenses Rs. 28 per head per month.
- (vi) Number of working hours in a month 200  
(Assume 8 hour day)

*(Or)*

- (b) A worker completes a job in “6” hours. The standard time allowed for the job is 10 hours and the hourly rate of wages is Re. 1. The worker earns 50% rate as bonus of Rs. 2 under Halsey plan. Find out his total earnings under Rowan plan.

13. (a) Calculate gross profit ratio :

Sales Rs. 2,20,000 Sales Return Rs. 20,000 Opening stock Rs. 30,000

Purchase 1,75,000 Purchase returns 15,000 Closing stock 40,000

*(Or)*

(b) From the following profit and Loss Account of M.N.K. Foams prepare the comparative statement.

	2007	2008		2007	2008
	Rs.	Rs.		Rs.	Rs.
To cost of goods sold	6,000	7,500	By Net sales	8,000	10,000
	Rs.	Rs.		Rs.	Rs.
To operating expenses					
Administration	200	200			
Selling	300	400			
To Net profit	1,500	1,900			
	<u>8,000</u>	<u>10,000</u>		<u>8,000</u>	<u>10,000</u>

14. (a) Calculate Break Even point (units) and B.E.P. (in rupees)

Fixed expenses 1,50,000

Variable cost per unit 10

Selling price per unit Rs. 15.

*(Or)*

- (b) From the following particulars calculate profit volume ratio and profit.

Total Fixed cost Rs. 4,500

Total variable cost Rs. 7,500

Total sales 15,000

15. (a) Chinar Exports Ltd is engaged customer retailing. You are required to forecast their working capital requirements.

Projected annual sales Rs. 6,50,000. Percentage of Net Profit 25%.

Average credit allowed to debtors 10 weeks

Average credit allowed by creditors 4 weeks

Average stock carrying (in terms of sales requirement) 8 weeks

Add 20% to allow for contingencies.

*(Or)*

- (b) Draw up a flexible budget for overheads on the basis of the following data and determine the overhead rates at 90% capacity.



At 80% capacity    At 90% capacity

Rs.

Rs.

Variable overhead

Indirect labour

12,000

–

Stores

4,000

–

Semi-Variable overhead power

(30% fixed 70% variable)

20,000

–

Repairs and Maintenance

(60% fixed 40% variable)

2,000

–

Fixed overhead

Depreciation

11,000

Insurance 3,000

Salaries 10,000

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62,000

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Estimated Labour hours 1,24,000 hours

**Part C**

(3 × 10 = 30)

Answer any **three** questions.

16. The following Trial Balance was extracted from the books of Padmashri stores as on 31st March 2008.

Adjustments :

1. Closing stock Rs. 11,000

2. Make a provision for doubtful debts at 5%

3. Prepaid insurance Rs. 300

4. Depreciate furniture at 10%

Trial Balance			
	Rs.		Rs.
Land and Building	12,000	Capital	40,000
Opening stock	14,360	Sales	80,410
Insurance	3,300	Return out	2,520
Furniture	1,500	Discount	550
Return In	1,590	Creditors	4,700
Purchases	67,350		
Office expenses	6,410		

Carriage out	1,590	
Carriage in	1,450	
Salaries	4,950	
Debtors	11,070	
Cash in hand	2,610	
	1,28,180	1,28,180

17. A factory produces 100 units of a commodity. The cost of production is :

Materials	Rs. 10,000
Wages	Rs. 5,000

Direct Expenses	Rs.1,000
Factory Overhead	125% on wages
Office overhead	20% on works cost
Salaries	Rs. 35,600

Calculate Prime cost, Works cost, Cost of production and profit.

18. From the following details find out (a) Current Assets (b) Current liabilities (c) Liquid assets (d) Stock

Current ratio	2.5	Liquid Ratio	1.5
Working capital	Rs. 90,000		

19. From the following details calculate (i) P/v ratio (ii) profit when sales are Rs. 20,000.

Fixed expenses                      Rs. 4,000

Break even sales                      Rs. 10,000

20. Arun Ice cream wishes to arrange overdraft facilities with its bankers during the period April to June 2008 when it will be manufacturing mostly for stock. Prepare cash budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month :

(a)	Credit sales	Purchase	Wages
	Rs.	Rs.	Rs.
February 2008	1,80,000	1,24,800	12,000

March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

- (b) 50 per cent of credit sales are realised in the month following the sales and the remaining 50 per cent in the second month following creditors are paid in the month following the month of purchase
- (c) Cash at bank on 1.4.2008 (estimated) Rs. 25,000.

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