

THIRD SEMESTER B.C.A. DEGREE EXAMINATION, NOVEMBER 2018

(CUCBCSS—UG)

Complementary Course

BCA 3C 05—FINANCIAL AND MANAGEMENT ACCOUNTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer all questions.
Each question carries 1 mark.*

I. Choose the correct answer from the choices given :

- 1 Satisfactory level of current ratio is :
 - (a) 1 : 1.
 - (b) 1 : 2.
 - (c) 2 : 1.
 - (d) 2 : 4.
- 2 Fund flow refers to change in :
 - (a) Stock.
 - (b) Working Capital.
 - (c) Share Capital.
 - (d) Current Assets.
- 3 Decrease in creditor is :
 - (a) Inflow.
 - (b) Outflow.
 - (c) Increase.
 - (d) Decrease of cash.
- 4 Contribution will be :
 - (a) Greater than Profit.
 - (b) Less than Profit.
 - (c) Equal to Profit.
- 5 Budget prepared for more than one level of activity is :
 - (a) Master budget.
 - (b) Zero base budgeting.
 - (c) Flexible budget.
 - (d) Fixed budget.

II. Match the following :—

- | | |
|-------------------------|---------------------|
| 6 Budgetary control | — Operating. |
| 7 Cost-benefit analysis | — Financing. |
| 8 Cash flow statement | — Programme budget. |
| 9 Dividend paid | — Historic. |
| 10 Provision for tax | — Cost. |

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

*Answer all questions from the following.
Each question carries 2 marks.*

11. What is going concern concept ?
12. What you mean by P/V ratio ?

Turn over

13. What is trading on equity ?
14. Define budget.
15. Explain leverage ratios.

(5 × 2 = 10 marks)

Part C (Short Essay Questions)

*Answer any five questions.
Each question carries 4 marks.*

16. The fixed cost for the year are ₹ 60,000. Selling price per unit is ₹ 15 and variable cost per unit is ₹ 10. Calculate BEP output.
17. Record the following the transactions in the month of April 2018, in the Journal.
 - (i) Started business with cash ₹ 40,000.
 - (ii) Purchased furniture for cash ₹ 12,000.
 - (iii) Purchased goods from Naren for ₹ 10,000.
 - (iv) Returned goods to Naren ₹ 2,000.
 - (v) Sold goods to Dinesh ₹ 13,000.
 - (vi) Goods returned by Dinesh ₹ 1,700.
18. From the following information, find out the amount of profit earned during the year using marginal costing technique :

Fixed cost ₹ 5,00,000
Variable cost ₹ 10 per unit
Selling price ₹ 15 per unit
Output level 1,50,000 units
19. What are the limitations of financial accounting ?
20. The following is the Balance Sheet of a company on 31st March :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Share Capital	2,00,000	Land and Building	1,40,000
Profit and Loss Account	30,000	Plant and Machinery	3,50,000
		Stock	2,00,000
General Reserve	40,000	Sundry debtors	1,00,000
12 % Debentures	4,20,000	Bills receivable	10,000
Sundry Creditors	1,00,000	Cash at bank	40,000
Bills payable	50,000		
	8,40,000		8,40,000

Calculate :

- (i) Current ratio.
- (ii) Quick ratio.
- (iii) Proprietary Ratio.
- (iv) Capital Gearing Ratio.

21. From the following particulars calculate the BEP :
 Variable cost per unit ₹ 12
 Fixed expenses ₹ 60,000
 Selling price per unit ₹ 18
22. Write short notes on :
 (i) Fixed and flexible budget.
 (ii) Cash budget.
23. Ascertain fund from operation from the following information :—

Particulars	1-1-2015 ₹	31-12-2015 ₹
Profit and Loss Account Balance at the end	50,000	60,000
General Reserve	30,000	40,000
Goodwill	20,000	12,000
Preliminary expenses	6,000	4,000
Depreciation provision (accumulated)	25,000	40,000
Income from non-trading investments	—	20,000

Preference shares of the face value of 1,00,000 were redeemed during the year at premium of 10 %. Premium on redemption was charged to the Profit and Loss Account.

(5 × 4 = 20 marks)

Part D

Answer any five questions.

Each question carries 8 marks.

24. From the following Balance Sheet, prepare a schedule of changes in working capital and fund flow statement :—

Liabilities	2013 ₹	2014 ₹	Assets	2013 ₹	2014 ₹
Capital	63,000	1,00,000	Cash	15,000	20,000
Long-term Loan	50,000	60,000	Debtors	30,000	28,000
Trade creditors	42,000	39,000	Stock	55,000	72,000
Bank Overdraft	35,000	25,000	Land and Building	80,000	1,00,000
O/S Expenses	5,000	6,000	Furniture	15,000	10,000
	1,95,000	2,30,000		1,95,000	2,30,000

25. From the following information calculate :—
 (i) P/V ratio ; (ii) BEP ; (iii) Profit when sales amounted to ₹ 12,00,000 ; (iv) Sales required to earn a profit of ₹ 2,00,000.
- | | |
|---------------|-------------|
| Variable cost | ₹ 6,00,000 |
| Fixed cost | ₹ 3,00,000 |
| Net profit | ₹ 1,00,000 |
| Sales | ₹ 10,00,000 |

26. What are the various accounting principles ? Explain the various accounting concepts and conventions used in Financial accounting.

Turn over

27. What you mean by final accounts ? Explain in briefly the **structure** of profitability statement and Balance Sheet.
28. For the production of 10,000 electric automatic irons, the following are the budgeted expenses :—

	Per Unit
	₹
Direct material	60
Direct Labour	30
Variable overhead	25
Fixed overhead (₹ 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10 %) fixed	15
Administration expenses (₹ 50,000 rigid)	5
Distribution expenses (20 %) fixed	5
The total cost of sale per unit	160

You are required to prepare a budget for the production of **6,000 units**.

29. State the different rules of Debit and Credit as per English **approach** and American approach.
30. (a) What you mean by Break-Even Analysis ?
- (b) From the following data, calculate break-even point **expressed** in terms of units and also the new BEP., if selling price is reduced by 10 %.

Fixed expenses :

Depreciation	₹ 1,00,000
Salaries	₹ 1,00,000

Variable expenses :

Materials	₹ 3 per unit
Labour	₹ 2 per unit
Selling price	₹ 10 per unit

31. The following is the Balance Sheet of a firm :—

	₹		₹
Share Capital	30,000	Fixed Assets	16,500
Creditors	8,000	Cash	1,000
Bills Payable	2,000	Book debts	6,000
Provision for tax	3,500	Bills receivable	2,000
		Stock	17,500
		Prepaid Expenses	500
	43,500		43,500

Comment up on liquidity of the firm.

(5 × 8 = 40 marks)