

20/5/16.

M.C.A. Sem-II (CBGS)

# Financial Accounting

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(3 Hours)

[ Total Marks : 80

- N. B. :** (1) Question No.1 is **compulsory**.  
 (2) Attempt any **four** questions out of the remaining.  
 (3) Answer to the questions should be grouped and written together.  
 (4) **Figures** to the **right** indicates **full** marks assigned to the question.

1. (a) What is ratio analysis? What are its advantages and limitations of ratio analysis? 10  
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- (b) Following is the Trial balance and adjustments of M/s Dhariya and Co. 10  
 for the year ended 31st March, 2016. Prepare trading A/c and profit & loss A/c for the year ended 31st March 2016 and Balance sheet as on that date.

Trial Balance

Particulars	Debit Balance (Rs.)	Particulars	Credit Balance (Rs.)
Opening Stock	32,000	Bills Payable	4,000
Drawings	15,000	Return Outward	2,000
Purchases	1,00,000	Capital	3,50,000
Return Inward	8,000	Sales	2,70,000
Debtors	50,000	Discount Received	3,000
Carriage Inward	4,700	Commission Received	4,000
Import Duty	2,500	Creditors	37,000
Wages	33,400		
Factory Insurance	3,800		
Salaries	41,400		
Printing and Stationary	5,000		
Postage	200		
Legal Expenses	20,000		
Cash at Bank	16,300		
Plant & Machinery	2,00,000		
Land & Building	1,26,000		
Cash in Hand	11,700	<b>muadda.com</b>	
<b>Total</b>	<b><u>6,70,000</u></b>	<b>Total</b>	<b><u>6,70,000</u></b>

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**Adjustments : - muadda.com**

1. Closing Stock was valued at Rs. 40,000.
2. Depreciate Plant & Machinery at 5% and Land & Building at 10%
3. Outstanding Salary Rs. 4,000/-
4. Commission of Rs. 500 accrued but not received.

2. (a) Journalize the following transactions in the books of M/s Archana & Co. 10

1 Apr	Started business with cash Rs. 50,000/-, Machine worth Rs. 10,000/-, Furniture Rs. 15,000/- and computer worth Rs. 25,000.
4	Bought from Rajaram goods worth 60,000 off 20% T. D.
7	Sold half of the goods bought from Rajaram to Sitaram at 20% profit.
10	Withdrew from Bank Rs. 5,000 for self use.
16	Insured Goods worth Rs. 10,000 were lost by fire. Company admitted 50% claim.
19	Received the amount due from Sitaram by cheque after deducting 5% cash discount. muadda.com
22	Paid advertisement charges Rs. 5,000.
23	Received Commission Rs. 500.
28	Old Machinery of Rs. 1,00,000 was sold at a loss of Rs. 50,000/- for cash
30	Paid salary Rs. 20,000

- (b) How do you differentiate trade discount and cash discount? 5

3. (a) What is cash book? Why we use triple column cash book? Why cash book is called journal as well as ledger? 10

- (b) What is the procedure of issuing Accounting Standard in India? 5

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4. (a) Prepare a Three column cash book with Cash, Bank & Discount columns from the following transactions of Mr. Jagmohan 10

1	Cash in hand Rs. 35,000 and cash at Bank Rs. 15,000.
2	Deposited into Bank Rs. 1,500.
4	Bought furniture and issued cheque of Rs. 2,500.
7	Purchased goods for cash Rs. 2,000.
12	Bank has sent an advice informing the deduction of Rs. 500 as bank charges.
14	Sold goods of Rs. 4,000 for cash at 5% Cash Discount.
20	Withdrew from Bank for Private expenses Rs. 800.
23	Received Crossed Cheque from Ganesh Rs. 3,000.
27	Viraj deposited Rs. 5,000 directly on our account.
30	Paid rent by cheque Rs. 1,000. <span style="float: right;">muadda.com</span>

- (b) Enlist different Accounting Concepts. Explain any two in detail: 5

5. (a) From the following information calculate the following ratios. 10
1. Current Ratio      2. Gross Profit Ratio      3. Net Profit Ratio
  4. Stock Turnover Ratio   5. Debtors Turnover Ratio.

Particulars	Rs.	Particulars	Rs.
Opening Stock	1,45,000	Share Capital	7,00,000
Closing Stock	1,55,000	Reserves	50,000
Purchases	6,10,000	Bank Overdraft	35,000
Sales	7,50,000	Creditors	1,50,000
Gross Profit	1,50,000	Land & Building	5,50,000
Net Profit	70,000	Debtors	1,80,000
Sundry Expenses	80,000	Cash in Hand	1,20,000

- (b) What are the advantages cash budget? 5

6. (a) From the following data prepare cash budget for 3 months, April to June of Amruta Industries Ltd. 10  
Opening cash balance for the month of April is expected to be Rs. 25,000/-

Months (Rs.)	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)	Production Overhead (Rs.)	Selling Overhead (Rs.)
February	70,000	50,000	9,000	5,000	2,500
March	80,000	60,000	7,000	6,000	3,500
April	1,00,000	70,000	6,000	7,000	4,000
May	1,20,000	80,000	8,000	9,000	5,000
June	1,10,000	70,000	10,000	8,000	5,500

Additional Information :

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1. Credit Period allowed by suppliers - 1 month.
  2. Credit period allowed to customers - 2 month. 50% sale is on cash basis.
  3. Delay in payment of wages is -  $\frac{1}{2}$  month.
  4. Overheads have 1 month delay in payment.
  5. Machinery of Rs. 50,000/- is to be purchased. Make equal provision in May and June. 5
- (b) Explain the importance of ledger. Draw and Explain the format of ledger account. 10
7. (a) What is meant by operating, Investing and Financing Activities in Cash Flow Statement? 5
- (b) Explain the term Capital Gearing in ratio analysis.

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