

(Please write your Exam Roll No.)

Exam Roll No.

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END TERM EXAMINATION

FIRST SEMESTER [MCA] DECEMBER-2008

Paper Code: MCA 109
Accounting

Subject: Financial

Paper Id: 44109
2008)

(Batch: 2004-

Time: 3 Hours
Marks: 60

Maximum

Note: Attempt any five questions including Q.1 which is compulsory.

Q.1 Answer **any six** of the following:-
(2x6=12)

- (a) What are the objectives of accounting information's for a business entity?
 - (b) What is meant by 'Going Concern Assumption'?
 - (c) What is a 'Trial Balance'?
 - (d) How will you classify a financial transaction?
 - (e) What are the causes of depreciation?
 - (f) Distinguish between LIFO and FIFO method of stock valuation.
 - (g) What are the uses of ratio analysis?
 - (h) Distinguish between 'Receipt and Payment Account and a cash book'.
- Q.2 (a) Current ratio 3.5:1, working capital Rs. 50,000. Calculate the amount of current assets and current liabilities.
- (b) From the following information prepare a balance sheet. Show the workings.
(4+8=12)

Working capital	Rs. 75,000
Reserves and surplus	Rs. 1,00,000
Bank overdraft	Rs. 60,000
Current ratio	1.75
Liquid ratio	1.15
Fixed assets to proprietors fund	0.75

Long term liabilities	nil
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Q.3 The Trial Balance of X for the year ended 31st March 2007 is given below. Prepare his trading and profit and loss A/C for the year ended 31st March, 2007 and his Balance Sheet on that date.

Trial Balance		
Particulars	Debit (Rs.)	Credit (Rs.)
Furniture	6,400	-
Buildings	75,000	-
Machinery	62,500	-
Capital	-	1,25,000
Bad Debts	1,250	-
Bad debts recovered	-	2,000
Debtors/Creditors	38,000	25,000
Stock 1-4-2006	34,600	-
Purchases and sales	54,750	1,54,500
Bank Overdraft	-	25,500
Sales and purchase return	-	1,250
Advertisements	2,000	-
Interest	4,500	-
Cash	1,180	-
Commision	6,500	3,750
Tax and insurance	-	-
General Expenses	12,500	-
Salary	7,820	-
	33,000	3,40,000
	3,40,000	

Adjustments:-

(12)

- (a) Stock on 31st March 2007 was valued at Rs. 32,500.
- (b) Depreciation building at 5%, furniture at 10% and machinery at 20%.
- (c) Interest of Rs. 850 is payable on bank overdraft.
- (d) Salary Rs. 3,000 and tax Rs. 1,200 are outstanding.
- (e) Insurance prepaid is Rs. 1,000 and one third of the commission is received in advance.
- (f) Furniture purchased in April 2006 worth Rs. 1,000 is included in purchases.
- (g) Write off Rs. 100 as further bad debts and reserves for doubtful debts is to be made equal to 5% on debtors.

Q.4 From the following receipt and payments account of a cricket club and the additional information, prefer an income and expenditure A/C for the year ended 31st March 2007.

(12)

Receipt	Rs.	Payments	Rs.
Balance Bid			
Cash	3,520	Crockery purchased	2,650
Bank	27,380	Maintenance	6,820
6% fixed deposit	30,000	Match expenses	13,240
Membership subscriptions (incl. Rs. 6,000 for 2008)	40,000	Salaries	11,000
Entrance fees	2,750	Conveyance	820
Donation	5,010	Upkeep of lawn	4,240
Interest on fixed deposit	900	Postage stamps	1,050
Tournament fund	20,000	Purchase of cricket goods	9,720
Sale of crockery (book value Rs. 1,200)	2,000	Sundry expenses	2,000
		Investments	5,700
		Tournament expenses	18,800
		Balance Bid	
		Cash	2,200
		Bank	23,320
		6% fixed deposit	30,000
	1,31,560		1,31,560

Information:-

- Monthly salary is Rs. 1,000.
- The value of unused postage stamps is on 31st March 2006, Rs. 750 and on 31st March 2007, Rs. 900.
- Stock of cricket equipments is on 31st March 2006, Rs. 3,210 on 31st March 2007, Rs. 2,800.
- Arrears of membership subscription 2005-06 Rs. 6,600, 2006-07 Rs. 8,000.
- Donations and Entrance fees are not to be capitalized.

Q.5 X. Ltd. Which depreciates its machinery at 10% p.a. on Diminishing Balance method had on 1st April 2006 Rs. 9,72,000 on the debit side of Machinery Account. During the year machinery purchased on 1st April 2004 for Rs. 80,000 was sold for Rs. 45,000 on 1st October 2006 and a new machinery at a cost of Rs. 1,50,000 was purchased and installed on the same date. Installation charges being Rs. 8,000. The company wanted to change the method of depreciation from diminishing balance method to straight line method with effect from 1st April 2004. Difference of depreciation upto 31st March 2007 to be adjusted. The Rate of depreciation remains as before. Show machinery A/C. (12)

Q.6 A trader has the following transactions in a certain product for 6 months to 30th June 2006.

Jan 1	Purchased 600 items @ Rs. 20 each
Feb 1	Purchased 200 items @ Rs. 24 each
Feb 15	Sells 200 items at Rs. 30 each
April 1	Purchased 300 items @ Rs. 30 each
April 15	Sells 400 items @ Rs. 40 each
June 1	Purchased 300 items @ Rs. 40 each

June 15	Sells 300 items @ Rs. 50 each
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Calculate the value of closing stock at June 30, 2006 using:-

(12)

- (a) FIFO
- (b) LIFO
- (c) Weighted Average Method

Q.7 You are presented with a Trial Balance showing the difference which has been carried to suspense account and the following errors are subsequently discovered.

- (a) Goods amounting to Rs. 600 sold to 'w' were correctly entered in the sales book, but posted to 'w' A/C as 760. The total sales for the month were also overcast by Rs. 100.
- (b) A cash sales of Rs. 150 to 'B'. Correctly entered in the cash book, was posted to the credit of B's personal A/C.
- (c) Goods worth Rs. 130 returned by G were entered in the sales book were posted therefrom to the credit of G's personal account.
- (d) Goods invoiced at Rs. 1,240 and debited on 20th December to J were returned on the 23rd and taken into stock on 31st December, no entries being made in the books.
- (e) Sales Return Book was overcast by Rs. 1,000 and the total of the folio in the same book Rs. 17,300 was carried forward as Rs. 17,030.
- (f) Bills Receivables from 'H' of Rs. 1,600 posted to the credit of Bills payable A/C and credited to 'H'.

Make the necessary correcting entries and show the suspense A/C.

(12)

Q.8 The following balances have been extracted from the books of ABC Ltd., on 31st March 2007.

(12)

Share capital	Rs. 10,00,000
Share premium	Rs. 1,00,000
12% debentures	Rs. 5,00,000
Creditors	Rs. 2,00,000
Proposed dividend	Rs. 50,000
Profit and loss A/C(debit)	Rs. 50,000
Live stock	Rs. 9,00,000
Govt. bonds	Rs. 4,00,000
Work in progress	Rs. 4,00,000
Discount on issue of 12% debentures	Rs. 1,00,000

Prepare Balance Sheet of the company as per schedule VI part-I of the companies Act, 1956.
