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Question Paper Code : 60838

M.C.A. DEGREE EXAMINATIONS, NOVEMBER/DECEMBER 2023.

First Semester

MC 4104 — FUNDAMENTALS OF ACCOUNTING

(Regulations 2021)

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. State the meaning of financial accounting.
2. Indicate the concept of bookkeeping.
3. Recall the gist of management accounting.
4. Infer the term ratio analysis.
5. Describe the essence of budgetary control.
6. Explain the term zero-based budgeting.
7. List any four objectives of financial management.
8. Interpret the concept of inventory.
9. Reproduce the idea of insurance claim.
10. List the need for data security.

PART B — (5 × 13 = 65 marks)

11. (a) Examine any seven accounting principles in detail.

Or

- (b) Read the following transactions and prepare ledgers: -
- (i) Ram commenced business with cash Rs.1,00,000.
 - (ii) Purchased goods from Vikram Rs.25,000.
 - (iii) Sold goods to Vimal Rs.10,000.
 - (iv) Paid salary through cheque Rs.5,000.
 - (v) Bought Furniture from Vineeth Rs.15,000.
 - (vi) Purchased Machinery from Sundar Rs.50,000.
 - (vii) Paid Electricity charges Rs.1,000.

12. (a) Interpret the following data and prepare Journal Entries:
- 2019, Jan. 1 — Amutha commenced business with cash — Rs.50,000;
 2019, Jan. 2 — Purchased goods for cash — Rs.10,000;
 2019, Jan. 5 — Purchased goods from Mohan on credit — Rs.6,000;
 2019, Jan. 7 — Paid into Bank — Rs.5,000;
 2019, Jan. 10 — Purchased furniture — Rs.2,000;
 2019, Jan. 20 — Sold goods to Suresh on credit — Rs.5,000;
 2019, Jan. 25 — Cash sales — Rs.3,500.

Or

- (b) Review the following information to calculate ratios and interpret accordingly
- (i) Gross Profit Ratio;
 - (ii) Operating Ratio;
 - (iii) Operating Profit Ratio;
 - (iv) Net Profit Ratio;
 - (v) Administrative Expense Ratio; and,
 - (vi) Selling and Distribution Ratio.

Particulars	Rs.
Net Sales	1,50,000
Cost of Goods Sold	85,000
Operating Expenses:	
General Expenses	15,000
Administrative Expenses	6,000
Selling and Distribution Expenses	12,000
Non-Operating Expenses:	
Interest Paid	1,000
Income Tax Paid	15,000
Non - operating Income:	
Dividend Received	3,000
Rent Received	5,000

13. (a) Infer the following details and prepare a production budget and production cost budget for the six months from July to December, 2019:
- The units to be sold in different months are:
July — 2200; August — 2200; September — 3400; October — 3800; November — 5000; December — 4600; January, 2020 — 4000.
 - There will be no work-in-progress in any month.
 - Finished units equal to half the sales for the next month will be in stock at the end of every month (including June 2019).
 - Budgeted production and production costs for the year ending December 2019 are as thus: Production units: 44,000; Direct materials per unit: Rs.10; Direct Wages per unit: Rs.4; Total factory overheads apportioned to the product: Rs.88,000.

Or

- (b) Show a cash budget for the months of March, April and May, 2021 from the following information:
- Expected Cash Balance on 1.3.2021 is Rs.80,000.
 - Suppliers allowed a credit period of two months.
 - A credit period of one month is allowed to customers.
 - Expenses are paid in the same month.
 - Sale of fixed asset Rs.25,000 in April, 2021.
 - Purchase of fixed asset in May, 2021 Rs.25,000.

Month	Credit Purchase (Rs.)	Credit Sales (Rs.)	Admin. Expenses (Rs.)
January	75,000	1,50,000	1,20,000
February	1,00,000	1,35,000	1,35,000
March	85,000	1,75,000	65,000
April	1,25,000	1,20,000	70,000
May	90,000	1,40,000	80,000

14. (a) Examine any four methods of changing depreciation in detail.

Or

- (b) Enumerate in detail the steps involved in creation of purchase order in tally.

15. (a) Reproduce a Bank Reconciliation Statement as on June, 2021 for M/s Jothi Sales Private Limited from the information given below:

- Bank overdraft as per cash book — Rs.1,10,450
- Cheques issued on 20th June, but not yet presented for payment — Rs.15,000
- Cheques deposited but not yet credited by bank — Rs.22,750
- Bills receivable directly collected by bank — Rs.47,200
- Interest on overdraft debited by bank — Rs.12,115
- Amount wrongly debited by bank — Rs.2,400.

Or

- (b) From the following data, visualize the Final Accounts of the company:

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	1,800	Capital	80,000
Buildings	15,000	General Reserve	20,000
Furniture and Fittings	7,500	Loan from Hari @ 6%	15,000
Computer	25,000	Sales	1,00,000
Interest on Loan	900	Commission Received	7,500
Loose Tools	6,100	Sundry Creditors	10,000
Purchases	75,000		
Stock on 1.4.2018	25,000		
General expenses	15,000		
Freight inward	2,000		
Freight outward	1,000		
Sundry Debtors	28,000		
Bank	20,200		
Goodwill	10,000		
	<u>2,32,500</u>		<u>2,32,500</u>

Adjustments:

- Closing stock is Rs.32,000;
- Depreciate Computer @ 10%; Buildings @ 5%; Furniture and Fittings @ 10%;
- Provide for bad and doubtful debts @ 5% and for discount on debtors @ 2%;
- Provide interest on drawings @ 6% and on capital @ 8%.

PART C — (1 × 15 = 15 marks)

16. (a) Analyze any eight objectives of financial accounting in detail.

Or

- (b) Evaluate the below information for the production of 5000 units and prepare a flexible budget for the production of 4000 units and 6000 units.

Particulars	Rs. Per Unit
Direct Materials	24
Direct Labour	12
Variable Overheads	10
Fixed Overheads (Rs.30,000)	6
Variable Expenses (Direct)	2
Selling Expenses (10% Fixed)	6
Admin Expenses (Rs.10,000 Fixed)	2
Distribution Expenses (20% Fixed)	2
Total Cost	<u>64</u>