

Enrollment No.....



Faculty of Engineering
End Sem (Even) Examination May-2019
CA5HS02 Accounting and Financial Management

Programme: MCA

Branch/Specialisation: Computer Application

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. Journal is a book of – 1
 (a) Accounts (b) Original Records (c) Final Accounts (d) Classification
- ii. A Trial Balance is a proof of – 1
 (a) Honesty of Accountant (b) Honesty of Book Keeper
 (c) Arithmetical accuracy of accounts (d) Accuracy of books
- iii. The closing stock is valued at – 1
 (a) Cost Price
 (b) Market Price
 (c) Cost price or market price whichever is lower
 (d) None of these
- iv. Accrued Interest is – 1
 (a) Asset (b) Liability (c) Income (d) Expense
- v. The difference between actual sales and break even sales is called- 1
 (a) Margin of Safety (b) Contribution
 (c) Profit Volume Ratio (d) Break Even Point
- vi. The use of FIFO method is suitable- 1
 (a) At Rising Prices (b) At Falling Prices
 (c) At constant Prices (d) None of these
- vii. The difference between actual cost and standard cost is known as - 1
 (a) Profit (b) Variance (c) Differential Cost (d) None of these
- viii. Idle time variance is a sub-variance of – 1
 (a) Overhead Efficiency variance (b) Labour Cost variance
 (c) Labour Rate variance (d) Labour Efficiency variance
- ix. Responsibility Accounting is also known as – 1
 (a) Profitability Accounting (b) Activity Accounting
 (c) Both (a) & (b) (d) None of these

- (c) Compute the sales revenue required to earn a profit of Rs. 50,000
- ii. The following is the receipts and issues of an item of stores for the month of December 2018 – 7

RECEIPTS			ISSUES		
Date	Quantity (Kg)	Rate (Rs.)	Date	Quantity (Kg)	Rate (Rs.)
Dec 01	500	20	Dec 03	300	70
Dec 14	20	20	Dec 04	50	100
Dec 20	200	22	Dec 07	50	80
Dec 27	15	20	Dec 16	80	200
			Dec 25	180	200

Issues are to be priced on the basis of FIFO. The stock verifier reported a shortage of 5 kg on 15 December and 7 kg on 31st December. Prepare a stores ledger Account.

- OR iii. What is Fund Flow Statement? State the limitations of Fund Flow Statement. 7
 Differentiate Fund Flow Statement and Balance Sheet.

- Q.5 i. What is meant by 'Standard Costing'? Discuss its advantages. 4
- ii. The following expenses at 50% capacity are given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% & 100% capacity. 6

	Expenses at 50% capacity
Fixed Expenses	
Salaries	60,000
Rent & Taxes	30,000
Depreciation	50,000
Administrative Expenses	80,000
Variable Expenses	
Materials	2,50,000
Labour	2,00,000
Other expenses	40,000
Semi-variable Expenses	
Repairs	1,50,000
Indirect Labour	1,50,000
Others	40,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity and a further increase of 5% when capacity crosses 75%.

[2]

- x. Centre which is otherwise known as Strategic business unit – **1**
 (a) Cost Centre (b) Profit Centre
 (c) Investment Centre (d) Responsibility Centre

- Q.2 i. What is Going Concern Concept? **2**
 ii. Define Accounting. What are the objects of Accounting? **3**
 iii. Record the following transactions in Journal – **5**
 Sunil commenced business on 1st April 2019 with a Capital of Rs.5,00,000 out of which Rs. 3,00,000 is his own and he has borrowed Rs. 2,00,000 from Bank.

2019		Rs.
April 5	Purchased goods	1,50,000
April 10	Cash Sales	45,000
April 11	Bought Motor cycle for personal use & Payment made out of business money	15,000
April 15	Purchased goods worth Rs. 15,000 out of which goods worth Rs.10,000 is insured.	
April 16	Goods worth Rs. 7,000 got destroyed due to Fire and insurance company accepted the claim.	
April 18	Received compensation from Insurance Company.	7,000
April 22	Withdrew cash for personal use	2,500
	Withdrew goods for personal use	1,500
April 27	Goods given as charity	500
	Goods given as Free sample	400
April 30	Paid Salaries	2,000

- OR iv. From the following Trial Balance (containing obvious errors), prepare correct Trial Balance – **5**

Particulars	L.F	Dr. Amount	Cr. Amount
Cost of Goods Sold		1,50,000	
Closing Stock			40,000
Debtors			60,000
Creditors			30,000
Fixed Assets		50,000	
Opening Stock		60,000	
Expenses			20,000
Sales			2,00,000
Capital		90,000	
		3,50,000	3,50,000

[3]

- Q.3 i. How the assets & liabilities are classified? Explain. **2**
 ii. Distinguish between – **8**
 (a) Trading Account and Profit & Loss Account
 (b) Trial Balance and Balance Sheet
 OR iii. From the following balances, Prepare Final Accounts in the books of Mr. Abhinav Gupta for the year ending on 31st March 2019 – **8**

	Rs.		Rs.
Capital	24,500	Loan	7,880
Drawings	2,000	Sales	65,360
General Expenses	2,500	Purchases	7,000
Buildings	11,000	Motor Car	2,000
Plant	9,340	Opening Stock	16,200
Coal & Power	2,240	Bad Debts Reserve	900
Taxes & Insurance	1,315	Commission Cr.	1,320
Wages	7,200	Car Expenses	1,800
Debtors	6,280	Bills Payable	3,850
Creditors	2,500	Cash in Hand	80
Bank Overdraft	3,300	Discount Dr.	550
Donation	105		

Consider the following Adjustments –

- (a) Stock on 31st March 2019 is valued at Rs.23,500.
 (b) Write off Rs.160 for Bad Debts and make a reserve of 5% for bad & doubtful debts on debtors.
 (c) Depreciation on Plant at 10% p.a & Motor Car at 12% p.a.
 (d) The Motor Car is partly used for business and partly for the private use of proprietor. Hence 1/3 of the depreciation and car expenses are to be charged to the proprietor.
 (e) Interest of Rs.750 was outstanding on Bank Overdraft.
 (f) It is decided that Rs.250 is to be transferred every year to create Donation Reserve.

- Q.4 i. Arvind Dubey trades in footwear and sells footwear at the rate of Rs. 20 per pair. Each pair that is sold contributes Rs.8 to the recovery of fixed cost and to profit. His fixed cost of operation amounts to Rs. 1,00,000 a year. You are required to – **3**
 (a) Compute the sales revenue at Break Even Point.
 (b) Compute how many pairs must be sold at Break Even Point.

P.T.O.

[5]

Estimated sales at various levels of capacity are –

Capacity	Sales
60%	11,20,000
70%	13,00,000
100%	17,00,000

- OR iii. A manufacturing concern which has adopted standard costing furnishes the following information – **6**

Standard –

Material for 80 kg Finished products	100 kg
Price of Materials	Rs. 1.20 per kg

Actual –

Output	2,40,000 kg
Material used	3,15,000 kg
Cost of Materials	Rs. 3,46,500

Calculate –

- (a) Material Usage Variance (b) Material Price Variance
(c) Material Cost Variance

Q.6 Attempt any two:

- i. What is Responsibility Accounting? Discuss the steps involved in implementation of Responsibility Accounting Centre. **5**
- ii. Distinguish between Cost Centre & Profit Centre. **5**
- iii. What do you mean by 'Transfer Pricing'? State the objectives of Transfer Pricing Method. **5**

Marking Scheme
CA5HS02 Accounting and Financial Management

- Q.1 i. Journal is a book of – **1**
(b) Original Records
ii. A Trial Balance is a proof of – **1**
(c) Arithmetical accuracy of accounts
iii. The closing stock is valued at – **1**
(c) Cost price or market price whichever is lower
iv. Accrued Interest is – **1**
(a) Asset
v. The difference between actual sales and break even sales is called- **1**
(a) Margin of Safety
vi. The use of FIFO method is suitable- **1**
(b) At Falling Prices
vii. The difference between actual cost and standard cost is known as - **1**
(b) Variance
viii. Idle time variance is a sub-variance of – **1**
(c) Labour Rate variance
ix. Responsibility Accounting is also known as – **1**
(c) Both (a) & (b)
x. Centre which is otherwise known as Strategic business unit – **1**
(b) Profit Centre

- Q.2 i. Going Concern Concept? **2**
ii. Definition of Accounting **3** 1 mark
Objects of Accounting **3** 2 marks
iii. Journal Entries – **5**
10 Journal entries - 0.5 mark each (0.5 mark *10)

- OR iv. **Trial Balance** **5**

Particulars	L.F	Dr.Amount	Cr. Amount
Cost of Goods Sold		1,50,000	
Closing Stock		40,000	
Debtors		60,000	
Creditors			30,000
Fixed Assets		50,000	
Expenses		20,000	
Sales			2,00,000
Capital			90,000
		<u>3,20,000</u>	<u>3,20,000</u>

- Q.3 i. Classification of Assets **1 mark** **2**
Classification of Liabilities **1 mark**
ii. Distinguish between- **8**
(a) Trading Account and Profit & Loss Account **4 marks**
(b) Trial Balance and Balance Sheet **4 marks**
OR iii. **Final Accounts** **8**
Trading Account – Gross Profit Rs.16,220 **2 marks**
Profit & Loss Account – Net Profit Rs.10,210 **3 marks**
Balance Sheet – Rs 1,09,610 **3 marks**
Q.4 i. **Cost Volume Profit Analysis** **3**
Break Even Point Sales (in Rs.) – Rs. 2,50,000 **1mark**
Break Even Point Sales (in units) – 12,500 units **1mark**
Expected Sales for Desired Profit – Rs. 3,75,000 **1 mark**
ii. Stores Ledger Account (FIFO Method) **7**
Closing Balance of Material on 31 Dec. – Rs. 1,576
OR iii. Meaning of Fund flow statement` **1 mark** **7**
Limitations of Fund flow statement **3 marks**
Difference between Fund flow statement & Balance Sheet **3 marks**
Q.5 i. Meaning of Standard Costing **1 mark** **4**
Advantages of Standard Costing **3 marks**
ii. Flexible Budget **6**
Loss at 60% capacity – Rs. 28,000 **2 marks**
Profit at 70% capacity – Rs. 20,000 **2 marks**
Profit at 100% capacity – Rs. 1,09,000 **2 marks**
iii. Material Variances **6**
Material Usage Variance = Rs. 18,000 (Adverse) **2 marks**
Material Price Variance = Rs.31,500 (Favourable) **2 marks**
Material Cost Variance = Rs. 13,500 (Favourable) **2 marks**
Q.6 Attempt any two:
i. Meaning of Responsibility Accounting **1 mark** **5**
Steps **4 marks**
ii. Cost Centre **2.5 marks** **5**
Profit Centrer **2.5 marks**
iii. Meaning of Transfer Pricing **1 mark** **5**
Objectives of Transfer Pricing Method **4 marks**
