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Roll No. ....

## MCA-205

M. C. A. (Second Semester) EXAMINATION, June, 2008

ACCOUNTING AND MANAGEMENT CONTROL

(MCA-205)

*Time : Three Hours*

*Maximum Marks : 100*

*Minimum Pass Marks : 40*

**Note :** Attempt any five questions out of eight. All questions carry equal marks.

1. (a) What is meant by Subsidiary Books ? What is their importance ? 5

(b) On 1st June, 2006 Bhanu started business with a capital of Rs. 25,000. The particulars of his cash receipts and payments for June, 2006 are given below :

| June, 2006                 | Rs.    |
|----------------------------|--------|
| 3 Purchased goods for cash | 10,200 |
| 8 Sold goods for cash      | 7,600  |
| 13 Received from Ranu      | 8,450  |
| 19 Paid to Shanu           | 6,530  |
| 25 Received Interest       | 200    |
| 30 Paid Salary             | 600    |

Record the above transactions in the Cash Book. 15

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2. (a) What is a Trial Balance ? How is it prepared ? Explain. 10
- (b) Explain the following : 10
- (i) Accounting Equations
- (ii) Rules of Journalizing
3. Write short notes on the following : 5 each
- (i) Closing stock
- (ii) Bad debts
- (iii) Provision for bad debts
- (iv) Provision for discount on debtors and creditors
4. Shri Satya Narayan started business on 1st June, 2005 with a capital of Rs. 1,80,000. He draws Rs. 1,500 per month as drawings. From the following information prepare Trading and Profit & Loss Account for the year ended 31st March, 2006 and Balance Sheet as on that date :

|                       | Rs.      |                      | Rs.      |
|-----------------------|----------|----------------------|----------|
| Purchases             | 4,65,000 | Plants               | 2,10,000 |
| Carriage on Purchase  | 7,500    | Sundry Debtors       | 67,500   |
| Salaries              | 39,750   | Bills Receivable     | 45,000   |
| Electricity Expenses  | 3,000    | Cash in Hand         | 12,000   |
| Travelling Expenses   | 14,700   | Sales                | 4,50,000 |
| Telephone Exp.        | 5,100    | Interest on Personal |          |
| Advertisement Exp.    | 15,000   | Investment           | 30,000   |
| Repairs               | 4,950    | Sundry Creditors     | 1,27,000 |
| Bad Debts written-off | 3,000    | Bank Overdraft       | 1,20,000 |

While preparing Final Accounts the following matters have to be taken into consideration : 20

- (i) Purchase on furniture of Rs. 12,000 is included in purchases.

- (ii) Rs. 3,000 for the advertisement for the year 2006-07 have been paid in advance which is included in advertisements.
  - (iii) Goods worth Rs. 75,000 was burnt by fire during the course of the year. Damaged goods were sold for Rs. 30,000 which is included in sales. Insurance company has agreed to pay Rs. 37,500 as claim but the amount is still to be received.
  - (iv) Value of closing stock Rs. 1,80,000.
  - (v) Depreciation is to be charged on the closing balances. Depreciation furniture and plant by 10%.
5. Write short notes on the following : 5 each
- (i) Inventory pricing
  - (ii) FIFO and LIFO methods
  - (iii) Break-even point
  - (iv) Cost-volume profit analysis
6. (a) What is a Fund Flow Statement ? Examine its managerial uses. 10
- (b) How does Fund Flow Statement differ from Balance Sheet ? 10
7. (a) Explain the term 'Variance'. Why are the variances computed ? 10
- (b) Illustrate with examples the model operation of preparing a cash budget. 10
8. Explain the meaning and different types of 'Responsibility Centres'. What steps need to be taken to set up system of responsibility accounting in an organisation ? 20

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*Maximum Marks : 100*

*Minimum Pass Marks : 40*

Note : Attempt *one* question from each Unit. All questions carry equal marks.

### Unit - I

1. Discuss the following concepts of accounting : 5 each
  - (a) Separate entity concept
  - (b) Dual Aspect concept
  - (c) Going concern concept
  - (d) Accounting period concept
2. (a) Explain the rules of journalizing with suitable illustrations. 10
- (b) Is Trial Balance a conclusive proof of accuracy ? Discuss. 10

### Unit - II

3. (a) How do we prepare final accounts and balance sheet for a concern ? 10
- (b) Give the journal entries and steps to adjust the following accounts in the books of a concern : 10
  - (i) Closing stock
  - (ii) Outstanding salary

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4. From the undermentioned Trial balance of Govinda prepare a Trading and Profit and Loss Account, for the year ended 31st December, 2006 and Balance Sheet as at that date :

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|                                  | Rs.      | Rs.      |
|----------------------------------|----------|----------|
| Capital Account                  | —        | 1,00,000 |
| Stock                            | 30,000   | —        |
| Purchases                        | 100,000  | —        |
| Sales                            | —        | 2,00,000 |
| Returns in and out               | 2,500    | 1,500    |
| Bad debts provision              | —        | 750      |
| Bills receivable and payable     | 45,000   | 10,000   |
| Carriage                         | 7,500    | —        |
| Plant and Machinery              | 65,000   | —        |
| Office furniture                 | 3,500    | —        |
| S. Debtors and Sundry Creditors  | 60,000   | 28,000   |
| Coal, Gas and Water              | 1,200    | —        |
| Wages                            | 10,000   | —        |
| Duty and Clearing charges        | 1,500    | —        |
| Office Rent                      | 2,500    | —        |
| Printing and Stationery          | 500      | —        |
| Insurance                        | 350      | —        |
| Carriage out                     | 4,200    | —        |
| Salaries                         | 18,000   | —        |
| Factory Rent                     | 1,900    | —        |
| Electricity and Telephone        | 800      | —        |
| Loan @ 9% (taken on May 1, 2006) | —        | 25,000   |
| Bank Charges                     | 25       | —        |
| Drawings                         | 5,000    | —        |
| Cash in hand                     | 1,250    | —        |
| Cash at bank                     | 4,525    | —        |
|                                  | 3,65,250 | 3,65,250 |

The following adjustments are to be taken into consideration :

Closing Stock, Rs. 40,000. Outstanding liabilities to be provided for : Salary Rs. 2400, Factory Rent Rs. 1500 and Office Rent Rs. 550. Bad debts provision to be adjusted to  $2\frac{1}{2}\%$  of Sundry Debtors after elimination of Bad debts amounting to Rs. 2,000. Depreciation on plant 10%. Interest on capital at 5% p. a. Goods withdrawn Rs. 2,525 for private use.

### Unit—III

5. (a) What do you mean by Fund Flow Statement ? 5  
 (b) Show the stores ledger entries as they would appear when using : 15  
 (i) FIFO method (ii) LIFO method, of pricing issues, in connection with the following transactions :

| April |             | Units | Value |
|-------|-------------|-------|-------|
| 1     | Balance b/f | 300   | 600   |
| 2     | Purchased   | 200   | 440   |
| 4     | Issued      | 150   | —     |
| 6     | Purchased   | 200   | 460   |
| 11    | Issued      | 150   | —     |
| 19    | Issued      | 200   | —     |
| 22    | Purchased   | 200   | 480   |
| 27    | Issued      | 250   | —     |

6. (a) What is meant by Break-Even point ? Discuss in detail. 10  
 (b) Write short notes on the following : 10  
 (i) Contribution and P/V ratio  
 (ii) Marginal Cost

## Unit—IV

7. (a) Define Standard Costing. 10  
 (b) What do you mean by 'Variance Analysis' ? 10
8. (a) For production of 10,000 Electrical Automatic Irons, the following are budgeted expenses : 15
- |  | Rs. per unit |
|--|--------------|
| Direct Materials                           | 60           |
| Direct Labour                              | 30           |
| Variable Overheads                         | 25           |
| Fixed Overheads                            | 15           |
| Variable expenses (Direct)                 | 5            |
| Selling expenses (10% fixed)               | 15           |
| Administration expenses (Rs. 50,000 rigid) | 5            |
| Distribution expenses (20% fixed)          | 5            |
| Total cost of sale per unit                | <u>160</u>   |
- Prepare a budget for the production of 6,000, 7,000 and 8,000 irons showing distinctly marginal cost and total cost.
- (b) Define Budget. 5

## Unit—V

9. Write a detailed note on Management Control. 20
10. Write short notes on the following : 5 each
- (i) Expenses centres
  - (ii) Profit centres
  - (iii) Revenue centres
  - (iv) Investment centres