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**MCA**  
**(SEM I) THEORY EXAMINATION 2018-19**  
**ACCOUNTING AND FINANCIAL MANAGEMENT**

*Time: 3 Hours**Total Marks: 70*

**Note:** 1. Attempt all Sections. If require any missing data; then choose suitably.

**SECTION A**

**1. Attempt all questions in brief.** **2 x 7 = 14**

- a. What is accounting? State accounting equation.
- b. What are the advantages and disadvantages of manufacturing account?
- c. Discuss solvency ratio.
- d. Explain the rules of journalizing an account.
- e. Define accounting standards in brief.
- f. What do you mean by ledger?
- g. Who are different users of accounting?

**SECTION B**

**2. Attempt any three of the following:** **7 x 3 = 21**

- a. From the following Ledger balances prepare a Trial Balance:

|                  |          |                  |        |
|------------------|----------|------------------|--------|
| Purchase         | 1,04,000 | Drawings         | 7,950  |
| Sundry Debtors   | 18,550   | Sundry Creditors | 8,300  |
| Premises         | 62,000   | Sales Return     | 5,360  |
| Sales            | 1,49,000 | Furniture        | 15,600 |
| Purchase Return  | 8,900    | Cash in hand     | 390    |
| Rates and Taxes  | 780      | Capital          | 85,000 |
| Cash at Bank     | 1,560    | Factory Wages    | 5,830  |
| Carriage Inwards | 650      | Carriage outward | 260    |
| Salaries         | 25,000   | Rent Received    | 2,990  |
| Opening Stock    | 25,000   | Insurance        | 2,100  |
| Bad Debts        | 260      |                  |        |

- b. Differentiate Book Keeping and Accounting. Discuss double entry system and also explain its advantages and disadvantages.
- c. What is the need of accounting Concepts and conventions? Discuss various Accounting Concepts.
- d. What do you understand by Ratio Analysis? Discuss its importance and limitations in Business.
- e. Differentiate tangible and intangible Assets with suitable examples.

**SECTION C**

**3. Attempt any one part of the following:** **7 x 1 = 7**

- (a) What is the purpose of Balance Sheet? Present a format of Balance Sheet with imaginary figures.
- (b) Discuss convention of Consistency and Conservatism with merits and demerits.

**4. Attempt any one part of the following:** **7 x 1 = 7**

- (a) Define Capital & Revenue expenditure with suitable example.

(b) Explain different types of accounts with their properties and applications.

5. Attempt any *one* part of the following: 7 x 1 = 7

(a) Discuss Cash flow Statement. Also define cash from various activities. Present its format also.

(b) Prepare Accounting Equation from the following transactions:

1. Mr. Sumit commenced business with cash Rs. 1,00,000
2. Good purchased from ramesh for Rs. 14,500 on credit.
3. Goods sold to satish for Rs. 10,000 on credit.
4. Interest paid Rs. 5,000
5. Furniture Purchased for Rs. 10,000.

6. Attempt any *one* part of the following: 7 x 1 = 7

(a) What do you understand by funds flow statement? Present the schedule of changes in working capital, Adjusted P&L account and funds flow statement.

(b) On 1<sup>st</sup> January, 2012, Hindustan Ltd. Purchased a machine for Rs 5, 00,000. On 1<sup>st</sup> July, 2012, an additional machinery costing Rs. 3, 00,000 was purchased. On 1<sup>st</sup> July, 2014 the machine purchased on January 1, 2012 was sold for Rs. 3, 70,000. Show the Machinery account for the first three calendar years after changing depreciation at 10% by Straight Line Method.

7. Attempt any *one* part of the following: 7 x 1 = 7

(a) Define accounting, its objectives & limitations.

(b) Prepare Trading and Profit and Loss Account and the Balance Sheet.

| Particulars                           | Debit Balance<br>Rs. | Credit Balance<br>Rs. |
|---------------------------------------|----------------------|-----------------------|
| Cash in Hand                          | 1,090                |                       |
| Cash at bank                          | 5,160                |                       |
| Purchases                             | 78,450               |                       |
| Sales                                 |                      | 1,97,560              |
| Returns Inward                        | 1,360                |                       |
| Returns Outward                       |                      | 1,000                 |
| Wages                                 | 19,960               |                       |
| Fuel and Power                        | 9,460                |                       |
| Carriage on Sales                     | 6,400                |                       |
| Carriage on Purchases                 | 4,080                |                       |
| Stock (1 <sup>st</sup> January, 2011) | 11,510               |                       |
| Building                              | 60,000               |                       |
| Free hold Land                        | 20,000               |                       |
| Machinery                             | 40,000               |                       |
| Salaries                              | 30,000               |                       |
| Patents                               | 15,000               |                       |
| General Expenses                      | 6,000                |                       |
| Capital                               |                      | 1,42,000              |
| Drawings                              | 15,490               |                       |
| Sundry Debtors                        | 29,000               |                       |
| Sundry Creditors                      |                      | 12,400                |
|                                       | 3,52,960             | 3,52,960              |

Adjustments:

1. Stock on hand on 31<sup>st</sup> December, 2011 is Rs. 13600
2. Outstanding salaries Rs. 5000
3. Depreciation on Machinery @ 10%
4. Reserve for doubtful Debits on Debtors @ 10%