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**MCA**  
**(SEM I) THEORY EXAMINATION 2021-22**  
**ACCOUNTING & 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.	Define Accounting.
b.	Who are the external users of Accounting Information?
c.	Explain Window Dressing in Accounting?
d.	Explain the Golden rules of Accounting.
e.	List out four tools used for the analysis of financial statement.
f.	Discuss the significance of Liquidity Ratios?
g.	Define Gross and Net Working Capital.

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

a.	Discuss various Accounting Concepts in details with suitable examples.																								
b.	What do you mean by Accounting Equation? Explain with the help of an example.																								
c.	Discuss the merits and demerits of double entry system.																								
d.	Differentiate Cash Flow and Fund Flow statement.																								
e.	<b>Journalize the following transactions:</b>																								
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**SECTION C****3. Attempt any one part of the following:****7 x 1 = 7**

(a)	Discuss the advantages and limitations of Accounting.
(b)	A Ltd. Company purchased a machine on 1.4.2019 for Rs. 40,000 and for Rs. 80,000 on 1.7.2020. The first machine is sold on 1.10.2021 for Rs. 18,000 and on the same date a new machine is purchased for Rs. 1,00,000. Depreciation is charged on 31 <sup>st</sup> March every year @ 10% p.a. prepare machine account for the first 3 years.



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

(a)	Define Accounting Standards and their utility.	
(b)	<b>Show the effect of the following transactions on the Accounting Equation.</b>	
	1.	Mohan started business with cash <span style="float: right;">80,000</span>
	2.	Purchased goods on credit <span style="float: right;">6,000</span>
	3.	Purchased goods for cash <span style="float: right;">2,000</span>
	4.	Purchased Machine for cash <span style="float: right;">1500</span>
	5.	Withdrew for private use <span style="float: right;">1700</span>
	6.	Paid rent <span style="float: right;">1200</span>

5. 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 on the basis of liquidity with imaginary figures.		
(b)	From the following Trial Balance of A Ltd., prepare the Trading and Profit and Loss Account for the year ended 31st March, 2020 and the Balance Sheet as at that date after taking into account the adjustments given below:		
	<b>Particulars</b>	<b>Dr.</b>	<b>Cr.</b>
	Capital		2,90,000
	Drawings	7,600	
	Purchases and Sales	89,000	1,50,000
	Sales and Purchases Returns	2,800	4,500
	Stock (1st April, 2019)	12,000	
	Wages	8,000	
	Building	2,20,000	
	Freight and Carriage	20,000	
	Trade Expenses	2,000	
	Advertisement	2,400	
	Interest		3,500
	Taxes and Insurance	1,300	
	Debtors and Creditors	65,000	12,000
	Bills Receivable and Bills Payable	15,000	7,000
	Cash at Bank	12,000	
	Cash in Hand	1,900	
	Salaries	8,000	
	<b>Total</b>	<b>4,67,000</b>	<b>4,67,000</b>
	<b>Adjustments:</b> (1) Stock on 31st March, 2020 was valued at Rs.18,000. (2) Insurance was prepaid to the extent of Rs.500. (3) Outstanding Salaries Rs.3,000. (4) Depreciate Building at 5% per annum.		

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

(a)	Prepare the format of Common size Balance Sheet with imaginary figures.	
(b)	From the information given below:	
	Net Sales	10,00,000
	Cost of Goods Sold	6,00,000
	Current Assets	4,00,000



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	<p>Current Liabilities    2,80,000 Paid-up Share Capital 5,00,000 13% Debentures        2,00,000</p> <p>Calculate the following ratios: a) Current ratio b) Debt-Equity Ratio, and c) Gross Profit Ratio</p>
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7. Attempt any *one* part of the following:

7 x 1 = 7

<b>(a)</b>	Prepare the format of Cash Flow Statement.																																																
<b>(b)</b>	<p>Prepare Cash Flow Statement from the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Liabilities</th> <th style="width: 10%;">2019</th> <th style="width: 10%;">2020</th> <th style="width: 15%;">Assets</th> <th style="width: 10%;">2019</th> <th style="width: 10%;">2020</th> </tr> </thead> <tbody> <tr> <td>Equity Share Capital</td> <td style="text-align: right;">2,00,000</td> <td style="text-align: right;">2,50,000</td> <td>Goodwill</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Preference Share</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">40,000</td> <td>Buildings</td> <td style="text-align: right;">1,00,000</td> <td style="text-align: right;">80,000</td> </tr> <tr> <td>General Reserve</td> <td style="text-align: right;">35,000</td> <td style="text-align: right;">55,000</td> <td>Plant</td> <td style="text-align: right;">40,000</td> <td style="text-align: right;">70,000</td> </tr> <tr> <td>Profit and Loss A/c</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">17,000</td> <td>Debtors</td> <td style="text-align: right;">1,20,000</td> <td style="text-align: right;">1,60,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">23,000</td> <td style="text-align: right;">5,000</td> <td>Stock</td> <td style="text-align: right;">18,000</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Cash</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">17,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>3,23,000</b></td> <td style="text-align: right;"><b>3,67,000</b></td> <td></td> <td style="text-align: right;"><b>3,23,000</b></td> <td style="text-align: right;"><b>3,67,000</b></td> </tr> </tbody> </table>	Liabilities	2019	2020	Assets	2019	2020	Equity Share Capital	2,00,000	2,50,000	Goodwill	30,000	20,000	Preference Share	50,000	40,000	Buildings	1,00,000	80,000	General Reserve	35,000	55,000	Plant	40,000	70,000	Profit and Loss A/c	15,000	17,000	Debtors	1,20,000	1,60,000	Creditors	23,000	5,000	Stock	18,000	20,000				Cash	15,000	17,000		<b>3,23,000</b>	<b>3,67,000</b>		<b>3,23,000</b>	<b>3,67,000</b>
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