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THIRD SEMESTER B.C.A. DEGREE EXAMINATION, NOVEMBER 2015

(CUCBCSS—UG)

Complementary Course

BCA 3C 05—FINANCIAL AND MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.

Each question carries 1 mark.

I. Choose the correct answer from the choices given :

- 1 Long term solvency is indicated by :
 - (a) Debtors turnover ratio.
 - (b) Creditors turnover ratio.
 - (c) Current ratio.
 - (d) Debt equity ratio.
- 2 Increase in Fixed asset due to purchase is :
 - (a) Source of fund.
 - (b) Application of fund.
 - (c) Increase in working capital.
 - (d) None of these.
- 3 The difference between sales and variable cost is :
 - (a) Profit.
 - (b) Fixed cost.
 - (c) Contribution.
 - (d) None of these.
- 4 Land and building account is an example for :
 - (a) Personal account.
 - (b) Real account.
 - (c) Nominal account.
 - (d) All of these.
- 5 Current ratio is :
 - (a) An activity ratio.
 - (b) Turn over ratio.
 - (c) Balance sheet ratio.
 - (d) All of these.

Turn over

II. Match the following :

6	Fund flow statement	-	Gross profit
7	Debt equity ratio	-	Solvency
8	Trading account	-	Fund from operation
9	Marginal cost	-	Journal as well as ledger
10	Cash book	-	Contribution

(10 × 1 = 10 marks)

Part B (Short Answer Questions)

*Answer all questions from the following.
Each question carries 2 marks.*

11. How will you calculate Debt Equity ratio ?
12. Current assets of a firm amount to Rs. 20,000 and current liabilities Rs. 12,000. Calculate and comment on the current ratio.
13. Explain the term contribution
14. What is meant by schedule of changes in working capital ?
15. Mention any *two* limitations of Financial accounting.

(5 × 2 = 10 marks)

Part C (Short Essay Questions)

*Answer any five questions.
Each question carries 4 marks.*

16.			Rs.
	Total sales	-	1,00,000
	Cash sales	-	20,000
	Sales returns	-	7,000
	Debtors	-	11,000
	Bills receivable	-	4,000
	Bad debts provision	-	1,000
	Creditors	-	10,000

Calculate average collection period.

17. Determine the amount of variable cost from the following :

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Rs		
Sales	-	1,50,000
Fixed cost	-	30,000
Profit	-	40,000

18. Record the following transactions in the month of April 2017, in the Journal :

- (i) Started business with cash Rs. 50,000.
- (ii) Sold goods for cash Rs. 20,000.
- (iii) Purchased fixed assets for Rs. 1,000.
- (iv) Purchased goods from Mr. Annan Rs. 5,000.
- (v) Paid office rent Rs. 500.
- (vi) Paid for carriage Rs. 400.

19. What are common size statements ?

20. Given :

Current ratio	=	2.8
Acid-test ratio	=	1.5
Working capital	=	Rs 1,62,000

Find out :

- (a) Current assets.
- (b) Current liabilities.
- (c) Liquid assets.

21. From the following particulars find out BEP :

Variable cost per unit	-	Rs. 15
Fixed expenses	-	Rs. 54,000
Selling price per unit	-	Rs. 20

What should be the selling price per unit, if the breakeven point should be brought down to 6,000 units ?

22. Briefly explain the types of cash book.

Turn over

23. BMW presents the following information to you. Calculate fund from operation:

Profit and Loss account

To expenses:		By Gross profit	2,00,000
Operation	1,00,000	By Gain on sale of plant	20,000
Depreciation	40,000		
To loss on sale of building	10,000		
To Advertisement suspense	5,000		
To Discount (customers)	500		
To discount on issue of shares	500		
To goodwill	12,000		
To net profit	52,000		
	2,20,000		2,20,000

(5 × 4 = 20 marks)

Part D (Essay Questions)

*Answer any five questions.
Each question carries 8 marks.*

24. From the following balance sheet of S.M. Industries Ltd prepare Fund flow statement :

LIABILITIES	2001	2002	ASSETS	2001	2002
Share capital	60,000	65,000	Goodwill	30,000	25,000
P and L account	34,000	26,000	Machinery	60,000	50,000
Creditors	12,000	3,000	Current assets	16,000	19,000
	1,06,000	94,000		1,06,000	94,000

Adjustments :

- (i) Depreciation of Rs. 20,000 on plant and machinery was charged to profit and loss account.
- (ii) Dividend of Rs. 12,000 was paid during the year.

25. From the following information calculate :

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- (i) p/v ratio.
 (ii) Break even point.
 (iii) Margin of safety.

Total sales	-	Rs. 3,60,000
Selling price per unit	-	Rs. 100
Variable cost per unit	-	Rs. 50
Fixed cost	-	Rs. 1,00,000

If the selling price is reduced to 90, by how much is the margin of safety reduced.

26. Explain in detail what are the methods of Financial statement analysis.
 27. Explain in detail the rules of debit and credit.
 28. The expenses for the production of 5,000 units in a factory are given as follows :

	Per unit (Rs)
Materials	- 50
Labour	- 20
Variable overhead	- 15
Fixed overhead (Rs 50,000)	- 10
Administrative expenses (5 % variable)	- 10
Selling expenses (20 % fixed)	- 6
Distribution expenses (10 % fixed)	- 5
Total cost of sales per unit	- <u>Rs 116</u>

You are required to prepare a budget for the production of 7000 units.

29. What are the differences between flexible budget and fixed budget ?
 30. (a) What are the differences between absorption costing and marginal costing ?
 (b) From the following information ascertain by how much the value of sales must be increased by the company to break even :

	Rs.
Sales	- 3,00,000
Fixed cost	- 1,50,000
Variable cost	- 2,00,000

Turn over

31. The following is the balance sheet of ABC Ltd as on 31.12.2014.

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Share capital	2,00,000	Fixed assets	1,60,000
Reserves	30,000	Stock	50,000
Creditors	20,000	Debtors	20,000
Bills payable	5,000	Bills	15,000
Over draft	17,000	Prepaid insurance	5,000
Outstanding expenses	8,000	Cash	20,000
Provision for tax	20,000	Bank	30,000
	3,00,000		3,00,000

Calculate :

- Current ratio.
- Quick ratio.
- Satisfactorily Comment on the liquidity of the firm.

(5 × 8 = 40 marks)