

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7302

Roll No.

--	--	--	--	--	--	--	--	--	--

MCA

(SEM. VII) ODD SEMESTER EXAMINATION 2010-11

ACCOUNTING AND FINANCIAL MANAGEMENT

Time : 3 Hours

Total Marks : 100

SECTION-A

1. Attempt **all** questions of this section : (20×1=20)
- (a) Accounting deals with quantifiable information
(True/False)
- (b) Business obligations towards outsiders are termed as liabilities. (True/False)
- (c) Drawings account is a personal account. (True/False)
- (d) Goodwill is a fictitious asset. (True/False)
- (e) Inventory turnover ratio is utilised for analysing the efficiency of debt collection department. (True/False)
- (f) In cashflow statement changes in current assets and changes in cash are inversely related. (True/False)
- (g) liabilities refer to those liabilities which are payable within a short period of time, ordinarily one year.

- (h) GAAP stands for
- (i) The alternative to cash basis of accounting is called basis of accounting.
- (j) Valuation of stock at lower of cost or market value is done because of convention.
- (k) The standard norms for a current ratio is
- (l) Cash flow statement is required for financial planning of (Long run/short run)
- (m) Redemption of debentures is
 - (i) Source of funds
 - (ii) Application of funds
 - (iii) Funds from operation
 - (iv) None of the above.
- (n) Net profit increases with :
 - (i) increase in operating expenses.
 - (ii) increase in operating income.
 - (iii) increase in non operating expenses.
 - (iv) All of the above.
- (o) records transactions of identical nature :
 - (i) Journal
 - (ii) Account
 - (iii) Trial Balance
 - (iv) Financial Statement.

- (p) Appending notes to the financial statements is as per convention.
 - (i) Money measurement
 - (ii) Going concern
 - (iii) Dual aspect
 - (iv) Cost
- (q) Short term financial position will improve with.....
 - (i) Increase in current assets
 - (ii) Increase in current liabilities
 - (iii) Decrease in current assets
 - (iv) None of the above.
- (r) Gross working capital means
 - (i) Fixed assets - current assets
 - (ii) Total current assets
 - (iii) Total current liabilities
 - (iv) Current assets - current liabilities.
- (s) Outstanding wages appearing in Trial Balance are shown in
 - (i) Debit side of P&L a/c
 - (ii) Credit side of P&L a/c
 - (iii) Liability side of Balance Sheet.
 - (iv) None of the above.

(t) Ratio analysis should not be taken as a substitute for

- (i) Cash flow analysis
- (ii) Fund flow analysis
- (iii) Financial Statement
- (iv) Sound Judgement.

SECTION-B

2. Attempt any **three** parts of the following : (10×3=30)

- (a) There are five basic elements of accounting; assets, liabilities, equity, income and expenses. Explain each one.
- (b) Journalize the following transactions of M/s. Som & Co. for the month of March 2010.

Balances on March 1, 2010

- (a) Cash - Rs. 7,000
- (b) Bank - Rs. 20,000
- (c) Stock - Rs. 15,000
- (d) Furniture - Rs. 5,000
- (e) Building - Rs. 40,000
- (f) Debtors A- Rs. 3,000 and
B- Rs. 5,000
- (g) Bank loan- Rs. 7,000
- (h) Creditors X- Rs. 7,000 and Y- Rs. 8,000

Transactions during the month of march :

- 3 Received Rs. 2,800 cash from Mr. A in final settlement
- 5 Purchased goods of the list price Rs. 10,000 at 10% discount on credit from Mr. Z.

8 Sold goods to Mr. Rahul on credit Rs. 9,000.

10 Mr. Rahul paid Rs. 8,100 after getting 10% discount for prompt payment.

18 Transportation charges paid in cash Rs. 1,200.

19 Interest on loan Rs. 200 debited to current account of the business enterprise.

24 Goods costing Rs. 2,400 distributed as charity.

25 Goods withdrawn for personal use Rs. 5,000

28 Paid Rs. 6,800 to X in full settlement of account.

31 Cash sales at list price Rs. 6,000. Trade discount allowed Rs. 600.

(c) Differentiate between subsidiary books and ledger or principal book.

(d) Prepare trading account for the year ending Dec. 31, 2009 from the following balances : as on 31 Dec, 2009.

Stock (1-1-2009)	10,000
(31-12-2009)	20,000
Purchases	1,00,000
Wages	5,000
Freight inward	2,000
Sales	2,00,000
Return inward	500
Purchase Return	1,000
Excise Duty on Goods	
Manufactured	3,000
Cash subsidy receivable on purchases.	500

- (e) Prepare a Comparative Income Statement from the following information :

	<u>2001</u>	<u>2002</u>
Gross Sales	60,100	67,900
Sales Return	2,600	1,900
Cost of Goods sold	40,000	42,000
Operating Expenses	6,000	4,500
Income Tax	50%	50%

SECTION-C

3. Attempt any **one** of the following : (10×5=50)

- (a) Discuss advantages and disadvantages of financial accounting
- (b) Explain any five accounting principles.

4. Attempt any **one** of the following :

- (a) Explain funds from operation. How are they computed ?
- (b) The following is position of current assets and current liabilities of Tej Singh Ltd.

	2006	2007
Creditors	20,000	15,000
Debtors	30,000	20,000
Bills receivable	18,000	29,000
Prepaid Insurance	2,000	5,000

The Co. incurred a loss of Rs. 7,000 during the year.
Calculate cash flow from operating activities.

5. Attempt any **one** part of the following :

- (a) Briefly discuss :

- (i) Solvency ratio
- (ii) Liquidity ratio
- (iii) Activity or Turnover ratio.

- (b) What are the uses and limitations of financial activity ratios ?

6. Attempt any **one** of the following :

- (a) What is Balance Sheet ? Differentiate between trial balance & balance sheet.

- (b) What is meant by contingent liabilities ? Show their treatment.

7. Attempt any **one** of the following :

- (a) Distinguish between Financial accounting & Management accounting.

- (b) Who are the users of financial statements ? Why should they study statements ?