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Roll No

MCADD-404

M.C.A. (Integrated Course), IV Semester

Examination, May 2019

Accounting and Financial Management

Time : Three Hours

Maximum Marks : 70

Note: i) Attempt any five questions.

ii) All questions carry equal marks.

1. a) Explain the meaning and significance of concepts and conventions in accounting.
 - b) "Is trial balance a conclusive proof of the accuracy of the books of accounts? Give examples in support of your answer.
2. a) Prepare trading profit and loss account for the year ended 31st December, 2015 and a balance sheet as on that date from the following trial balance:

	Dr.	Cr.
	Rs.	Rs.
Capital		10,000
Cash	1,500	
Bank overdraft		2,000
Purchases and sales	12,000	
Returns	1,000	
Establishment expenses	2,200	
Taxes and insurance	500	
Bad debts and bad debts reserve	500	700
Debtors and creditors	5,000	2,000
Commission		500

Deposits	4,000	
Opening stock	3,000	
Drawings	1,400	
Furniture	600	
B/R and B/P	3,000	2,500
	34,700	34,700

Adjustments:

- i) Salaries Rs. 100 and taxes Rs. 200 are outstanding but insurance Rs. 50 is prepaid.
 - ii) Commission Rs. 100 received in advance for next year
 - iii) Interest Rs. 210 is to be received on deposits and interest on bank overdraft Rs. 30 is to be paid.
 - iv) Bad debts reserve is to be maintained at Rs. 1,000
 - v) Depreciate furniture by 10%.
 - vi) Stock on 31st December, 2015 is Rs. 4,500
- b) Why it is necessary to create provision for bad and doubtful debts? How it is treated in final accounts?
3. a) Record the following transactions in the journal of the Delhi Furniture Mart. Post them into ledger account and draft a trial balance.

2016

- Jan.1 Started business with cash Rs. 40,000
- Jan.2 Deposited into bank Rs. 19,000
- Jan.3 Purchased machinery for Rs. 15,000 from Jawahar and gave him a cheque for the amount.
- Jan.15 Paid installation charges of machinery Rs. 1,100.
- Jan.20 Purchased timber from Naveen of the list price of Rs. 2,000. He allowed 10% trade discount.
- Jan.23 Furniture costing Rs. 500 was used in furnishing the office.
- Jan.25 Sold furniture to Naresh of the list price of Rs. 1,000 and allowed him 5% trade discount.

Jan.28 Received a cheque from Naresh of Rs. 930 in full settlement and sent the cheque to bank

Jan.29 Sent to Naveen in full settlement a cheque of Rs. 1,750.

Jan.29 Paid wages Rs. 350 and rent Rs. 200.

b) What do you mean ledger posting? Explain its importance in accounting.

4. a) Why is it necessary to provide for depreciation? Explain the effect of depreciation on profit and loss account and balance sheet.

b) On 1st Jan, 2016 machinery was purchased for Rs. 20,000. On 1st July 2017 another machine was purchased for Rs. 10,000 and on 1st Jan, 2018 one more machine was purchased for Rs. 5,000. The firm depreciates its machines @20% on the diminishing balance method. Show machine account for four years.

5. a) The net profit after making a provision of Rs. 3,30,000 for income tax of Tara Ltd. for the year ended 31st December, 2015 amounts of Rs. 3,00,000. This figure of the net profit has been arrived at after taking into account the following items:

	Rs.
Depreciation on fixed assets	65,000
Preliminary expenses written off	7,000
Bad debts	1,000
Loss on sale of furniture	1,500
Profit on sale of long term investments	5,000

Calculate funds from operations.

b) Describe briefly the purposes and uses of a system of budgetary control and explain its relation to the financial accounts of a company.

6. a) Differentiate between standard costing and budgetary control.
- b) The standard cost-card shows the following details relating to the material requirement to produce one kg. of mustard oil:

Quantity of mustard seed	3 kg
Price of mustard	75 paise per kg
Actual production data:	
Production during one month	1,000 kg
Quantity used	3,500 kg
Price of mustard seed	Rs. 1 per kg

Calculate :

- i) Material cost variance
 - ii) Material price variance
 - iii) Material usage variance
7. a) Describe the strategies and structure of management control.
- b) Explain the concept of responsibility centres.
8. a) What is the difference between "Fixed budget" and "Flexible budget"? Which of the two budgets is more useful for business?
- b) Define LIFO and FIFO methods of calculating inventory cost.
