

**2011**  
**(November/ December)**  
**BACHELOR OF COMPUTER APPLICATION**  
**Course No. 303**  
**(ACCOUNTING AND FINANCIAL MANAGEMENT)**  
**Full mark: 75**  
**(Part: A-Objective)**  
**(Marks: 25)**

*figures in the margin indicates full marks for the questions.*

Mark ( ✓ ) the correct answer in the bracket. (1x10=10)

- 1) If closing stock appears in the Trial Balance it is taken only to
- (i) Balance Sheet ( )
  - (ii) Profit & Loss Account ( )
  - (iii) Trading Account ( )
  - (iv) None of the above ( )
- 2) The basic rule of Book keeping "Debit all expenses and losses and credit all incomes and gains" is applicable to
- (i) Nominal Accounts ( )
  - (ii) Real Accounts ( )
  - (iii) Personal Accounts ( )
  - (iv) None of the above ( )
- 3) The statement containing various ledger balances on a particular date is known as
- (i) Balance Sheet ( )
  - (ii) Trial Balance ( )
  - (iii) Profit and Loss account ( )
  - (iv) Trading Account ( )

- d) Return inward is to be deducted from
- (i) Purchases ( )
  - (ii) Sales ( )
  - (iii) Cash ( )
  - (iv) None of the above ( )
- e) The difference between actual cost and standard cost is known as
- (i) Profit ( )
  - (ii) Variance ( )
  - (iii) Loss ( )
  - (iv) None of the above ( )
- f) Zero based budgeting was first used by
- (i) Jimmy Carter ( )
  - (ii) Brown and Howard ( )
  - (iii) J.Batty ( )
  - (iv) None of the above ( )
- g) Liquid ratio is known as
- (i) Acid Test Ratio ( )
  - (ii) Solvency Ratio ( )
  - (iii) Gross Profit Ratio ( )
  - (iv) None of the above ( )
- h) Standard cost is
- (i) Pre-determine cost ( )
  - (ii) Fixed cost ( )
  - (iii) Variable cost ( )
  - (iv) None of the above ( )
- i) Aggregate of all direct costs is known as
- (i) Cost of production ( )

- (ii) Prime cost ( )
  - (iii) Total cost ( )
  - (iv) None of the above ( )
- 7) Which of the following is not an asset
- (i) Goodwill ( )
  - (ii) Stock ( )
  - (iii) Prepaid expenses ( )
  - (iv) Outstanding expenses ( )

State whether the following statements is 'True' or 'False'. (1x5=5)

- a) Transactions are recorded first of all in the ledger. ( )
- b) Budgets are blue print for action. ( )
- c) Debt equity ratio is a solvency ratio. ( )
- d) Management accounting involves analysis and interpretation of data. ( )
- e)  $\text{Production cost} = \text{Prime cost} + \text{administrative overheads}$ . ( )

Answer the following questions:

(2x5=10)

- a) Write down the advantages of ratio analysis.
- b) What are final accounts? What purpose do they serve?
- c) Write down the marginal cost equation.
- d) What do you mean by break-even-point?
- e) Define Master budget.

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**(ACCOUNTING AND FINANCIAL MANAGEMENT)**  
**Full mark: 75**  
**(Part: B-Descriptive)**  
**(Marks: 50)**

*figures in the margin indicates full marks for the questions.*

Answer question no. 1 and any three from the rest.

1. (a) From the trial balance and additional information for Bajaj Alliance Pvt. Ltd, Aizawl prepare a Trading, Profit & Loss Account and Balance sheet. (15)

Particulars	Debit ( Rs )	Particulars	Credit( Rs )
Opening stock	22,000	Capital Account	37,500
Purchases	1,12,500		
Plant Machinery	37,500	Sales	2,10,375
Trade charges	5,000		
Carriage inward	1,250	Sundry Creditors	7,500
Carriage onward	750		
Factory rent	750	Bad debts provision	100
Discount	175		
Insurance	350	Bills payable	1,000
Sundry Debtor	30,000		
Office rent	1,500		
Printing & Stationery	300		

General expenses	1,400		
Advertising	7,500		
Bills receivable	1,500		
Drawings	3,000		
Salaries	9,000		
Manufacturing wages	10,000		
Furniture & Fixtures	3,750		
Coal, Gas and Water	500		
Cash in hand	1,000		
Cash at Bank	6,250		
	2,56,475		2,56,4

*Adjustment:*

- i) The closing stock amounted to Rs. 17,500
- ii) Plant & Machinery and Furniture & Fixtures are to be depreciated at 10% and 5 % respectively.
- iii) Bad debts reserve to be raised to 2.5% on debtors.
- iv) Provide for outstanding liabilities:
  - Factory Rent Rs. 150
  - Office Rent Rs. 300
- v) Prepaid Insurance amounted to Rs. 50

(b) From the following particulars, calculate: (C)

- (i) Break even point in terms of sales value and in units.
- (ii) Number of units that must be sold to earn a profit of Rs.
  - Fixed factory overheads cost: Rs. 60,000
  - Fixed selling overheads cost: Rs. 12,000

Variable manufacturing cost per unit: Rs. 12

Variable selling cost per unit: Rs. 3

Selling price per unit: Rs. 24

a) Write down the differences between absorption costing and marginal costing. ( 4)

b) The sales and profit during two years were as given below: ( 6)

<u>Year</u>	<u>Sales(Rs)</u>	<u>Profit(Rs)</u>
2009	2,50,000	40,000
2010	2,75,000	45,000

Calculate: (a) P/V ratio

(b) Break-Even-Point

(c) The sales required to reach a profit of Rs 40,000

(d) Variable costs of the two periods.

2. Following is the balance sheet of ZOSYS.CO.Ltd (10)

3.

<b>Liabilities</b>	<b>Rs</b>	<b>Assets</b>	<b>Rs</b>
Equity share capital	2,00,000	Land and building	1,50,000
Reserve and surplus	50,000	Goodwill	20,000
8% debentures	1,00,000	Plant and machinery	1,00,000
Sundry creditors	1,50,000	Finished goods	60,000
Bills payable	30,000	Prepaid expenses	20,000

Outstanding expenses	20,000	Work-in-process	40,000
Bank overdraft	50,000	Marketable securities	60,000
Liabilities for taxes	20,000	Sundry debtors	90,000
		Bills receivable	20,000
		Cash in hand	10,000
		Cash at bank	50,000
<b>Total</b>	<b>6,20,000</b>		<b>6,20,000</b>

Calculate (i) Current ratio  
(ii) Acid test ratio  
(iii) Liquidity ratio

4. Explain the term 'Management Accounting' and state the objectives of management accounting. (3+7=10)
5. What do you mean by Budgeting Control? Differentiate between Flexible budget and Fixed budget. (4+6=10)
6. Define standard costing. What are the importances of variance analysis? Write down the differences between marginal costing and standard costing. (2+2+6=10)