Code No: MC1615/R16 **Set: 1**

MCA I Semester Supplementary Examinations, February-2020

ACCOUNTING AND FINANCIAL MANAGEMENT

Time: 3 Hours **Max. Marks: 60**

Answer Any **FIVE** *Questions*
All Questions Carry Equal Marks

1. a Distinguish between "Double Entry System" and "Single Entry System" 6M
   b From the following Trial Balance and additional information, you are required to prepare Profit and Loss Account and Balance sheet as on 31st March, 2008 6M

Opening stock(01/04/2007)	57,500	Interest on Mortagage	1,500
Purchases	1,60,000	Cash in Hand	250
Productive wages	65,000	Cash at bank	27,250
Carriage	2,750	Building	40,000
Discount	1,300	Machinery	15,000
Travelling expenses	5,000	Horses and Carts	5,000
Salaries	20,000	Sundry debtors	32,500
Insurance	1,500	Sales	3,00,000
Commission	3,250	Interest on mortgage(credit balance)	30,500
Rent and Rates	5,000	Capital	1,06,550
Stable expenses	1,950	Sundry creditors	21,000
Repairs	1,050		
Sundry expenses	550		
Sales returns	11,700		

ADJUSTMENTS:

- Closing stock was valued at Rs 60,750/-.
- Rent and taxes Rs 300/-. were paid in advance.
- Depreciation is to be written off @2.5% on buildings, @5% on machinery and @7.5% on horses and carts.
- Provision is to be made for doubtful debts @5% on debtors.

2. a How do you analyze and interpret financial statements of a company for reporting on the soundness of its capital structure and Solvency? 6M

   b Balance sheets of M/s Black and White, as on 1 January 2007 and 31 December 2007, were as follows: 6M

Balance Sheets

Liabilities	1 Jan'07 Rs	31 Dec'07 Rs	Assets	1 Jan'07 Rs	31 Dec'07 Rs
Creditors	40,000	44,000	Cash	10,000	7,000
Mr. White's loan	25,000	-	Debtors	30,000	50,000
Loan from R.N.Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	**2,47,000**		**2,30,000**	**2,47,000**

During the year machine costing Rs10,000 (accumulated depreciation Rs3,000) was sold for Rs5,000. The provision for depreciation against machinery as on 1 January 2007 was Rs25,000 and on 31 December 2007 Rs40,000. Net profit for the year 2007 amounted to Rs45,000. You are required to prepare funds (working capital) flow statement.

3. a Distinguish between Absorption Costing and Marginal Costing. 6M

   b Define Break Even Point. How is a Break Even Chart prepared? What are its assumptions? 6M

4. a Define Standard Costing. Explain the nature and scope of Standard Costing. 6M

   b For production of 10,000 electric automatic irons, the following are the budget expenses: 6M

	Per Unit(Rs)
1. Direct Materials	60
2. Direct Labor	30
3. V.O.H	25
4. F.O.H(Rs1,50,000)	15
5. Variable Expenses(direct)	5
6. Selling Expenses(10% fixed)	15
7. Administrative Expenses(Rs50,000 rigid for All levels of production)	5
8. Distribution Expenses(20% fixed)	5
	160

Prepare a budget for production of 6000, 7000 and 8000 irons, showing distinctly managerial cost and Total Cost.

5.	a	Explain the different documents and methods used for the collection of Data?	6M
	b	What do you understand by the terms Coding Logic and a Code?	6M
6.	a	Explain the different types of Subsidiary books. What is the purpose of each Subsidiary book?	6M
	b	What do you understand by the concept of "Time Value of Money"?	6M
7.	a	What is Marginal Costing? Explain its Practical applications.	6M
	b	Explain the importance of Cost-Volume-Profit Analysis.	6M
8.	a	Define a Ratio. Mention the advantage and usefulness of Ratio Analysis.	6M
	b	What is Flexible Budget? Explain the Concepts of Flexible Budget.	6M

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