

Roll No.

BCA-204(N)

B. C. A. (Second Semester)

EXAMINATION, 2016

(New Course)

Paper Fourth

FINANCIAL ACCOUNTING AND MANAGEMENT

Time : Three Hours]

[Maximum Marks : 75

Note : Attempt questions from all Sections as directed.

Inst. : The candidates are required to answer only in serial order. If there are many parts of a question, answer them in continuation.

Section—A

3 each

(Short Answer Type Questions)

Note : Attempt all questions.

1. (A) During the financial year 2015-16 Rahul had cash sales of ₹ 4,50,000 and credit sales of ₹ 2,70,000, out of which 70,000 is still to be paid find out Rahul's income for 2015-16 following the accrual basis of accounting.
- (B) Explain any *three* external users of financial information.

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- (C) Explain capital expenditure and capital receipts with examples.
- (D) Explain the importance of cash flow statement to management.
- (E) Differentiate between equity shares and preference shares.
- (F) Objectives of working capital management.
- (G) Select the correct alternative to complete each of the following statements :
- (i) Which is the last step of accounting as a process of information :
- Recording economic events in the books of accounts
 - Preparation of financial statement
 - Communication of information
 - Analysis and interpretation of information
- (ii) An employee of the organisation suffers an injury at work and the organisation decides to pay him ₹ 1,00,000 as compensation should the organisation pass an entry even though it has not paid it :
- Yes, because of accrual concept
 - No, because it is not paid
 - No, because the employee has not accepted
 - None of the above

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(iii) Ledger is a book in which :

- Real and Nominal accounts are maintained
- Real and Personal accounts are maintained
- Real, Personal and Nominal accounts are maintained
- None accounts are maintained

(H) Select the correct alternative in the questions below :

- (i) Cost of capital depends upon :
- Volume of capital to be arranged
 - Sources of capital
 - Time for which capital is arranged
 - All of the above
- (ii) Which is managed out of the following under cash management ?
- Cash
 - Cash and bank balances
 - Cash and cash-equivalent assets
 - None of these
- (iii) Strict credit policy results in :
- Increasing sales
 - Decreasing sales
 - No effect on sales
 - None of these
- (I) Explain Explicit Cost and Implicit Cost.

Section—B

12 each

(Long Answer Type Questions)

Note : Attempt any two questions.

2. Accounting conventions and concepts are foundation of accounting principles. Describe various conventions and concepts while explaining this statement.
3. The following trial balance as at 31st March, 2016 is drawn from books of Mr. Sabet :

Particulars	Dr. (₹)	Cr. (₹)
Cash in hand	8,000	—
Cash at Bank	12,000	—
Wages	20,000	—
Sales	—	5,00,000
Machinery	2,12,000	—
Bills receivable	40,000	—
Opening stock	84,000	—
Creditors	—	40,000
Purchases	3,30,000	—
Sales return	6,000	—
Salaries	32,000	—
Debtors	86,000	—
Insurance	22,000	—
Bad debts	6,000	—
Freight on purchase	4,800	—
Capital	—	3,20,000
Commission	—	2,800
	8,62,800	8,62,800

Taking in to consideration the following adjustments, prepare Trading and Profit and Loss Account for the year ended 31 March, 2016 and a balance sheet as at that date :

- (a) Closing stock ₹ 90,000.
- (b) Outstanding salaries ₹ 3,200 and outstanding wages ₹ 2,000.
- (c) Prepaid insurance ₹ 900 and accrued commission ₹ 1,200.
- (d) Charge depreciation on machinery 10% p. a.

4. (a) From the following data of XYZ Ltd. calculate the Current Ratio : Liquid Assets ₹ 37,500, Stock ₹ 10,000, Prepaid expenses ₹ 2,500, Working Capital ₹ 30,000.

- (b) From the following data calculate inventory turnover ratio :

Cost of goods sold ₹ 3,00,000; Purchases ₹ 3,30,000; Opening stock ₹ 60,000.

- (c) Calculate the working capital turnover ratio from the following :

	₹
Current Assets	9,00,000
Total sales	30,50,000
Current liability	3,00,000
Sales return	50,000

5. From the following transactions pass the necessary journal entries, post them in to ledger and prepare Trial Balance using balance method :

Date 2012	Particulars	₹
Jan. 1	Mohan started business with cash	80,000
Feb. 5	Purchased goods	25,000
Feb. 20	Sold goods for cash	30,000
May 10	Purchased goods from Sohan	18,000
May 25	Sold goods to Ramesh	20,000
June 15	Cash given to Sohan	18,000
June 28	Cash received from Ramesh	20,000
Aug. 2	Purchased goods for cash from Sohan	19,000
Aug. 29	Withdrew for personal use	1,500
Oct. 10	Purchased goods from Dinesh	17,000
Nov. 20	Cash Paid to Dinesh	16,800
	Discount allowed by him	200
Dec. 31	Paid salaries	2,000

Section—C

12 each

(Long Answer Type Questions)

Note : Attempt any *two* questions.

6. Define capital structure. Explain the factors determining capital structure.
7. What is receivable management ? Discuss the following crucial area in receivables management :
- (i) Credit policies

- (ii) Credit terms
- (iii) Collection policies

8. The annual demand for a product is 6400 units. The unit cost is ₹ 6 and inventory carrying cost per unit per annum is 25% of the average inventory cost. If the cost of placing an order is ₹ 75 determine :
- (a) Economic Order Quantity (EOQ)
- (b) Number of orders per annum
- (c) Time between two consecutive orders.
9. Write short notes on the following :
- (a) Debentures
- (b) Factors influencing the composition of working capital (any *four*).