

END TERM EXAMINATION**FIRST SEMESTER [MCA] DECEMBER-2009**

Paper Code: MCA109	Subject: Financial Accounting
Paper Id-44109	
Time : 3 Hours	Maximum Marks :60
Note: Attempt five questions including Q.1 which is compulsory.	

- Q1 Answer **any five** of the following:- **(5x4=20)**
- Distinguish between book keeping and accounting.
 - Write short note on accounting concepts and conventions.
 - Explain the traditional and modern classification of accounts with examples.
 - 'Every debit must have a corresponding credit'. Explain.
 - State with reasons which of the following items should be taken as of a capital and which of revenue nature:-
 - Rs. 10,000 paid for the erection of new machine.
 - Rs. 1,200 paid for removal of stock to a new site.
 - Rs. 2,000 spent on dismantling, removing and installing plan and machinery to a more convenient site.
 - Rs. 5,000 paid on repairing of the new factory.
 - "A Trial Balance is only a prima facie evidence of the accuracy of the books of accounts". Comment.
 - Write a short note on imprest system of petty cash book.
 - Explain the causes of dpericiation.
- Q2
- On 1st January 2006 a firm bought furniture and fittings for Rs. 48,000 cash and on 1st April 2007 bought additional furniture for Rs. 16,000 cash. At the end of each year, depreciation is provided for at the rate of 5%p.a. by diminishing balance method. Show the furniture and fittings account for the first three financial years. **(5)**
 - ABC Ltd.'s equity shares are being traded in the market at Rs. 54 per share with a price earning ration of 9. The company's dividend payout is 72%. It has 1,00,000 equity shares of Rs. 10 each and no preference shares. Book value per share is Rs. 42. Calculate the following:- **(5)**
 - Earnings per share
 - Net Income
 - Dividend yield
 - Return on equity
- Q3 The following balances have been extracted from the books of ABC Ltd. As at 31st March, 2009:- **(10)**
- | | Rs. | | Rs. |
|--|----------|------------------------|-----------|
| Discount on issue of debentures | 24,000 | Reserves and surplus | 3,96,000 |
| Equity share capital (fully paid shares of Rs. 100 each) | 4,80,000 | Fixed assets (at cost) | 10,92,000 |
| Investments | 2,28,000 | Loans and advances | 12,000 |
| Provision for taxation | 1,80,000 | Secured Loans | 1,80,000 |
| Current assets | 5,86,000 | Current Liabilities | 3,94,000 |
| Provisions for depreciation | 2,52,000 | Unsecured Loans | 30,000 |
- There is a contingent liability in respect of a claim of Rs. 5,000 against the company acknowledgement as debt. You are required to prepare the Balance Sheet of ABC Ltd. As at 31st March, 2009 as prescribed under part –1 of schedule VI to the companies Act, 1956.
- Q4 From the following particulars, prepare income and expenditure account: **(10)**

S.no.	Particulars	Rs.
1	Fees collected including Rs. 80,000 on account of the previous year	3,80,000
2	Fees for the year outstanding	10,000
3	Salary paid, including Rs. 3,000 on account of the previous year	28,000
4	Salary outstanding at the end of the year	1,000
5	Entertainment expenses	3,000
6	Tournament expenses	12,000
7	Meeting expenses	18,000
8	Traveling expenses	6,000
9	Purchases of books and periodicals including Rs. 19,000 for purchase of books	29,000
10	Rent	10,000
11	Postage, telegrams and telephones	15,000
12	Printing and stationary	4,000
13	Donations received	20,000

Q5 A merchant while balancing his books of accounts, find that the Trial Balance shows excess credit of Rs. 1,700. Being required to prepare the final accounts, he places the difference to a newly opened suspense account which he carries forward. In the next accounting year the following errors are discovered. **(10)**

- Goods bought from X amounting to Rs. 10,000 has been posted to the credit of A as Rs. 11,000.
- A discounted bill receivable for Rs. 40,000 was returned by the bank, as having been dishonored. The amount of the bill was credited to bank and debited to bills receivable account.
- An item of Rs. 1,000 entered in the sales return book was posted to the debit of B who had returned the goods.
- Sundry items of furniture sold for Rs. 26,000 had been entered in the sales book. Ignore depreciation and profit or loss on sale.
- Discount amounting to Rs. 200 from a creditor had been duly entered in the creditors account but not posted to discount account.

Q6 (a) A trader makes a profit of 25% on the net sales for the ending on 31st March 2009. You are requested to compile the profit and loss account in order to find out the net profit or loss for the period with the following information: **(8)**

	Rs.		Rs.
Sales	48,750	Return inwards	3,750
Trade expenses	2,000	Bad debts	2,000
Package expenses	900	Legal charges	450
Bad debt recovered	150	Heating and lighting	150
Interest on investment	250	Repairs and renewals	140
Interest on capital	750	Salesmen commission	7,500
Selling commission	500	Advertising	450
Premises	20,000	Investment	15,000
Profit on sale of furniture	450	Insurance	750
Freight	450	Sundry Creditors	10,000
Bank charges	50	Legal charges	450
Bills receivable	6,000		

- (b) Write a short note on Turnover Ratios.

(2)