

(Please write your Exam Roll No.)

Exam Roll No. 0131422007

END TERM EXAMINATION

THIRD SEMESTER [BCA] DECEMBER-2008

Paper Code: BCA207

Subject: Financial Accounting

Paper Id: 20207

(Batch: 2005-2007)

Time : 3 Hours

Maximum Marks :75

Note: Q.1 is compulsory. Attempt one question from each unit.

- Q1 State with reasons whether the following statements are true or false: (10x1.5=15)
- (a) Financial statements disclose only monetary facts.
 - (b) Going concern concept explains that business will be there for few years only.
 - (c) Cash and bank account are real accounts.
 - (d) Premium paid on the life policy of the proprietor is debited to profit and loss account.
 - (e) Ratio analysis is technique of planning and control.
 - (f) Fund flow statement and cash flow statement are one and the same.
 - (g) Inventory is valued at net realizable value or cost, whichever is lower.
 - (h) The break even point is the point of maximum profit.
 - (i) All sources of funds have same cost of capital.
 - (j) Working capital deals with the short term liquidity position of the firm.

UNIT-I

- Q2 What is financial accounting? What are its objectives and limitations? (3+6+6=15)
- Q3 Explain any three of the following accounting concept (Principles) with example:- (5+5+5=15)
- (a) Dual aspect concept.
 - (b) Convention of conservations.
 - (c) Accrual concept
 - (d) Accounting period concept.

UNIT-II

- Q4 (a) Differentiate between capital expenditure and revenue expenditure. (5)
- (b) Journalise the following transactions:- (10)
- (i) Shyam became insolvent, first and final dividend received 75 paise in the rupee. He owed us a debt of Rs.1000.
 - (ii) Received cash for a bad debt written off last year Rs. 250.
 - (iii) Depreciation on plant Rs. 2000, furniture Rs.200.
 - (iv) Rent paid to landlord Rs. 2000.
 - (v) Salaries due to clerk Rs. 5000.
 - (vi) Purchased goods worth Rs. 5000 for cash less 20% trade discount and 5% cash discount
 - (vii) Withdrew goods from business for personal use worth Rs. 1000.
 - (viii) X, who owes Rs. 1000 pays Rs. 990 in full settlement.
 - (ix) Returned goods to Sigma Ltd of the value of Rs. 600.
 - (x) Paid interest on loan to B, Rs. 500.

- Q5 Following is the Trial Balance of Shri Chand as on 31.03.2007:-

(15)

Debit Balances	Rs.	Credit Balances	Rs.
Chand's drawing	4,500	Chand's capital	24,000
Purchases	20,000	Sales	30,500
Returns inwards	1,500	Discount	1,900
Stock (1.4.06)	8,000	Sundry creditors	10,000
Salary	4,200	Bills payable	2,500
Wages	1,200		
Rent	350		
Bad debts	400		
Discounts	700		

✓ Sundry debtors	14,000		
✓ Cash in hand	260		
✓ Cash at bank	5,940		
✓ Insurance	400		
Trade expenses	300		
Printing	150		
Furniture	2,000		
Machinery	5,000		
	68,900		68,900

Prepare a Profit And Loss Account for the year ending 31.03.2007 and a Balance Sheet as on that date with the following adjustments:-

- (a) Closing stock was valued at Rs.7,000.
- ✓ (b) Insurance prepaid Rs. 60.
- ✓ (c) Outstanding liabilities, salary Rs. 200, wages Rs. 200.
- ✓ (d) Make provision for doubtful debts at 5%
- ✓ (e) Calculate interest on capital at 5% p.a.
- ✓ (f) Depreciate machinery at 5% and furniture at 10%.
- ✓ (g) Provide for discount on creditors at 1%.

UNIT-III

Q6 From the following balance sheets of XLtd. On 31st Dec. 2005 and 2006, you are required to prepare: (a) A schedule of changes in working capital (b) A fund flow statement. (15)

Liabilities	2005	2006	Assets	2005	2006
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit and Loss A/C	6,000	3,000	Plant	37,000	36,000
S. Creditors	8,000	5,400	Investments	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for Taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	400	600	Debtors	18,000	19,000
			Cash/bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800

The following additional information has also been given:-

- (a) Depreciation charged on plant was Rs. 4,000 and on Building Rs. 4000.
- (b) Provision for Taxation of Rs. 19,000 was made during the year 2006.
- (c) Interim Dividend of Rs. 8,000 was paid during the year 2006.

Q7 (a) Explain the importance and limitation of ratio analysis. (5)
 (b) From the following data, calculate:- (10)

- (i) Break even point expressed in amount of sales in rupees.
- (ii) Number of units that must be sold to earn a profit of Rs. 60,000 per year.
- (iii) How many units must be sold to earn a net income of 10% of sales?

Selling price Rs. 20 per unit. Variable manufactures cost Rs. 11/unit. Variable selling cost Rs. 3/unit. Fixed factory overheads Rs. 5,40,000/year. Fixed selling costs Rs. 2,52,000/year.

UNIT-IV

Q8 Distinguish between:- (5x3=15)

- ✓ (a) Explicit and implicit cost
- ✓ (b) FIFO and LIFO method of inventory valuation.
- ✓ (c) Equity share and preference share.

Q9 (a) Explain the concept of working capital. (5)
 (b) What is importance of the study of cost of capital? (5)
 (c) A company has issued debenture having coupon rate 14%, floatation cost 5% and face value 100. The company is in the tax bracket of 35%. The debenture would be redeemed after 5 years at a premium of 5%. Find the cost of debt. (5)