

Reg. No. : .....

Code No. : 21020

Sub. Code : GMCA 32

B.C.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2016.

Third Semester

Computer Application — Main

ESSENTIALS FINANCIAL ACCOUNTING

(For those who joined in July 2012–2015)

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Balance sheet is prepared to
- (a) Know the financial position
  - (b) Know the profit or loss
  - (c) Know the net profit
  - (d) All

19. (a) Calculate the Funds from operations from the following Profit and Loss Account

PROFIT AND LOSS ACCOUNT

| Rs.                                  |               | Rs.               |                     |
|--------------------------------------|---------------|-------------------|---------------------|
| To Salaries                          | 5,000         | By Gross Profit   | 50,000              |
| To Rent                              | 3,000         | By Profit on sale |                     |
| To Depreciation On plant             | 5,000         | on Buildings      |                     |
| To Printing and stationery           | 3,000         | Book value        | 15,000              |
| To Preliminary expenses written off  | 2,000         | Sold for          | <u>10,000</u> 5,000 |
| To Goodwill return off               | 3,000         |                   |                     |
| To Provision for tax                 | 4,000         |                   |                     |
| To Proposed dividends                | 6,000         |                   |                     |
| To Net profit taken to balance sheet | <u>24,000</u> |                   |                     |
|                                      | <u>55,000</u> |                   | <u>55,000</u>       |

Or

- (b) How to prepare cash flow statement? Explain.
20. (a) Define ROI. State its significance and limitations.
- Or
- (b) Calculate the debtor's turnover ratio and debt collection period  
Credit sales for the year Rs. 12,000  
Debtors Rs. 1,000  
Bills Receivable Rs. 1,000.





2. Assets are usually shown in the B/s at \_\_\_\_\_.
- (a) unexpired cost
  - (b) replacement cost
  - (c) revalued cost
  - (d) tangible cost
3. Double entry means
- (a) Entry is two sets of book
  - (b) Entry in two pages
  - (c) Entry for two aspects of transactions
  - (d) None
4. Each transaction is first entered in the \_\_\_\_\_.
- (a) Ledger
  - (b) Journal
  - (c) Trial balance
  - (d) None
5. The main purpose of preparing a Bank reconciliation statement is
- (a) To know the bank balance
  - (b) To correct the cash after comparing with pass books
  - (c) To reconcile cash balance
  - (d) None

6. Value of goods lost by fire must be
- (a) Credited to trading a/c
  - (b) Debited to trading a/c
  - (c) Credited to P/L a/c
  - (d) None
7. How many types of Inventory systems are available?
- (a) 2
  - (b) 3
  - (c) 4
  - (d) 5
8. Who are interested in fundflow statements
- (a) Owners
  - (b) Shareholders
  - (c) Financial institutions
  - (d) All
9. How many types of ratios are available?
- (a) 4
  - (b) 5
  - (c) 6
  - (d) 7
10. ROCE stands for
- (a) Return on Capital Employed
  - (b) Reserve on Capital Employed
  - (c) Ration on Capital Employed
  - (d) None of these





SECTION B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 250 words.

11. (a) Give the objectives of corporate Financial reporting.

Or

- (b) What is internal auditing?

12. (a) Differentiate Journal and Ledger.

Or

- (b) What is trial balance? What are the objects of preparing a trial balance?

13. (a) A book-keeper having failed to agree the Trial balance, opened a suspense a/c and transferred the differences of Rs. 1895/- to the credit of suspense a/c. The following errors were discovered. Pass rectifying entries and close the suspense a/c

- (i) Sales book was under cast by Rs. 2,000
- (ii) Purchase of machinery for Rs. 300 was passed through the purchase book
- (iii) Goods sold to Raja for Rs. 225 was posted to his account as Rs. 270

- (iv) Purchase returns book overcast by Rs. 100

- (v) The total of sales book from page 32 was carried forward as 154 instead as Rs. 104.

Or

- (b) The following errors were discovered by a trader, you are required to pass rectifying entries and open the suspense a/c

- (i) Rs. 850 paid for the purchase of a typewriter was charged to office expense a/c
- (ii) Cash sales of Rs. 3,550 was posted as Rs. 3,505
- (iii) Purchases returns book for November was undercast by Rs. 25
- (iv) Goods amounting to Rs. 860 sold to Pasupathy on 25<sup>th</sup> December were although correctly entered in the sales book, posted as Rs. 866 to the ledger account
- (v) The total sales of the month was overcast by Rs. 100
- (vi) Goods sold to Mr. Rajesh worth Rs. 150 were correctly entered and from there posted to their debit. But goods were later on returned and taken into stock. No entries were made in the book.





14. (a) A firm dealing in cloth has 15,000 meters of cloth on 1<sup>st</sup> January 1998 valued at Rs. 1,50,000 on LIFO method. It purchased 20,000 meters during the period ending 30<sup>th</sup> June 1998 at the rate of Rs. 12 per meter and sold during the same period 30,000 meters @ Rs. 25 per meter. Ascertain the profit of firm during the period ending 30<sup>th</sup> June 1998 the closing stock to be valued on LIFO method.

Or

- (b) Differentiate cash flow statement and fund flow statement.
15. (a) From the following figures calculate the creditor's Turnover ratio and the average age of account payable.

|                              | Rs.      |
|------------------------------|----------|
| Credit purchases during 1998 | 1,00,000 |
| Creditors on 1.1.1998        | 20,000   |
| Creditors on 31.12.1998      | 10,000   |
| Bills payable on 1.1.1998    | 4,000    |
| Bills payable on 31.12.1998  | 6,000    |

Or

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- (b) Find out fixed assets turnover ratio and comment on it.

|                                   | 1997     | 1998     |
|-----------------------------------|----------|----------|
|                                   | Rs.      | Rs.      |
| Fixed asset at written down value | 1,50,000 | 3,00,000 |
| Sales less returns                | 6,00,000 | 8,00,000 |

### SECTION C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 600 words.

16. (a) Explain the components of financial reporting.

Or

- (b) Explain balance sheet structure.

17. (a) The following balances are extracted from the books of Karthick you are required to prepare a trial balance as on 31.3.2006.

|                  | Rs.    |
|------------------|--------|
| Purchases        | 20,000 |
| Purchase returns | 800    |
| Sales            | 30,000 |
| Sales return     | 1000   |

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|                      | Rs.    |
|----------------------|--------|
| Capital              | 30,000 |
| Interest (Dr)        | 400    |
| Wages                | 7,000  |
| Rent                 | 800    |
| Telephone Charges    | 1,000  |
| Miscellaneous Income | 400    |
| Bills Payable        | 7,000  |
| Bills Receivable     | 11,000 |
| Cash in Hand         | 1,800  |
| Sundry Creditors     | 4,000  |
| Discount earned      | 800    |
| Sundry Debtors       | 15,000 |
| Commission (Dr)      | 1,000  |
| Plant and Machinery  | 8,000  |
| Cash at bank         | 6,000  |

Or

(b) Explain Account Cycle.

18. (a) Give the SEBI guidelines for issue of debt instruments.

Or

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- (b) Prepare a bank reconciliation statement of a firm as on march 2006

The bank balance as per cash book was Rs. 26,500 on March 31, 2006

The following cheques were paid into the firms, current a/c in March 2006 but were credited by the bank April 2006.

Karthick Rs. 750

Mohan Rs. 600

Manickam Rs. 810

The following cheques were issued by firm in March 2006, but were cashed in April 2006

Prakash Rs. 230

Kannan Rs. 500

Palani Rs. 800

The pass book showed a credit of Rs. 175 for interest and a debit of Rs. 60 for bank charges. The pass book also contains an entry of Rs. 680 being the payment made by a customer direct to the bank.

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