

20. (a) Discuss the various types of financial analysis.

Or

- (b) Compute the pay-out ratio and the retained earnings ratio from the following.

Net Profit	Rs. 1,00,000
Provision for tax	5,000
Preference dividend	2,000
No. of Equity shares	3,000
Dividend per equity share	Re. 0.40

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B.C.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2015.

Third Semester

Computer Application — Main

ESSENTIALS OF FINANCIAL ACCOUNTING

(For those who joined in July 2012 and afterwards)

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Outstanding expenses appearing in the trial balance are shown in
 - (a) P/L a/c only
 - (b) Balance sheet only
 - (c) P/L a/c and B/S
 - (d) None



2. Current liabilities are such obligations which are to be satisfied
- (a) within one year
 - (b) within two years
 - (c) with in three years
 - (d) more than 3 years
3. Ledger is a book with _____.
- (a) Only real accounts are opened
 - (b) Only real and personal accounts are opened
 - (c) All the real personal and nominal accounts are opened
 - (d) None
4. Casting errors are the result of _____.
- (a) Wrong posting
 - (b) Wrong totaling
 - (c) Wrong balancing
 - (d) None
5. Loss by theft is debited to
- (a) Manufacturing a/c
 - (b) P/L a/c
 - (c) Trading a/c
 - (d) None

6. Distribution of free samples entered in _____.
- (a) debit side of trading a/c
 - (b) debit side of P/L a/c
 - (c) both trading and P& L a/c
 - (d) none of these
7. To prepare fund flow statement it is necessary to find _____.
- (a) Source
 - (b) applications
 - (c) both (a) and (b)
 - (d) none
8. How many types of Inventory systems are available?
- (a) 2
 - (b) 3
 - (c) 4
 - (d) 5
9. Ratios can be expressed by
- (a) Time
 - (b) Percentage
 - (c) Cost
 - (d) Both (a) and (b)
10. How many types of financial ratios are available?
- (a) 2
 - (b) 3
 - (c) 4
 - (d) 5



SECTION B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Give the qualitative characteristics of financial statements.

Or

- (b) What is external auditing?

12. (a) Explain the advantages of keeping ledger.

Or

- (b) Journalise the following transactions, post them in ledger and balance the accounts as on 31st December 2003.

Dec 1 Malini Started business with a capital of Rs. 50,000

2 She purchased furniture for Rs. 5,000

3 She bought goods on Credit from Vinod for Rs. 8,000

4 She sold goods to Raja for Rs. 5,000

15 She received cash from Raja Rs. 3000

18 She purchased goods for cash Rs. 12,000

27 She sold goods for cash Rs. 8,000

28 She paid rent Rs. 12,000

31 She paid vinod Rs. 3000 on a/c

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13. (a) The trial balance of a trader is out by excess debit of Rs. 217. The following errors were discovered.

(i) The sales day book for the month of September had been under cast by Rs. 300

(ii) Discount allowed by Rs. 46 had been posted to the credit of discount received account as Rs. 64

(iii) Wages of Rs. 69 for the erection of shelves in the warehouse had been debited to wages a/c as Rs. 96

(iv) Defective furnitures and fittings costings Rs. 124 returned to Furniture Supplier Ltd has been recorded in the books as goods purchased

(v) The cost of a new van Rs. 5,000 had been debited to purchase account

(vi) A payment of Rs. 120 for repairs to motor van had been debited to motor van's account.

Give the necessary rectifying entries.

Or

- (b) How to prepare profit and loss account? Give the format.

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14. (a) The following are the summarized balance sheet, of M/S. Muthu private Ltd., as on March 31, 1997 and 1998 :

Liabilities	1997 Rs.	1998 Rs.	Assets	1997 Rs.	1998 Rs.
12% Redeemable Preference shares	—	1,000	Fixed assets Less : Depreciation	4,100 1,100	4,000 1,500
Equality shares	4,000	4,000		3,000	2,500
	4,000	5,000			
General Reserve	200	200	Debtors	2,000	2,400
Profit and Loss A/c	100	120	Stock	3,000	3,500
Debentures	600	700	Prepaid expenses	30	50
Creditors	1,200	1,100	Cash	120	350
Provision for Taxation	300	420			
Proposed dividend	500	580			
Bank overdraft	1,250	680			
	8,150	8,800		8,150	8,800

You are required to prepare a statement of cash flow.

Or

- (b) How to find NRV? Explain.

15. (a) Determine which company is more profitable

	A Ltd	B Ltd
Net profit ratio	5%	8%
Turnover ratio	6 times	3 times

Or

- (b) How to use ratios for internal management?

SECTION C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

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

Or

- (b) What is asset? Discuss its types.

17. (a) Journalise the following books of Karthick.

5.1.2006 sold goods for cash Rs. 1,000

6.12.2006 sold goods to Mahathi on credit Rs. 1,500

7.1.2006 bought good for Rs. 700

8.1.2006 bought goods from Prakash for cash Rs. 20

9.1.2006 bought furniture for cash Rs. 200



10.1.2006 Bought furniture on credit from the Vanaja furniture mart Rs. 4,000

11.12.2006 Mahathi return good worth Rs. 300

12.1.2006 parts of goods bought from Prakash & Sons worth Rs. 400 are returned to them.

Or

- (b) A petty cashier received Rs. 100 as the petty cash imprest on 2nd December 2009 During this week the expenses are under 2006.

	Rs.
Dec.2 Taxi fare for Manager	5.20
Wages to casual workers	10.00
Dec.3 Stationary	8.00
Bus Fare	0.80
Dec.4 Postage Stamps Purchased	15.00
Telegram	2.50
Dec.5 Repairs To furniture	6.00
Taxi fare to salesman	3.00
Telegrams to suppliers	3.50
Dec.6 Electricity Bill for November	18.00
Stationery	4.00
Dec.7 Refreshments to customers	6.00
Cartage for goods purchased	4.00

Prepare petty cash book and give the necessary journal entry.

18. (a) Rectify the following errors.

- (i) Purchase book is overcast by Rs. 500 (for the month of January)
- (ii) Sales book has been undercast by Rs. 300
- (iii) Purchase returns book has been overcast by Rs. 30
- (iv) Sales returns book has been undercast by Rs. 75.

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 25th 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.

9. (a) From the following data, calculate the value of closing inventory according to LIFO and FIFO on March 31, 1998 using

- (i) Periodic inventory system and
(ii) Perpetual inventory system
(iii) March 1 Stock-in-hand 400 units @ Rs. 7.50 each

Purchases :

March 5, 600 units @ Rs. 8 each
March 15, 500 units @ Rs. 9 each
March 25, 400 units @ Rs. 8.50 each
March 30, 300 units @ Rs. 9.50 each

Issues :

March 3, 300 units
March 10, 500 units
March 17, 400 units
March 26, 500 units
March 31, 200 units

Or

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- (b) Calculate the Fund 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	
To Depreciation		sale on buildings	
on plant	5,000	Book value	
To printing and		Rs. 10,000 sold	5,000
stationery	3,000	for 15,000	
To preliminary			
expenses written off	2,000		
To Goodwill			
return off	3,000		
To provision for tax	4,000		
To proposed dividends	6,000		
To net profit taken			
to balance sheet	24,000		
	<u>55,000</u>		<u>55,000</u>

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