

Roll No.

Y-2108

B. C. A. (Part III) EXAMINATION, 2015

Paper Eighth

FINANCIAL MANAGEMENT AND ACCOUNTANCY

Time : Three Hours]

[Maximum Marks : 50

[Minimum Pass Marks : 20

Note : Attempt all the *five* questions. *One* question from each Unit is compulsory. All questions carry equal marks.

Unit—I

1. What is Accounting ? Outline the need for accounting and briefly describe the objects of accounting.

Or

The following trial balance appeared on 31st March, 2014 in the books of a trader :

	₹		₹
Stock (1 April, 2013)	2,200	Sales	15,800
Purchases	12,000	Commission	670
Freight on goods	140	Interest	40
Wages after deduction tax	400	Capital	9,000

Salaries	1,600	Creditors	1,540
Taxes and Insurance	400	Bills payable	450
General Exp.	800		
Bad debts	250		
Cash	200		
Bank	2,000		
Drawings	690		
Debtors	2,100		
Buildings	4,720		
	27,500		27,500

From the above adjustments prepare final accounts for the year 2014 :

- (i) Salaries ₹ 150 and taxes ₹ 50 have yet to be paid but insurance ₹ 50 are prepaid.
- (ii) Goods worth ₹ 120 were returned by a customer and taken into stock but no entry therefore was made into books.
- (iii) Commission ₹ 150 has been received in advance in respect of next year.
- (iv) Depreciate building by 10%.
- (v) Make a provision for bad debts at 3% on debtors.
- (vi) Value of stock on 31st March, 2014 was ₹ 3,500.
- (vii) Tax deducted from wages amount to ₹ 10.
- (viii) Goods-in-transit ₹ 200.

Unit—II

2. What ratios would you use to measure :

- (i) Profitability
- (ii) Liquidity
- (iii) Solvency

of a concern ? Give formulae for computing these ratios.

Or

From the following particulars prepare a cost sheet, showing cost and profit per article sold :

Materials used	₹ 30,000
Wages	₹ 10,000
Machines worked	10000 hours
Machine hour rate	₹ 4 per hour
Office overheads	5% of works cost
Selling expenses	₹ 2 per article
Articles produced	10000
Articles sold	5000 @ ₹ 15 per article

Unit—III

3. The following information relates to X Co. Ltd. :

	₹
Sales	5,00,000
Variable costs	3,75,000
Gross profit	1,25,000
Fixed overheads	37,500
Net profit	87,500

Calculate :

- (i) P/V ratio
- (ii) Break-even point
- (iii) Net profit from sales of ₹ 7,00,000.
- (iv) Margin of safety when sales are ₹ 6,00,000.
- (v) Required sales to earn a profit of ₹ 1,00,000.

Or

Using the informations given below draw a profit/volume graph :

Sales volume (2000 units)	₹ 50,000
Variable costs	₹ 30,000
Fixed costs	₹ 10,000

Unit—IV

4. What do you understand by Budgeting ? What is the purpose of budgeting ? What are the essentials of effective budgeting system ?

Or

In a firm the forecasts relating to wages, factory expenses and administrative expenses are as follows :

Expenses	December	January	February	March
Wages	4800	6000	6400	6800
Factory Expenses	1000	1000	1200	1400
Administrative Exp.	600	600	700	700

The time-lag in payment of wages is 1/8 month, in case of factory expenses 1/4 month and that in case of administrative expenses 1/2 month. Estimate the

amount of wages, factory expenses and administrative expenses payable in each month January to March.

Unit—V

5. What is variable costing ? Explain how variable costing is a tool of decision-making.

Or

2000 units are introduced into a process at a cost of ₹ 30,000. The total additional expenditure incurred in the process is ₹ 15,000. Of the units introduced, 10 percent are normal waste in course of manufacture. The wasted units possess a scrap value of ₹ 9 each. Due to abnormal causes, only 1680 units are produced. How would you write the process account showing the abnormal wastage ?