

2017**MCA****2nd Semester Examination****ACCOUNTING AND FINANCIAL MANAGEMENT****PAPER—MCA-202***Full Marks : 100**Time : 3 Hours**The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.**Illustrate the answers wherever necessary.**Answer Q. No. 1 and any four questions from the rest.***1. Answer any four of the following questions : $5\frac{1}{2} \times 4$**

- (a) Explain the rules of debit and credit. Give a suitable example of each type of account.
- (b) What do you mean by accounting concept? Discuss briefly about dual aspect concept of accounting.
- (c) State whether the balances of the following accounts should be placed in debit column or credit column of

(Turn Over)

the trial balance.

- | | |
|-----------------------|--------------------------|
| (i) Capital | (ii) Plant and Machinery |
| (iii) Purchase | (iv) Return outward |
| (v) Furniture | (vi) Discount allowed |
| (vii) Cash in hand | (viii) Creditors |
| (ix) Sales | (x) Closing stock |
| (xi) Carriage outward | |

(d) Mr. Das purchased a machine by cheque for ₹1,80,000 on 1st Jan. 2009. Its probable working life was estimated at 5 years and its probable scrap value at the end of the life was ₹ 20,000. It was decided to write off depreciation by equal annual instalments. You are required to pass necessary machinery account for first three years.

(e) What do you mean by the liquidity of a firm? How can the liquidity of a firm be assessed?

(f) A company anticipates to earn a profit of ₹ 50,000 if its estimated sales are ₹ 6,00,000. The estimated fixed costs are ₹ 2,00,000. Compute break-even point.

2. Pass necessary journal entries and post them in the appropriate ledger accounts of Mr. Basu for the month of January 2016.

- (a) Started business with ₹1,20,000 in the bank and ₹ 60,000 cash.
- (b) Bought shop fittings ₹100,000 and a machine ₹ 50,000 both paid by cheque.
- (c) Paid wages by cheque ₹ 10,000.
- (d) Purchase goods from Mr. Roy of ₹ 1,05,000.
- (e) Sales goods to Mr. Khan of ₹ 2,00,000 by cash.
- (f) Paid insurance by cheque ₹ 3,000.
- (g) Bought stationery paid in cash ₹ 1,500.
- (h) Paid Mr. Roy ₹ 1,00,000 by cheque.
- (i) Paid ₹ 20,000 into the bank.

3. From the following trial balance of Mr. Chakraborty, Prepare Trading and Profit and Loss a/c for the year ended 31st Dec. 2015 and a Balance Sheet as on that date, after giving the effect of the adjustment : 12

	(₹)		(₹)
Capital	1,80,000	Debtors	40,000
Drawings	32,500	Goodwill	17,300
Stock	1,74,450	Creditors	30,000
Return inwards	5,540	Ad. Expenses	9,540
Carriage inwards	12,400	Provision for doubtful debt	12,000
Carriage outward	7,250	Bad debt	4,000
Loan to Anik @5% given on 1.1.15	10,000	Patents and trade mark	5,000

Return outwards	8,400	Cash in hand	620
Interest on the		Discount allowed	3,300
above loan	250	Wages	7,540
Rent	8,200	Plant & Machinery	
		(on 1.1.15)	30,000
Rent outstanding	1,300	Purchase	11,29,700
Sales	12,79,140	Deposit with	
		Mr. Kamal	13,750

Adjustments :

1. increase bad debt by ₹ 6,000. Make provision for doubtful debts @10% and provision for discount on debtors @ 5%.
 2. The value of closing stock ₹1,87,920.
 3. Wages include ₹ 2,000 paid for installation of machinery.
 4. Provide depreciation in machinery @10% pa.
4. "A Trial balance is merely a Proof of arithemtical accuracy." Explain this statement and bring out the various classes of errors which a trial balance fails to disclose.

5. Calculate current ratio and quick ratio from the following information: 12

	(₹)
Inventories	1,00,000
Trade receivables	1,00,000
Advance Tax	8,000
Cash and Cash equivalents	60,000
Trade paybles	2,00,000
Bank overdraft	8,000

6. The sales and profit of a company during two periods were as follows:

Period	Sales	Profit
I	2,00,000	20,000
II	3,00,000	40,000

1. Find out the break-even point.
2. What amount of sales will generate a profit of ₹ 80,000?
3. What will be the profit if the sales are ₹ 2,40,000?

3+5+8

7. Write a short note on : 4×3

- (i) Diminishing Balance Method of Depreciation
- (ii) Material Mix Variance
- (iii) Break-even Analysis.

8. Distinguish between : 4×3

- (i) Fixed capital and working capital
- (ii) Variable cost and fixed cost
- (iii) Net Present Value Method and Internal Rate of Return.

[Internal Assessment — 30 marks]
