

Odd Semester, 2020

(Held in March, 2021)

COMPUTER APPLICATION

(Honours)

(BCA-301)

(Financial Accounting and Management)

Marks : 75

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (a) What do you mean by 'dual aspect concept'? 3
- (b) Journalise the under-mentioned transactions and post them into the ledger and also prepare Trial Balance : 12

2020		₹
Jan. 01	Mr. X started business with cash	50,000
02	Goods purchased from Mr. Y	2,000
03	Sold goods to Mr. Z	5,000
04	Goods purchased from Mr. P for cash	4,000
05	Paid for wages	500
15	Goods purchased from Mr. Z	1,000
17	Goods sold to Mr. P	500
21	Goods purchased from Mr. C	3,000
23	Interest paid	150
24	Goods purchased from Mr. P	2,000
28	Cash received from Mr. Z	1,000
31	Cash paid to Mr. C	3,000
31	Rent paid	100

Or

(a) What do you understand by Subsidiary Books? State the purpose of those books. 5

(b) Enter the following transactions in proper subsidiary books of Mr. R : 10

2020		₹
Jan. 01	Sold goods to M/s. R	5,250
01	Bought goods from M/s. HR	7,800
02	M/s. R returned goods	750
02	Sold to Mr. DN	5,500
02	Purchased goods from Mr. M	7,000
04	Returned goods to Mr. M	1,000
04	Bought from Mr. DD	3,250
04	Sold to Mr. ZH	3,500
05	Mr. ZH returned goods	450
06	Sold to Mr. RS	5,000
06	Sold to Mr. G	3,000
07	Mr. RS returned goods	500
07	Bought from Mr. DD	7,000
08	Returned goods to Mr. DD	750
09	Purchased from Mr. RN subject to a trade discount of 10%	1,000
10	Sold to Mr. RR subject to a trade discount of 5%	5,000

2. From the following details of Mr. G, prepare a Trading and Profit & Loss Account for the year ended 31st March, 2020 and a Balance Sheet as on that date after making necessary adjustments : 15

	₹		₹
Capital	2,28,800	Freehold Property	66,000
Drawings	13,200	Purchases	1,10,000
Plant & Machinery	99,000	Returns Outwards	1,100
Cash in Hand	2,640	Sales	2,31,440
Salaries	13,200	Stock (1.4.2019)	38,500

	₹		₹
Office Expenses	2,750	Wages	35,200
Sundry Creditors	44,000	Postage & Telegrams	1,540
Insurance	1,760	Gas and Fuel	2,970
Bad Debts	660	Office Rent	2,860
Office Furniture	5,500	Discount (Dr.)	1,320
Sundry Debtors	29,260	Cash at Bank	29,260
Freight	9,900	Bills Payable	5,500
Loose Tools	2,200	Factory Lighting	1,100
Provision for Discount on Debtors			880
Loan to Mr. K @ 10% p.a. (as on 1.4.19)			44,000
Interest on Loan to Mr. K			1,100

Adjustments :

- (i) Inventory as on 31st March, 2020 is valued at ₹ 72,600
- (ii) A machine costing ₹ 15,400 installed during the year but no recording was done as no payment was made for it. ₹ 1,100 spent on labour for its erection but debited to wages account
- (iii) Depreciation on Plant and Machinery at $33\frac{1}{3}\%$, Furniture at 10% and Freehold Property at 5%
- (iv) Loose Tools are valued at ₹ 1,760 on 31.03.2020
- (v) Of the Sundry Debtors ₹ 600 are bad and should be written off
- (vi) Maintain a provision of 5% on Sundry Debtors for doubtful debts
- (vii) The manager is entitled to a commission of 10% of the net profits after charging such commission

(4)

Or

- (a) Explain the need and significance of depreciation. 5
- (b) Someone has prepared the following Income and Expenditure Account pertaining to Checkers' Society for the year ended 31st December, 2020 :

<i>Particulars</i>		<i>₹</i>	<i>Particulars</i>		<i>₹</i>
To	Entrance Fee		By	Salary and Wages	6,750
	(21 @ 100)	2,100	"	Secretary's Salary	3,500
"	Life Membership Fee		"	Rent, Rates, etc.	12,650
	(5 @ 520)	2,600	"	Printing and Postage	370
"	Annual		"	Repairs to Premises	1,240
	Subscription	15,650	"	Interest on Bank Loan	570
	Add : Received		"	Balance carried down	9,600
	in Advance	650			
"	Interest on GP Notes	700			
"	Sundry Receipts	600			
"	Balance from last year	12,380			
		<u>34,680</u>			<u>34,680</u>

Additional Notes from Treasurer :

The subscription in arrears amounted to ₹ 1,200. Sundry Tradesmen's Bills of ₹ 420 were outstanding as on 31st December, 2020. The Secretary's salary although sanctioned by the resolution of the committee has not been paid yet. The 3.5% GP Notes of the face value ₹ 20,000 were purchased at ₹ 90. The lease of the club premises cost ₹ 21,240. The balance of the bank loan now outstanding at ₹ 10,000 secured by mortgage on the leasehold premises.

Do you approve the above Income and Expenditure Account? If not, then amend it and also prepare a Balance Sheet as on that date for Checkers' Society. 10

3. (a) State the applicable rule in each of the following cases in the absence of a partnership deed : 3

- (i) Salaries to partners
- (ii) Interest on capitals
- (iii) Interest on drawings

(b) The following is the Balance Sheet of M/s. A and B who are sharing profits in the ratio of 3 : 2 as at 31st December, 2020 :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Sundry Creditors	1,00,000	Cash in Hand	50,000
Capitals :		Sundry Debtors	1,00,000
A	2,00,000	Buildings	2,00,000
B	<u>1,00,000</u>	Plant	50,000
	<u>4,00,000</u>		<u>4,00,000</u>

Mr. C is admitted as a partner with effect from 1st January, 2021, the new profit-sharing ratio being 2 : 2 : 1. The following information are made available :

- (i) Mr. C will bring ₹ 1,00,000 as capital
- (ii) The value of the firm's goodwill is ₹ 50,000
- (iii) An amount of ₹ 20,000 owing to Mr. D for purchase of goods has been omitted from the list of Sundry Creditors

(6)

(iv) Building is to be revalued at ₹ 3,00,000 and Plant at ₹ 70,000

Pass the necessary Journal entries and prepare the Balance Sheet of the new firm, if assets and liabilities are to be shown in the books at the (1) revised values and (2) old values. 12

Or

(a) What is Book Building? 3

(b) A Ltd. has issued 50000 debentures of ₹ 100 each at per on 1st January, 2016 redeemable at 10% premium on 31st December, 2020. A sinking fund was established and investments were expected to realise 5% p.a. Interest on investments was receivable on 30th June and 31st December every year. Sinking fund table shows that ₹ 0.180975 annually amounts to ₹ 1 at the end of 5 years at 5% p.a. Investments were sold at ₹ 38,00,000. Pass the Journal entries and prepare the necessary Ledger Accounts. 12

4. From the following Financial Statements, appraise the Financial Position of B Ltd. from the point of view of (a) Liquidity and (b) Profitability. 15

Balance Sheets as on 31st December

Particulars	2019	2020
	₹	₹
Cash	2,00,000	1,60,000
Sundry Debtors	3,20,000	4,00,000

<i>Particulars</i>	<i>2019</i>	<i>2020</i>
	₹	₹
Temporary Investments	2,00,000	3,20,000
Stock	18,40,000	21,60,000
Prepaid Expenses	28,000	12,000
Total Current Assets	<u>25,88,000</u>	<u>30,52,000</u>
Total Assets	<u>56,00,000</u>	<u>64,00,000</u>
Current Liabilities	6,40,000	8,00,000
Loans	16,00,000	16,00,000
Share Capital	20,00,000	20,00,000
Retained Earnings	4,68,000	8,12,000

*Statement of Profit for the year ended
31st December, 2020*

Sales	40,00,000
Less : Cost of Goods sold	28,00,000
Less : Interest	1,60,000
Net Profit	<u>10,40,000</u>
Less : Taxes @ 30%	<u>3,12,000</u>
Profit after Tax	7,28,000
Profits Distributed	<u>5,08,000</u>
	<u>2,20,000</u>

Or

- (a) Distinguish between 'cash' and 'cash equivalents'. 3
- (b) Prepare Cash Flow Statement from the following information pertaining to G Ltd. as on 31st March, 2019 and 2020 : 12

<i>Liabilities</i>	<i>(₹ '000)</i>	
	<i>2020</i>	<i>2019</i>
	₹	₹
Share Capital	400	300
General Reserve	100	80
Profit and Loss Account	50	30

	(₹ '000)	
<i>Liabilities</i>	2020	2019
	₹	₹
Debentures	100	150
Provision for Taxation	40	50
Proposed Dividend	40	30
Trade Creditors	70	90
	<u>800</u>	<u>730</u>
 <i>Assets</i>		
Goodwill	90	100
Plant and Machinery	429.25	298
Investments	60	100
Sundry Debtors	110	160
Stock	80	50
Prepaid Expenses	5.75	4
Cash and Bank Balances	20	10
Discount on Debentures	5	8
	<u>800</u>	<u>730</u>

Additional Information :

- (i) A machine costing ₹ 10,000 (WDV ₹ 3,000) has been discarded. An old machine costing ₹ 50,000 (WDV ₹ 20,000) has been sold for ₹ 35,000
- (ii) Depreciation on Plant and Machinery charged at 15%
- (iii) A profit of ₹ 10,000 has been earned on sale of Investments
- (iv) Debentures have been redeemed at 5% premium
- (v) ₹ 45,000 paid for income tax and adjusted against provision for taxation

5. (a) State the advantages of a partnership firm. 5
- (b) What are the principles of management as advocated by Henry Fayol? 10

Or

- (a) What are the essentials of effective control? 5
- (b) Discuss various steps involved in planning process. 10
