

Roll No. ....

**E-3926**

**B. C. A. (Part III) EXAMINATION, 2021**

**(Old Course)**

Paper Eighth

FINANCIAL MANAGEMENT AND ACCOUNTANCY

*Time : Three Hours ]*

*[ Maximum Marks : 50*

*[ Minimum Pass Marks : 20*

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

**Unit—I**

1. What is accounting principles and accounting conventions ?

*Or*

From the given ahead particulars prepare Final Accounting of XYZ Ltd. for the year ending 31st March, 2019 :

**P. T. O.**

	₹		₹
Opening Stock	8,500	Creditors	19,500
Purchases	45,750	Debtors	32,000
Salaries	6,400	Bills Receivable	3,500
Wages	3,350	Insurance	450
Premises	46,000	Discount	250
Plant	20,000	General Charges	350
Furniture	2,550	Taxes	1,450
Freight	2,400	Sales Return	2,300
Carriage Inwards	350	Repairs	700
Custom Duty	2,700	Loan	25,000
Bad Debt	1,000	Purchase Return	500
Capital	50,000	Sales	80,500
Bills Payable	4,500		

**Adjustments :**

- (i) Closing Stock ₹ 13,750.
- (ii) Interest on capital is to be charged @ 5% p. a.
- (iii) Interest on loan is to be charged @ 6% p. a.
- (iv) Depreciation on premises  $2\frac{1}{2}\%$ , plant by 5% and furniture by 10%.

## Unit—II

2. The following is the Balance Sheet of ABC Ltd. :

## Balance Sheet

	₹		₹
Equity Share Capital	80,000	Intangible Assets	48,000
Reserves and Surplus	40,000	Fixed Assets	1,12,000
Mortgage	64,000	Investments	8,000
Bank		Stock	24,000
Overdraft	8,000	Debtors	24,000
Creditors	32,000	Bank Balance	24,000
Provision for Tax	16,000		
	<b>2,40,000</b>		<b>2,40,000</b>

Calculate the following ratios :

- (i) Liquid Ratio
- (ii) Current Ratio
- (iii) Solvency Ratio
- (iv) Proprietary Ratio
- (v) Gearing Ratio

*Or*

What do you mean by Cost ? Explain the elements of cost.

**P. T. O.**

**Unit—III**

3. The following data are obtained from the records of Y Ltd. :

	First Year (₹)	Second Year (₹)
Sales	80,000	90,000
Profit	10,000	14,000

Calculate break-even point in rupees.

*Or*

What do you understand by Cost-Volume-Profit relationship ?

Why is this relationship important in business management ?

**Unit—IV**

4. The expenses budgeted for production of 10,000 units in a factory are furnished below :'

	Per unit (₹)
Materials	70
Labour	25
Variable Overheads	20
Fixed Overheads (₹ 1,00,000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Administrative Expenses (₹ 50,000)	5
Distribution Expenses (20% Fixed)	7
<b>Total</b>	155

Prepare a budget for the production of 8,000 units and 6,000 units. Assume that administrative expenses are rigid at all levels of production.

*Or*

What is the purpose of Budgeting ? Discuss the essentials of an effective budget.

### Unit—V

5. The cost records show the following expenses of manufacturing 200 units of Product X in a process :

Materials ₹ 4,000, Labour ₹ 1,500, Overheads ₹ 500.

The standard normal wastage in production is 10% and it can be sold in the market at ₹ 15 per unit. The actual production is 150 units due to gross carelessness of the worker. Show the treatment of wastage in the Process Account and prepare Abnormal Wastage Account.

*Or*

What is variable costing ? Explain, how does it help in decision making.