MCA – 14

I Semester M.C.A. Examination, Feb./March 2010
FINANCIAL ACCOUNTING

Time: 3 Hours Max. Marks: 100

Instructions *: 1) Answer **all** questions in Part **A**, **5** out of **8** questions in Part **B** and **4** out of **6** questions in Part **C**.*
*2) Part **A** : Questions from **1** to **8** carry **1** mark each and **9** to **14** carry **2** marks **each**.*
*3) Part **B** : **Each** question carries **8** marks.*
*4) Part **C** : **Each** question carries **10** marks.*

PART – A

1. The item which does not come under Secured Loans
   i) Debentures
   ii) Loans from subsidiary company
   iii) Bank loan
   iv) Other loan

2. Under what head will you classify the Unclaimed Dividend on the liability side of the balance sheet of a limited company.
   i) Secured Loans
   ii) Current Liabilities and Provisions
   iii) Reserves and Surplus
   iv) Share capital

3. The issues of shares at price more than the face value is known as
   i) At a discount
   ii) At par
   iii) At a premium
   iv) None

4. Sale of investments indicates
   i) Source of funds ii) Application of funds
   iii) Change in current assets iv) None

5. The dividend declared by the directors of a company at the end of the financial year is know as
   i) Interim dividend ii) Final dividend
   iii) Proposed dividend iv) Unclaimed dividend

6. In case of a limited company, the term financial statements includes
   i) Profit and Loss Account and Balance Sheet
   ii) Profit and Loss Account, Profit and Loss Appropriation Account and Balance Sheet.
   iii) Balance Sheet
   iv) None.

7. Ration of Net profit before Interest and Tax to Sales
   i) Operating Profit Ratio ii) Capital Gearing Ratio
   iii) Solvency Ratio iv) Liquidity Ratio

8. Tax paid is
   i) Application of funds ii) Source of funds
   iii) No flow of funds iv) None

9. What is meant by calls in arrears and calls in advance?

10. What is new profit sharing ration?

11. Give the meaning of fund flow statement?

12. What is interim dividend?

13. Who is consignee?

14. What is gain ration?

PART – B

1. Distinguish between Equity Share and Preference Share.

2. What are the limitations of fund flow statements?

3. State the advantages of ratio analysis.

4. Explain the different classes of capital.

5. Distinguish between Trial Balance and Balance Sheet.

6. Rama and Krishna are partners with capitals of Rs.50000 and Rs.40000 respectively as on 1-03-2008. During the year Rama withdrew as shown below:

   Rs. 500 on 1st April 2008

   Rs. 400 on 1st May 2008

   Rs. 600 on 1st June 2008

   Rs. 300 on 1st November 2008

   Calculate interest @ 6 percent per annum if the accounts are closed on 31st December every year.

7. X and Y are partners, sharing profits in the ratio of 4:3. Z joins the firm and new ratio among X,Y and Z is 7:4:3. Find out sacrificing ratio.

8. Discuss the features of partnership.

PART – C

1. Following is the trial balance of X Company Ltd. As on 31st December 2008. Prepare trading account, Profit and Loss account, Profit and loss appropriation account and Balance Sheet.

Particulars	**Dr**	**Cr**
Capital(2500 shares of Rs 100 each on Which Rs.80 called up)		200000
Land and Buildings	130000	
Investments	60000	
Machinery	15000	
Furniture	4000	
Bills reseivable	6400	
Carriage inwards	2500	
Wages	21000	
Salary	8500	
Bills payable		5000
Purchases and Sales	60000	110000
Returns	2000	1000
Rent and rates	1800	
Preliminary expenses	6000	
Debtors and Creditors	42000	15000

Advertising and Reserve Fund	2500	10000
Profit and Loss a/c		14000
Stock (1-1-2008)	30000	
Insurance	1300	
Discount	2000	
5% Debentures		40000
Total	**395000**	**395000**

Adjustments:

a) Write off Rs.2000 from preliminary expenses

b) Transfer Rs.10000 to reserve fund

c) Stock on 31-12-2008 Rs.65000

d) Provide for dividend on share capital at 10%

e) Debentures interest is outstanding for one year

2. ABC Co.Ltd., issed 20000 shares at Rs.10 each at a premium at Re.1 per share, payable Rs.2 on application, Rs.4 on allotment (including premium), Rs.3 on first call and Rs.2 on final call.

All shares were subscribed and the money duly received.

Pass the necessary journal entries, prepare bank account, share premium account and show balance Sheet in the books of the company.

3. The following is the Balance Sheet of Kalyani Electric co. as on 30th June 2008

Liability	**Rs**	**Assets**	**Rs**
Eqyity Capital	300000	Land and Building	150000
Sundry Creditors	48000	Plant and Machinery	85000
Bills Payable	10000	Short term Investments	16000
Bank Overdraft	5000	Stock in trade	50000
Outstanding expenses	2000	Debtors	59000
		Prepaid expenses	1000
		Cash in hand	4000
	365000		**365000**

Calculate the following ratio:

i) Current ratio, ii) quick ratio, iii) Debit equity ratio iv) Fixed Assets to Total Assets

4. The summaries Balance Sheets of K Ltd. As on 31st Dec 2008 are as follows:

Liability	**2007**	**2008**	**Assets**	**2007**	**2008**
Eqyity Capital	1200000	1500000	Land and Building	800000	760000
14% Debentures	600000	400000	Plant and Machinery	500000	720000
Profit and Loss A/C	100000	150000	Investments	300000	450000
General Reserve	300000	350000	Stock in trade	400000	470000
Creditors	490000	560000	Debtors	670000	530000
Prosed dividends	120000	180000	Cash in hand	220000	330000
Provision for Tax	100000	130000	Prepaid expenses	20000	10000
	2910000	**3270000**		**2910000**	**3270000**

Additional Information

i) Debentures were redeemed at a premium of 10%

ii) Taxes paid during the year amounted to Rs. 140000

iii) A machine which appeared at a WDV of Rs. 80000 was sold for Rs.130000 and new machines worth Rs.360000 were acquired during the year.

Prepare a statement of sources and applications of funds, showing changes in the working capital

5. Explain about the various types of Companies that can be registered under the Companies act.

6. The Reliance Company Ltd issued 50000 debentures of Rs.10 each. The amount was payable as follows: Rs.2 on application, Rs.4 on allotment, Rs.2 on First Call and Rs.2 on Final call.

   45000 debentures were subscribed by the public. All the debentures were allotment and the money duly received. Pass the Journal Entries and prepare the necessary ledger account.

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