

ADCA / MCA (II Year)

Term-End Examination

June, 2007

CS-54 (S) : FINANCE & ACCOUNTING ON
COMPUTERS

Time : 3 hours

Maximum Marks : 75

Note : Question number 5 is **compulsory**. Attempt any **three** questions from the rest. Question 5 is of 30 marks and the remaining questions are of 15 marks each.

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1. (a) Explain in detail the following accounting concepts : 9
- (i) Cost concept
- (ii) Materiality concept
- (iii) Periodicity concept
- (b) Do you think Accounting practices should be standardised ? Explain in detail. 6
2. (a) What do you mean by Variance Analysis ? How can the variance be controlled ? 8
- (b) Distinguish between Profit Maximisation and Wealth Maximisation objectives of the firm. 7

3. (a) Explain in detail how does the use of Financial Leverage affect the break-even point. 7
- (b) What do you understand by Budgetary control ? Explain in detail the steps involved in installing a budgetary control system. 8
4. (a) Discuss the concept of Working Capital. Are the gross and net concepts of Working Capital exclusive ? Explain. 8
- (b) What factors would a company in general consider before it takes a decision on dividends ? 7
5. The following is the Trial Balance of XYZ Ltd. as on 31st March, 1998. You are required to prepare the Trading and Profit and Loss Account for the year ended 31st March, 1998 and Balance Sheet as on that date after making the necessary adjustments : 30

Particulars	Dr. Amount Rs.	Cr. Amount Rs.
Sundry Debtors	5,00,000	—
Sundry Creditors	—	2,00,000
Outstanding Liability for Expenses	55,000	—
Wages	1,00,000	—
Carriage Outwards	1,10,000	—
Carriage Inwards	50,000	—

Particulars	Dr. Amount Rs.	Cr. Amount Rs.
General Expenses	70,000	—
Cash Discounts	20,000	—
Bad Debts	10,000	—
Motor Car	2,40,000	—
Printing and Stationery	15,000	—
Furniture and Fittings	1,10,000	—
Advertisement	85,000	—
Insurance	45,000	—
Salesmen's Commission	87,500	—
Postage and Telephone	57,500	—
Salaries	1,60,000	—
Rates and Taxes	25,000	—
Drawings	20,000	—
Capital Account	—	14,43,000
Purchases	15,50,000	—
Sales	—	19,87,500
Stock on 1.4.97	2,50,000	—
Cash at Bank	60,000	—
Cash in hand	10,500	—
	36,30,500	36,30,500

The following adjustments are to be made :

- (i) Stock on 31st March, 1998 was valued at Rs. 7,25,000.
- (ii) A provision for Bad and Doubtful debts is to be created to the extent of 5 percent on Sundry Debtors.
- (iii) Depreciate :
Furniture and Fittings by 10%, Motor Car by 20%
- (iv) Shir XYZ had withdrawn goods worth Rs. 25,000 during the year.
- (v) Sales include goods worth Rs. 75,000 sent out to Shanti & Company on approval and remaining unsold on 31st March, 1998. The cost of the goods was Rs. 50,000.
- (vi) The Salesmen are entitled to a Commission of 5% on total sales.
- (vii) Debtors include Rs. 25,000 bad debts.
- (viii) Printing and Stationery expenses of Rs. 55,000 relating to 1996 – 97 had not been provided in the year but was paid in this year by debiting outstanding liabilities.
- (ix) Purchases include purchase of Furniture Rs. 50,000.