

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS : NOVEMBER-2023  
COURSE NAME: B.C.A  
SEMESTER: III**

**MARKS: 50  
TIME : 3 HOURS**

**PART – III****ACCOUNTANCY FOR DECISION MAKING****SECTION – A****(10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****K1****MULTIPLE CHOICE QUESTIONS.**

1. What is the primary purpose of financial accounting?
  - a) Recording daily transactions
  - b) Providing internal management reports
  - c) Reporting financial information to external parties
  - d) Conducting internal audits
2. Which subsidiary book is used to record credit purchases made by a business?
  - a) Purchase Book
  - b) Sales Book
  - c) Purchase Returns Book
  - d) Sales Returns Book
3. In the context of stock valuation methods, what does FIFO stand for?
  - a) First-In-First-Out
  - b) Last-In-First-Out
  - c) Fast Inventory Flow Option
  - d) Flexible Inventory Forecasting Order
4. Which budget is prepared to estimate the cash inflows and outflows for a specific period, helping in cash management?
  - a) Sales Budget
  - b) Material Budget
  - c) Cash Budget
  - d) Flexible Budget
5. Which financial ratio measures a company's ability to generate profit relative to its revenue or assets?
  - a) Liquidity ratio
  - b) Profitability ratio
  - c) Solvency ratio
  - d) Efficiency ratio

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.****K2**

6. State the meaning of journal.
7. What are subsidiary books in accounting?
8. Define Cost Accounting.
9. Define Budgetary Control in management accounting.
10. What is profitability ratio?

**SECTION – B****(5 X 3 = 15 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. K3**

11. a) Explain the concept of "double entry" in accounting with an example.

**(OR)**

- b). Write a journal entries for cash purchase, cash sales and payment of rent.

12. a). Prepare purchase returns book and sales returns book from the following data:

April 1	Purchased goods returned to Senthil Rs. 205
3	Received goods returned by Natarajan Rs. 300
5	Goods returned to Kannan Rs. 500
7	Sales returns of Rs. 1260 by Mathavan
15	Returned defective goods to Rajan Rs. 1280
18	Damaged goods returned by Murali Rs. 1120
22	Outward returns to Kumar Rs. 275
26	Inwards returns by Swaminathan Rs. 750
28	Returned inferior goods to Sankar Rs. 890
30	Selva returned goods to us Rs. 1330

**(OR)**

b). Uma Stationery Store maintains a Single Column Cash Book to record its cash transactions for the month of March 2023. You are provided with the following transactions:

March 1: The owner invested Rs. 20,000 in cash to start the business.

March 5: Cash sales amounted to Rs. 15,000.

March 10: Paid Rs. 5,000 in rent.

March 15: Received Rs. 8,000 from a customer who had purchased goods in February.

March 20: Purchased office supplies for Rs. 7,500 in cash.

March 25: The owner withdrew Rs. 3,000 for personal use.

March 28: Paid Rs. 2,500 for electricity bills.

Prepare simple cash book.

13. a) State the objectives of cost accounting.

**(OR)**

b) Sheik Electronics, a small electronics retailer, sells televisions.

March 1: Opening inventory - 50 televisions at a cost of Rs. 400 each.

March 5: Purchased 30 more televisions at a cost of Rs. 420 each.

March 15: Sold 40 televisions.

March 20: Purchased 20 additional televisions at a cost of Rs. 430 each.

March 25: Sold 25 televisions.

Prepare the store ledger account using the LIFO costing method.

14. a) Discuss the key objectives of management accounting.

**(OR)**

b) X Ltd. wants to prepare a Cash Budget for the upcoming quarter. They expect cash inflows from sales to be Rs. 200,000 in January, Rs. 220,000 in February, and Rs. 240,000 in March. They anticipate cash outflows for expenses as follows: Rs. 50,000 in January, Rs. 60,000 in February, and Rs. 70,000 in March. Calculate the expected ending cash balance for each month.

15. a) Describe the procedure for preparing a Cash Flow Statement using the Direct Method.

**(OR)**

b) K Services Ltd reported the following financial figures for the year:

Total Revenue: Rs. 400,000

Total Operating Expenses: Rs. 220,000

Interest Expense: Rs. 10,000

Taxes: Rs. 30,000

Calculate the Net Profit ratio for the year and explain what it indicates about the company's profitability.

**(CONT'D.....3)**

## SECTION – C

(5 X 5 = 25 MARKS)

**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. K4 & K5**

16. a) Explain the any five fundamental accounting concepts.

**(OR)**

b) Use the following transactions of Vijay Traders for the month of September 2023 to create ledger accounts and prepare a trial balance as of September 30, 2023. On September 1, 2023, started the business with an initial capital investment of Rs. 50,000 in cash.

Purchased goods for resale on credit from Ajith Suppliers worth Rs. 20,000.

Sold goods for Rs. 15,000 in cash.

Paid rent for the premises, Rs. 5,000..

Received Rs. 10,000 from a customer who had previously purchased goods on credit.

Purchased office supplies for Rs. 2,000 in cash.

Paid a salary of Rs. 3,000 to an employee.

Sold goods on credit to Lila Retailers worth Rs. 12,000.

17.a) From the following balances, taken from the Trial Balance of Surya, prepare a Trading and Profit and Loss Account for the year ending 31st Dec., 2022:

Particulars	Dr. Rs	Cr. Rs
Stock on 1.1.2022	2,000	
Purchases and Sales	20,000	30,000
Returns	2,000	1,000
Carriage	1,000	
Cartage	1,000	
Rent	1,000	
Interest received Salaries	2,000	2,000
General Expenses	1,000	
Discount		500
Insurance	500	

The Closing Stock on 31st December, 2022 is Rs 5,000.

**(OR)**

b) ABC Electronics is a small electronics store. You are given the following information for the year ending December 31, 2022:

Trial Balance as of December 31, 2022:

Particulars	Debit (Rs.)	Credit (Rs.)
Cash	10,000	
Accounts Receivable		5,000
Inventory	20,000	
Building	30,000	
Furniture	5,000	
Accounts Payable	3,000	
Loan Payable		15,000
Capital (Owner's Equity)	25,000	
Sales Revenue		50,000
Purchases	35,000	
Wages Expense	4,000	
Rent Expense	2,000	
Utilities Expense	1,000	

**(CONTD.....4)**

## Additional Information:

Depreciation on Building is Rs. 2,000, and on Furniture is Rs. 500.

Interest on Loan Payable is Rs. 1,500.

Closing Inventory is valued at Rs. 25,000.

Accrued Wages Expense is Rs. 500.

Prepaid Rent of Rs. 1,000 is not yet recognized.

Accrued Utilities Expense is Rs. 200.

Prepare the Trading and Profit & Loss Account and Balance Sheet.

18. a) Prepare a cost sheet for Veni Ltd for the year ending on 31 March from the following information:

Direct material - Rs. 25,000

Opening stock of RM & Direct Consumables - Rs. 4,000

Closing stock of RM & Direct Consumables - Rs. 2,000

Direct Wages paid to workers - Rs. 6,000

Other Direct expenses - Rs. 2,000

Factory Expenses/Overheads - Rs. 2,500

Office and administration overhead is assumed to be 30% of Factory costs in the absence of exact data.

Opening stock for finished goods - Rs. 3,000

Closing stock for finished goods - Rs. 4,000

Selling and distribution Overhead - Rs. 5,000

Profit Margin on total on cost - 30%

**(OR)**

b) From the following particulars write up stores ledger under LIFO method.

December      1. Stock in hand 500 units at Rs. 20

4. Issued 200 units

8. Purchased 150 units at Rs. 22

12. Issued 100 units

16. Purchased 200 units at Rs. 25

19. Issued 300 units

21. Returned to store 10 units (issued on 12<sup>th</sup> December)

26. Issued 100 units

30. Issued 50 units

On 31<sup>st</sup>, it was noticed that there is a shortage of 10 units.

19. a) From the following budgeted figures prepare a Cash Budget in respect of three months to June 30, 2006.

Month	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
January	60,000	40,000	11,000	6,200
February	56,000	48,000	11,600	6,600
March	64,000	50,000	12,000	6,800
April	80,000	56,000	12,400	7,200
May	84,000	62,000	13,000	8,600
June	76,000	50,000	14,000	8,000

**(CONTD.....5)**

Additional information:

1. Expected Cash balance on 1<sup>st</sup> April, 2006 – Rs. 20,000
2. Materials and overheads are to be paid during the month following the month of supply.
3. Wages are to be paid during the month in which they are incurred.
4. All sales are on credit basis.
5. The terms of credits are payment by the end of the month following the month of sales: Half of credit sales are paid when due the other half to be paid within the month following actual sales.
6. 5% sales commission is to be paid within in the month following sales
7. Preference Dividends for Rs. 30,000 is to be paid on 1<sup>st</sup> May.
8. Share call money of Rs. 25,000 is due on 1<sup>st</sup> April and 1<sup>st</sup> June.
9. Plant and machinery worth Rs. 10,000 is to be installed in the month of January and the payment is to be made in the month of June.

**(OR)**

**19 b)** The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacity.

Fixed expenses:	Expenses at 50% capacity (Rs.)
Salaries	5,000
Rent and taxes	4,000
Depreciation	6,000
Administrative expenses	7,000
Variable expenses:	
Materials	20,000
Labour	25,000
Others	4,000
Semi-variable expenses:	
Repairs	10,000
Indirect Labour	15,000
Others	9,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity, a further increase of 5% when capacity crosses 75%.

Estimated sales at various levels of capacity are:

Capacity	Sales (Rs.)
60%	1,10,000
70%	1,30,000
90%	1,50,000

**(CONTD.....6)**

20. a) Calculate Current ratio and liquid ratio from the following information.

Particulars	Rs.	Particulars	Rs.
Share capital	30,000	Fixed assets	16,500
Creditors	8,000	Cash	1,000
Bills payable	2,000	Book debts	6,000
Bank OD	3,500	Bills receivables	2,000
		Stock	17,500
		Prepaid expenses	500
	43,500		43,500

**(OR)**

b) Calculate cash flow from operating activities:

Total sales for the year	Rs. 10,00,000
Total purchase for the year	Rs. 6,50,000
Commission received during the year	Rs. 10,000
Office expenses for the year	Rs. 15,000
Administration expenses for the year	Rs. 20,000
Income tax paid during the year	Rs. 12,000

\*\*\*\*\*