# B.C.A. DEGREE EXAMINATION, May 2015 

(SECOND YEAR)
(PART-III)

## 220: BUSINESS AND ACCOUNTING

Time: Three hours
Maximum: 100 marks

## SECTION-A

$(8 \times 5=40)$

## Answer any EIGHT questions

1. What is Suspense Account? How it is Opened and closed?
2. What is a Bank Reconciliation Statement and why it is prepared.
3. Explain turnover ratios.
4. Distinguish between Cash Flow Statement and Fund Flow Statement.
5. State the limitations of Financial Statement Analysis.
6. Project ABC initially cost $\mathrm{s} ₹ 50,000$. It generates the following cash inflows:

Year Cash flows₹ Present value of ₹ 1 at $10 \%$

| 1 | 10,000 | 0.909 |
| :---: | :---: | :---: |
| 2 | 9000 | 0.826 |
| 3 | 8000 | 0.751 |
| 4 | 7000 | 0.683 |
| 5 | 6000 | 0.621 |

Taking the cut-off rate as $10 \%$.suggest whether the project should be accepted or not.
7. From the following particulars calculate the breakeven point.

Variable Cost Per unit ₹ 12
Fixed expenses ₹ 60,000
Selling price per unit ₹ 18
8. Prepare Trading Account of Anju for the year ending 31-12-2014 From the following Information:

|  | $₹$ |
| :---: | ---: |
| Opening Stock | 80,000 |
| Purchases | $8,60,000$ |
| Freight Inward | 52,000 |
| Wages | 24,000 |
| Sales | $14,40,000$ |
| Purchase Returns | 10,000 |
| Sales Returns | $3,16,000$ |
| Closing Stock | $1,00,000$ |
| Import duty | 30,0000 |

9. What is Cap ital Budge ting? State its importance.
10. A firm is engaged in large scale consumer retailing from the following information ,you are required to forecast their working capital requirement.

Projected Annual Sales ₹ $65,00,000$
Percentage of Net profit $25 \%$ on Cost of sales
Average credit period allowed to Debtors
Average Credit period allowed by creditors Average stock carrying(in terms of sales requirement)
Add $10 \%$ to computed figures to allow for contingencies.

## SECTION-B

$(3 \times 20=60)$
Answer any THREE questions
11. Journalise the following transactions in the books of Mrs. Rani and Post them in the ledger and balance the same.

2014
March 1 Bought goods for Cash ₹30,000
March 2 Sold goods for cash ₹ 60,000
March 3 Bought goods for credit from Babu ₹20,000
March 5 Sold goods on credit to Rohan ₹ 9000
March 7 Received from Rohan ₹ 5,000
March 9 Paid to Babu ₹ 4,000
March 20 Bought furniture for cash ₹8,000
12. Explain the main features of a budgetary control system.
13. How does Cash Flow Statement differ from Fund Flow Statement? Explain.
14. Ascertain the Prime cost, Works Cost, Cost of Production, total cost and profit from the undermentioned figures.

| Direct Materials | ₹ 5000 |
| :--- | :--- |
| Direct Labour | ₹ 3500 |
| Factory Expenses | ₹ 1500 |
| Administrating Expenses | ₹ 800 |
| Selling Expenses | ₹ 700 |
| Sales | ₹ 15000 |

15. From the following detailed find out (a) Profit Volume Ratio, b) Break Even Point c) Margin of Safety

|  | $₹$ |
| :--- | :--- |
| Sales | 100,000 |
| Total Cost | 80,000 |
| Fixed Cost | 20,000 |
| Net Profit | 20,000 |

