

Third Semester Examination – 2006

FINANCIAL AND MANAGEMENT ACCOUNTING

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 which is compulsory
and any five from the rest.*

*Figures in the right hand margin
indicate marks.*

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1. Answer the following questions : 2x10
- (a) What is matching concept ?
 - (b) State the objectives of trial balance.
 - (c) Which financial statement shows the health of an organisation ?

P.T.O.

- (d) Define a debenture.
- (e) State the journal entry for the receipt of application money for the issue of shares.
- (f) Define current assets.
- (g) Name four factors which affect the amount of working capital of a business organisation.
- (h) What do you mean by liquidity ?
- (i) Define 'Cash' as per AS- 3 (revised).
- (j) State the objective of preparing the statement of changes in Working Capital.

2. On 31st March, 2006, the following trial balance was extracted from the books of a business firm.

TRIAL BALANCE

Particulars	Dr (Rs.)		Cr (Rs.)
Plant and Machinery	1,00,000		
Purchase	65,000	Capital A/C	80,000
Sales return	1,000	Sales	1,80,000
Opening Stock	45,000	Sundry creditors	30,000
Discount	450	Bad Debt provision	625
Bank charges	125		
Sundry Debtors	48,000		
Salaries	8,000		
Manufacturing wages	12,000		
Carriage inward	750		
Carriage outward	1,200		
Rent, rates & taxes	2,000		
Advertisement	2,100		
Cash in hand	500		
Cash at Bank	4,500		
	2,90,625		2,90,625

Additional information given :

- (a) Closing stock Rs. 45,000
- (b) Depreciate plant & machinery @ 6%

- (c) New provision for bad debt required Rs. 500
 (d) Interest on capital to be allowed at 5% p.a.
 Prepare final accounts for the above firm.

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3. (a) Explain the information needs of five different users of accounting information.

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- (b) State the objective of accounting standards and explain the standard setting process.

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4. (a) Differentiate between shares and debentures.

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- (b) Give the accounting entries for the issue and forfeiture of debentures.

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5. (a) Explain the process of estimating working capital.

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- (b) Discuss the long-term sources of financing working capital.

5

6. You are given the following information :

	Rs.
Cash in hand	10,000
Cash at Bank	15,000
Sundry Debtors	75,000
Stock	60,000
Bills Payable	25,000
Bills Receivable	30,000
Sundry Creditors	40,000
Outstanding Expenses	20,000
Prepaid Expenses	10,000
Divident Payable	15,000
Land & Building	2,00,000
Goodwill	1,00,000

Calculate :

10

- (a) Current Ratio

- (b) Liquid Ratio

- (c) Absolute Liquid Ratio.

7. How is cash flow different from profit earned ?
 Discuss the process of preparing a cash flow statement.

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8. Write notes on :

(a) Sub-division of journal 5

(b) Issue of bonus share. 5

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