

Solution -Financial Management- MCA First Year Second Semester-NOV 2012(ATKT)
Q1 (b)

Shri Kishor

Trading and Profit and loss Account for the year ended 31st March 2012

	(Rs.)	(Rs.)		(Rs.)	(Rs.)
To Opening Stock		35,000	By Sales	85,950	
To Purchases	25,600		Less Return	<u>1,500</u>	84,450
Less Return	<u>1,200</u>	24,400	By Closing Stock		36,000
To Wages		15,750			
To Gross Profit transferred to Profit and Loss A/c		45,300			
		<u>1,20,450</u>			<u>1,20,450</u>
To General Expenses		2,750	By Gross Profit transferred from Trading Account		45,300
To Rent	2,575		By Sundry Income		810
<u>Add O/s Rent</u>	<u>200</u>	2,775			
To Discount Allowed		1,500			
To Travelling Expenses		1,225			
To Fire Insurance premium	1,550				
<u>Less Prepaid Fire Insurance Premium</u>	<u>75</u>	1,475			
To Advertisement	2,400				
<u>Less Prepaid Advertisement</u>	<u>500</u>	1,900			
To Bad Debts		400			
To Interest Paid		610			
To Salaries	7,500				
<u>Add O/s salaries</u>	<u>500</u>	8,000			
To Depreciation on Building		4,600			
To Net Profit transferred to Balance Sheet		20,875			
		<u>46,110</u>			<u>46,110</u>

Balance Sheet as at 31st March, 2012

Liabilities	(Rs.)	(Rs.)	Assets	(Rs.)	(Rs.)
Capital	75800		Buildings	46,000	
<u>Add : Net Profit</u>	<u>20,875</u>		Less: Depreciation	<u>4,600</u>	41,400
	96,675		Plant & Machinery		38,200
<u>Less: Drawings</u>	<u>3,200</u>	93,475	Sundry Debtors		22,000
			Bills Receivable		3,500
Sundry Creditors		25,000	Closing Stock		36,000
Bills Payable		5,000	Prepaid Fire Insurance Premium		75
Outstanding Rent		200	Prepaid Advertisement		500
Outstanding Salaries		500	Cash in Hand		3,500
Bank Overdraft		21,000			
		<u>1,45,175</u>			<u>1,45,175</u>

Q2 (b)

Journal of Shri Anand

Date	Particulars	L F	Debit Rs.	Credit Rs.
2012 Sep				
1	Cash A/c Dr.		20,000	
	To Capital A/c			20,000
	(Being cash invested in business)			
2	State Bank of India A/c Dr.		5,000	
	To Cash A/c			5,000
	(Being account opened with SBI by depositing cash)			
3	Purchases A/c Dr.		2,000	
	To Z Ltd. A/c			2,000
	((Being goods purchased on credit from Z Ltd.)			
4	Commission A/c Dr.		300	
	To Cash A/c			300
	(Being commission paid by cash)			
8	Rent A/c Dr.		5,000	
	To Cash A/c			5,000
	(Being rent paid by cash)			
9	Mr. D's A/c Dr.		1,000	
	To Sales A/c			1,000
	(Being goods sold to Mr. D on credit)			

10	Carriage Inward A/ c	Dr.	100	
	To Cash A/c			100
	(Being carriage paid for goods purchased)			
17	Drawings A/c	Dr.	600	
	To Cash A/c			600
	(Being cash withdrawn for household expenses)			
19	Sales Return A/c	Dr.	250	
	To Mr .D'sA/c			250
	(Being goods sold returned by Mr .D's)			
20	Cash A/c	Dr.	2,500	
	To Capital A/c			2,500
	(Being proprietor introduced additional cash into business.)			
29	Purchases A/c	Dr.	1,960	
	To Mr .B A/c			1,960
	(Being goods purchased from Mr.B)			
		Total Rs.	<u>38,710</u>	<u>38,710</u>

Q3. (b)

Cash book
(With Cash, Bank and Discount Column)

Date	Particulars	R.No.	LF	Discount Rs.	Cash Rs.	Bank Rs.	Date	Particulars	V.No.	LF	Discount Rs.	Cash Rs.	Bank Rs.
2012							2012						
Oct 1	To Capital				25,000		Oct 2	By Bank A/c		(C)		20,000	
2	To Cash A/c		(C)			20,000	8	By Rao and Sons A/c			20		1,230
5	To D .Dastoor A/c			10		740	*11	By D.Dastoor A/c					740
14	To P.Parkar A/c					1,000	17	By Purchases A/c				750	1,250
24	To Bank A/c		(C)		2,000		20	By Drawings A/c				200	2,000
31	To Interest A/c					100	24	By Cash A/c		(C)			2,000
							31	By Bank Charges A/c					20
							31	By Balance c/d				6,050	14,600
				<u>10</u>	<u>27,000</u>	<u>21,840</u>					<u>20</u>	<u>27,000</u>	<u>21,840</u>
Nov 1	To Balance b/d				6,050	14,600							

Note- * Entry on 11th Oct.2012 on credit side of cash book-Discount Column

Mark both as correct

- 1) If student has written 10 in discount column of cash book on credit side.

Reason- Some writers cancel discount allowed by writing the amount of discount in discount column on credit side of cash book

In this case discount column total should be 30

- 2) If student has not written 10 in discount column of cash book on credit side

Reason- Some writers cancel discount allowed by passing Journal Entry instead of writing the amount of discount under discount column on credit side of cash book as ideally credit side discount column shows Discount Received A/c.

In this case discount column total should be 20

Q5 (b)

(i)

Debtors Turnover Ratio = Net Credit Sales / Average Debtors

$$\begin{aligned} &= \frac{2,40,000}{(27,500 + 32,500)/2} \\ &= \underline{\underline{8 \text{ times}}} \end{aligned}$$

Average Collection Period = No. of days/Debtors Turnover Ratio

$$\begin{aligned} &= 360/8 \\ &= \underline{\underline{45 \text{ days}}} \end{aligned}$$

(ii)

1. Creditors Turnover Ratio = Net Credit Purchases / Average Creditors

$$\begin{aligned} &= \frac{1,80,000}{(42,500 + 47,500)/2} \\ &= \underline{\underline{4 \text{ times}}} \end{aligned}$$

2. Gross Profit Ratio (Gross Profit/Net Sales)*100

$$\begin{aligned} &= \frac{(\text{Net Sales} - \text{Cost of Goods Sold})}{\text{Net Sales}} * 100 \\ &= \frac{(25,00,000 - 20,00,000)}{25,00,000} * 100 \\ &= \underline{\underline{20 \%}} \end{aligned}$$

Q6 (a)

Cash Budget
(For the months Dec to March)

	Dec	Jan	Feb	March
Opening balance	12,000	36,000	24,000	Nil
Cash Receipts (A)				
Cash Sales	1,00,000	1,20,000	1,38,000	1,60,000
Dividend				2,000
Total(A)	<u>1,12,000</u>	<u>1,56,000</u>	<u>1,62,000</u>	<u>1,62,000</u>
Cash Payments (B)				
Purchases- Creditors	64,000	1,20,000	1,40,000	90,000
Wages	12,000	12,000	12,000	12,000
Income Tax				4,000
Preference Dividend			10,000	
Total(B)	<u>76,000</u>	<u>1,32,000</u>	<u>1,62,000</u>	<u>1,06,000</u>
Closing Balance of Cash (A)-(B)	36,000	24,000	Nil	56,000