



GOVERNMENT COLLEGE OF ENGINEERING, JALGAON

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Name of Examination : **Summer 2021** - (Preview)

Course Code & Course Name : **SH481U - Accounts and Finance for Entrepreneurs**

Generated At : **19-04-2022 12:56:34**

Maximum Marks : **60**

Duration : **3 Hrs**

[Edit](#) [Print](#) [View Answer Key](#) [Close](#) **Answer Key Submission Type:** Marking scheme with model answers and solutions of numerical

Instructions:

1. All questions are compulsory.
2. Illustrate your answer with suitable figures/sketches wherever necessary.
3. Assume suitable additional data; if required.
4. Use of logarithmic table, drawing instruments and non programmable calculators is allowed.
5. Figures to the right indicate full marks.

1) Write Any THREE.

- a) What are the rules governing double entry? [4]
- b) Explain the advantages and disadvantages of cash flow statement. [4]
- c) What are the functions of financial management. [4]
- d) Discuss Operating leverage. [4]

2) Write any THREE.

- a) What is the classification of accounts? [4]
- b) Define budgetary control. What are the objectives of budgetary control. [4]
- c) Write a note on importance of accounting. [4]
- d) What are the short term sources of finance? [4]

3) Write note on following.

- a) Financial leverage [3]
- b) Working capital management [3]

4) Solve any THREE.

- a) Prepare general journal entries for the following transactions [10]

On April 01, 2016 Anees started business with Rs. 100,000 and other transactions for the month are:

 2. Purchase Furniture for Cash Rs. 7,000.
 8. Purchase Goods for Cash Rs. 2,000 and for Credit Rs. 1,000 from Khalid Retail Store.
 14. Sold Goods to Khan Brothers Rs. 12,000 and Cash Sales Rs. 5,000.
 18. Owner withdrew of worth Rs. 2,000 for personal use.
 22. Paid Khalid Retail Store Rs. 500.
 26. Received Rs. 10,000 from Khan Brothers.
 30. Paid Salaries Expense Rs. 2,000

- b) Prepare a Flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 60% capacity. [10]

Variable overheads:	At 60% capacity (Rs)
Indirect Material	6,000
Labour	18,000
Semi-variable overheads:	
Electricity: (40% Fixed & 60% variable)	30,000
Repairs: (80% fixed & 20% Variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

- c) From the following information extracted from the books of Jain & Co, [10]
Prepare Trading, Profit & Loss A/c for the year ended and Balance sheet as on that date.

Particulars	Debit Rs	Credit Rs
Purchase	90,300	
Sales	1,37,200	
Return inward	2,200	
Stock 1.1.96	40,000	
Drawing	5,000	
Building	30,000	
Machinery	20,000	
Furniture	8,000	
Debtors	25,000	
Wages	3,000	
Carriage inwards	2,000	
Rent and Rates	1,500	
Bad debts	1,000	
Cash	3,500	
Investment	10,000	
Postages	2,500	
Insurance	2,000	
Return outwards		1,300
Capital		50,000
Creditors		24,000
Interest		500
Commission		3,250
Provision for Bad debts		750
Bank OD		40,000
Salaries	11,000	
Total	2,57,000	2,57,000

Additional Information:

- Value of the stock on 31.12.96 Rs. 65,000
- Goods worth Rs 800 for his personal use of the proprietor
- Rs. 400 of insurance paid is nothing but advance payment
- Salary Rs. 1000 for the month of Dec 1996 has not yet paid outstanding
- Charge depreciation
 - Building 2% per annum
 - Machinery 10% per annum
 - Furniture 15% per annum
- Maintain provision for doubtful debts @ 5% on sundry debtors. Prepare Trading and Profit & Loss Account of Jain & Co for the year ended 1995-96.

- d) S. K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2010 to December 2010. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period. [10]

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

- 50% of credit sales are realized in the month following the sales and remaining 50% in the second following.
- Creditors are paid in the month following the month of purchase
- Estimated cash as on 1-10-2010 is Rs.50,000.

Next question!

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