

VRK/KS/14/380

Bachelor of Business Administration (B.B.A.)**First Year Examination****FINANCIAL AND COST ACCOUNTING****Paper—5**

Time : Three Hours]

[Maximum Marks : 80

N.B. :— (1) Attempt total **FIVE** questions. At least **TWO** questions from each section.

(2) All questions carry equal marks.

SECTION—A

1. Define the term of 'Accounting'. Explain the scope and importance of Accounting. 16
2. Explain the concepts and conventions of Accounting. 16
3. Vidarbha Agro Industries Ltd. made an issue of 20,000 Equity Shares of Rs. 15 each at a premium of Rs. 2 per share. The amounts were called as under :

On Application	Rs. 4 per share
On Allotment	Rs. 7 per share (including Rs. 2 per share as premium)
On First and Final Call	Rs. 6 per share

Mr. Shaha holding 100 shares failed to pay the

allotment and call money. Mr. Joshi holding 160 shares failed to pay the call money.

All these shares were forfeited and subsequently re-issued to Mr. Modi as fully paid up at a discount of Rs. 3 per share.

Pass Journal Entries to record the above transactions in the books of a company. 16

4. (A) From the following information, calculate the value of goodwill by four years' purchase of super profit :
 - (i) Average capital employed in the business Rs. 15,00,000.
 - (ii) Net trading profits of the firm for the past four years were :

Rs. 2,72,000	Rs. 2,18,000
Rs. 2,65,000	Rs. 2,60,000
 - (iii) Fair remuneration to the partners for their services Rs. 32,000 per annum.
 - (iv) Rate of interest expected from capital having regard to the risk involved 14%. 8
- (B) From the following particulars, calculate the value of each equity share :

4,000, 9% Preference Shares	
of Rs. 100 each	Rs. 4,00,000

1,00,000 Equity Shares of Rs. 10	
each, Rs. 8 per share paid	Rs. 8,00,000
Expected annual profit before tax	Rs. 4,60,000
Tax Rate	55 %
Transfer to General Reserve @ 20 % of profit is a routine affair.	
Normal rate of earning	12 %
	8

5. Following is the Trial Balance of Landmark Ltd. The company has 80,000 shares of Rs. 100 each as Nominal Capital :

Trial Balance as on 31st March, 2012

Particulars	Dr. (Rs.)	Cr. (Rs.)
Subscribed and Called up Capital		12,00,000
Calls-in-Arrears	64,000	
Reserve Fund		10,00,000
Building	7,20,000	
Fixed Deposits taken from public		4,00,000
Productive Wages	1,20,000	
Machinery	3,56,000	
Furniture	3,20,000	
Purchases and Sales	8,40,000	21,00,000
Salaries	2,40,000	

Particulars	Dr. (Rs.)	Cr. (Rs.)
Debtors and Creditors	8,80,000	6,00,000
Bills Receivable and Bills Payable	2,44,000	3,60,000
Directors' Fees	80,000	
Returns	60,000	80,000
Freight	40,000	
Stock on 1-4-2011	2,60,000	
Interim Dividend paid	1,00,000	
Audit Fees	60,000	
Loose Tools	1,52,000	
Preliminary Expenses	2,40,000	
Manufacturing Expenses	20,000	
4% Debentures		4,00,000
Interest on Debentures	16,000	
Profit and Loss Appropriation A/c		1,08,000
Govt. Bonds	10,00,000	
Goodwill	2,08,000	
Insurance and Taxes	80,000	
Advertisement	40,000	
Printing and Stationery	60,000	
Cash at Bank	48,000	
Total :	62,48,000	62,48,000

Adjustments :

- (1) Closing Stock Rs. 3,20,000.

- (2) Prepaid Insurance Rs. 6,000.
- (3) Depreciate Building at 5% and Furniture at 10%.
- (4) Write off Preliminary Expenses by 10% and Goodwill by 6%.
- (5) Transfer to Reserve Fund Rs. 2,40,000.

Prepare Trading and Profit & Loss Account for the year ended 31st March, 2012 and Balance Sheet as on that date. 16

SECTION—B

6. Explain the scope and importance of Cost Accounting. 16
7. Explain in short the elements of cost and the methods of allocation of cost. 16
8. Hero Corps Ltd. manufactured 175 Bikes in the year 2011 at a production cost of Rs. 33,46,875 which it sold @ Rs. 27,000 each. Analysis of cost is as follows :

	Rs.
Materials	14,35,000
Wages	16,62,500
Works overheads	2,49,375
Administrative overheads	2,67,750
Selling overheads	3,50,000

Hero Corps Ltd. wants to manufacture and sell 200 Bikes in 2012 by reducing selling price by

Rs. 1,000 per bike. You are required to estimate per bike profit it may earn in 2012. Keep the following details in mind :

- (i) Material cost will go up by Rs. 300 per bike.
 - (ii) Wages will go down by Rs. 400 per bike.
 - (iii) Percentage of works oncost to wages will remain the same as was in 2011.
 - (iv) Administrative overheads will be reduced by Rs. 20 per bike.
 - (v) Selling overheads per bike will be reduced by 25%. 16
9. Trading and Profit & Loss Account of M/s. Ambani Brothers for the year ended 31st March, 2012 is given below :

Trading and Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To Material	2,00,000	By Sales (21,000 Units)	5,25,000
To Wages	1,00,000	By closing stock of	
To Factory Expenses	90,000	finished goods	
To Gross Profit c/d	1,53,200	(1,000 units)	18,200
	5,43,200		5,43,200
To Office Expenses	46,000	By Gross Profit b/d	1,53,200
To Selling Expenses	22,000	By Dividend Received	2,800
To Goodwill written off	4,000		
To Net Profit	84,000		
	1,56,000		1,56,000

Other Information :

- (i) In cost books, factory overheads are charged at 100% of wages.
- (ii) Administrative overheads are charged at 10% of factory cost.
- (iii) Selling overheads were charged at Re. 1 per unit sold.

You are required to prepare :

- (a) Statement of cost and
- (b) Reconciliation statement. 16

10. A product passes through two processes M and N. From the following information, prepare process accounts :

Particulars	Process 'M'	Process 'N'
	Rs.	Rs.
Material consumed	10,000	5,000
Wages	15,000	7,673
Indirect Expenses	2,500	2,500
Normal wastage	2%	5%
Selling price of wastage per 100 units	Rs. 20	Rs. 30
Output (Units)	48,000	46,000

50,000 units of raw material were introduced in process 'M' @ Re. 0.50 per unit. 16

MIS—46530

7

607

6050