

NKT/KS/17/4345

**Bachelor of Business Administration (B.B.A.) Semester-II Examination****FINANCIAL & MANAGEMENT ACCOUNTING****Compulsory Paper—2**

Time : Three Hours]

[Maximum Marks : 80

**Note :—** (1) **ALL** questions are compulsory.

(2) All questions carry equal marks.

1. (A) Explain the scope and importance of Financial Accounting. 8
- (B) Define the term Book Keeping. Explain the rules of Double Entry System of Accounting. 8

**OR**

(C) Journalise the following transactions in the books of Mayur :

**Date**1 Debit Balances on 1<sup>st</sup> April, 2015 :

Cash at Bank	Rs. 1,40,000
Stock	Rs. 45,000
Sundry Debtors	Rs. 22,000
Land & Building	Rs. 2,20,000
Computer and Printer	Rs. 73,000

Credit Balances on 1<sup>st</sup> April, 2015 :

Sundry Creditors	Rs. 35,000
Bank Loan	Rs. 30,000

Transactions during the month of April, 2015 :

- 2 Purchases goods from Mr. Tiwari worth Rs. 1,20,000 at 10% trade discount and 25% amount paid by cheque and 25% amount paid in cash.
- 4 Sold goods to Priyanka worth Rs. 80,000 at 10% trade discount and cash received 30% in cash and 30% received by cheque.
- 5 Paid house rent Rs. 6,000 and telephone bill own house Rs. 1,000.

**Date**

- 8 Interest on Bank Loan Rs. 1,200 debited to the current account.
- 10 Received an amount of Rs. 900 from Sonali, which was previously written off as bad debts.
- 11 Cheque received from Vipul Rs. 18,000 and the same is immediately deposited in Bank.
- 12 Paid Insurance Premium by cheque Rs. 4,400.
- 20 Purchased computer of Rs. 27,500 from Arun and in part payment gave him cash of Rs. 11,000.
- 25 Cheque received from Priyanka Rs. 28,800 and the same is endorsed to Pankaj.
- 27 Bank charges charged by bank Rs. 660.
- 30 Paid Income Tax by cheque Rs. 4,000. 16

2. (A) From the following information of Paras Co. Ltd. prepare Profit and Loss A/c and P&L Appropriation A/c for the year ended on 31<sup>st</sup> March 2015 :

<b>Debit Balance</b>	<b>Rs.</b>	<b>Credit Balance</b>	<b>Rs.</b>
Plant and Machinery	9,00,000	Profit and Loss A/c	1,01,200
Sundry Debtors	2,80,000	Gross Profit	6,58,000
Furniture	60,000	Reserve for Bad Debts	4,500
Bad Debts	600	Transfer Fees	2,000
Rent, Rates and Taxes	64,000		
Advertisement	24,000		
Directors Fees	15,000		
Sundry Expenses	52,200		
Salaries	1,40,000		
Interim Dividend	16,000		
Interest and Bank Charges	5,000		
Carriage Inwards	3,300		
Carriage Outwards	4,400		
Travelling Expenses	16,000		
Trading Expenses	22,000		
Audit Fees	6,600		

## Additional Information :

- (1) Depreciation on plant and machinery 10% and furniture 5%.
- (2) Create Reserve for Bad Debts at 10% and Bad Debt Rs. 1,000.
- (3) Rent and Taxes paid in advance Rs. 9,000.
- (4) Transfer Rs. 40,000 to General Reserve.
- (5) Prepaid sundry expenses of Rs. 1,200.

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- (B) From the following information, prepare Balance Sheet of Noga Company Ltd. as on 31<sup>st</sup> March, 2015 :

<b>Particulars</b>	<b>Rs.</b>
Share capital	4,02,000
Calls in arrears	2,000
Plant and machinery	78,000
Loose tools	15,000
Office furniture	6,000
Goodwill	80,000
Leasehold Factory	90,900
Cash in hand	2,400
Bank current A/c (Dr.)	77,000
Creditors	66,000
P&L Appro. Balance	19,500
Debtors	1,40,000
5% Bank Loan (Mortgage Leasehold Factory)	60,000
General Reserve	40,000
6% Debentures	80,000
Cash at Bank	19,500
Preliminary Expenses	12,000
Advance Salary Paid	12,000
Share Premium A/c	20,000
Share Forfeited A/c	2,000
Bills Receivable	18,000

<b>Particulars</b>	<b>Rs.</b>
Discount of Issue of Shares	4,000
Unclaimed Dividend	8,000
Closing Stock (31-3-2015)	1,30,000
Investment in N.S.C.	38,300

**Additional Information :**

- (1) Written off 1/3<sup>rd</sup> preliminary expenses.
- (2) Depreciation : Plant and Machinery @ 10%, Office Furniture @ 5%.
- (3) Provide for interest on bank loan for 6 months.
- (4) Provide Rs. 14,000 for doubtful debt.
- (5) Authorised capital of Rs. 8,00,000 equity shares of Rs. 10 each. 8

**OR**

(C) The following is the Trial Balance of Comlin Co. Ltd. as on 31<sup>st</sup> March, 2015 :

<b>Debit Balance</b>	<b>Rs.</b>	<b>Credit Balance</b>	<b>Rs.</b>
Stock as on 1-4-2014	1,80,000	Share Capital	2,64,000
Purchase	5,88,000	Sales	8,16,000
Wages	72,000	Discount	7,200
Carriage inwards	2,200	Bills Payable	16,800
Calls in arrears	24,000	General Reserve	37,200
Bills Receivable	12,000	Creditors	42,000
Patents	11,600	Profit & Loss A/c	36,000
Cash in Bank	86,880	Purchase Return	24,000
Furniture	40,800	Transfer Fee	840
Salary	18,000	Bank Overdraft	40,800
Rent	9,600	Fixed Deposit	24,000
Trade Expenses	16,900	Commission Received	1,200
Interim Dividend	21,600	Share Premium A/c	14,400
Debtors	66,000	6% Debentured	48,000
Plant and Machinery	69,600	Unclaimed Dividend	2,000

Debit Balance	Rs.	Credit Balance	Rs.
Goodwill	26,400		
Carriage Outwards	1,460		
Advertisement	3,000		
Computer and Printer	26,400		
Investment	98,000		
	<u>13,74,440</u>		<u>13,74,440</u>

**Other Information :**

- (1) Stock as on 31-3-2015 worth Rs. 2,11,000.
- (2) Depreciation : Plant and Machinery 15% and Furniture at 10%.
- (3) Outstanding Expenses : Rent 1,900, Salary Rs. 2,200.
- (4) Transfer to General Reserve Rs. 15,000.
- (5) Provide for Doubtful Debt Rs. 1,300.
- (6) Provision for Income Tax 50%.

Prepare Trading A/c, Profit & Loss A/c for the year ended 31<sup>st</sup> March 2015 and Balance Sheet as on that date.

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3. (A) K.K. Menon Company submitted following information :

- (1) Selling price per unit Rs. 120
- (2) Trade discount 5%
- (3) Material per unit Rs. 32
- (4) Wages per unit Rs. 22
- (5) Variable overhead 100% labour
- (6) Fixed cost Rs. 80,000
- (7) Sold out units 4000

**Find out :**

- (1) BEP in Rs.
- (2) Profit Volume Ratio
- (3) Margin of Safety
- (4) What will the profit if sales is 10% more than the BEP ?

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- (B) Following is the Trading and Profit & Loss A/c of Hinduja & Co. for the year ending 31<sup>st</sup> March, 2014 :

Particulars	Rs.	Particulars	Rs.
To Opening Stock	10,00,000	By Sales	83,20,000
To Purchase	62,40,000	By Dividend	20,000
To Manufacturing Exp.	2,10,000	By Closing Stock	14,00,000
To Carriage inwards	12,400	By Profit on Sale of Shares	3,400
To Administrative Exp.	4,36,000		
To Selling Expenses	4,20,000		
To Financial Expenses	55,000		
To Net Profit	13,70,000		
	<u>97,43,400</u>		<u>97,43,400</u>

You are required to calculate :

- (1) Gross Profit Ratio
- (2) Net Profit Ratio
- (3) Net Operating Profit Ratio
- (4) Stock Turnover Ratio.

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**OR**

- (C) Given :

Selling price per unit Rs. 60

Variable cost per unit Rs. 32

Fixed cost Rs. 91,000

Calculate :

- (i) B.E.P. in Rupees and Units
- (ii) Profit Volume Ratio
- (iii) Profit on sale of Rs. 3,60,000
- (iv) Sale to earn a profit of Rs. 52,000
- (v) B.E.P. if the fixed cost increased by Rs. 9,000
- (vi) B.E.P. if the selling price reduced by 15%
- (vii) B.E.P. if variable cost increased by 25% and fixed cost increased by 12%. 16

4. (A) From the following forecasts of income and expenditure prepare a cash budget for the months commencing 1<sup>st</sup> April, when the bank balance was Rs. 1,70,000.

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Factory Exp. Rs.	Administrative and Selling Exp. Rs.
Feb.	1,04,000	53,300	7,280	5,070	13,000
March	99,500	52,600	7,000	5,400	18,000
April	1,02,000	50,000	7,100	6,600	20,000
May	1,17,000	48,100	6,200	6,800	22,000
June	1,23,500	45,500	6,100	7,800	17,000

A sales commission of 10% on sales, due two months after sales is payable in addition to selling expenses. Plant valued at Rs. 85,000 will be purchased and paid for in June, and the dividend for the last financial year of Rs. 20,000 will be paid in April. There is two months credit period allowed to customers and received from suppliers. All the expenses are payable in the next month.

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- (B) A company working at 50% capacity manufactures 12000 units of a products at 50% capacity the product cost is Rs. 220 and sales price is Rs. 250. The break up of the cost is as below :

Particulars	Cost per unit
Material	Rs. 120
Wages	Rs. 50
Factory	Rs. 30 (40% Fixed)
Administrative Overhead	Rs. 20 (50% Variable)

At 75% working raw material cost goes up by 20% and sales price falls by 2%. At 90% working the raw material cost increases by 5% and sales price decreases by 4%.

Prepare a statement to show profitability at 75% and 90% capacity.

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**OR**

(C) The following data is available from the books of Mercury Manufacturing Company for the year ended on 31<sup>st</sup> March 2015 :

Particulars	Total	
	Rs. (Lakhs)	Rs. (Lakhs)
Fixed Expenses :		
Wages and Salaries	12.50	
Rent, Rates and Taxes	6.40	
Depreciation	8.10	
Insurance	2.30	
Administrative Expenses	10.40	39.70
Semi-Variable Expenses : (at 50% capacity)		
Repair and Maintenance	5.50	
Indirect Labour	6.80	
Selling and Distribution Expenses	3.30	
Other Administrative Expenses	2.20	
Electricity and Power	4.40	22.20
Variable Expenses : (at 50% capacity)		
Material	32.00	
Direct Labour	22.50	
Manufacturing Expenses	9.90	
Direct Expenses	3.70	68.10

Assume that the fixed expenses remain constant at all levels of production, variable expenses varies proportionately and semi-variable expenses remain constant between 45% and 65% capacity, increase by 10% between 65% and 85% capacity, and increase by 20% between 85% and 100% capacity.



Sales at various levels are :

<b>Capacity</b>	<b>Rs. (Lakhs)</b>
50%	130
60%	160
70%	190
90%	220
100%	260

Prepare flexible budget for the year and showing the cost of production and the profit at 50%, 60%, 70%, 90% and 100% of capacity. 16

5. (A) Write short notes on “Going concern concept” and “Dual aspect concept”. 4
- (B) Write short answer on “Preliminary Expenses” and “Unclaimed Dividend”. 4
- (C) Explain the importance of Management Account. 4
- (D) Explain different types of Budgets. 4