

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**MSc DEGREE EXAMINATION DECEMBER 2018**  
(Third Semester)

**Branch -SOFTWARE SYSTEMS**  
(Five year integrated)

**FINANCIAL AND MANAGEMENT ACCOUNTING**

Time: Three Hours

Maximum: 75 Marks

**SECTION -A (30 Marks)**

Answer **ALL** questions**ALL** questions carry **EQUAL** Marks (5x6 = 30)

1 a What is meant by Book-Keeping? What are its objects.

OR

b Journalise the following transactions in the books of Satheesh

- |                               |            |
|-------------------------------|------------|
| 1) Sold Goods for cash        | Rs. 15,000 |
| 2) Purchased Goods for cash   | Rs. 10,000 |
| 3) Sold Goods to Mr. A        | Rs. 25,000 |
| 4) Purchased goods from Mr. B | Rs. 30,000 |
| 5) Paid Salary                | Rs. 5,000  |
| 6) Paid Rent to Raman         | Rs. 4,000  |

2 a What is trial balance? What are its advantages?

OR

b Prepare a corrected trial balance :

<b>Debit</b>	<b>Rs.</b>	<b>Credit</b>	<b>Rs.</b>
Purchases	1,03,200	Capital	76,200
Machinery	77,000	Sales	1,04,000
Creditors	65,600	Debtors	55,600
Bills payable	14,400	Bills Receivables	24,400
	<b>2,60,200</b>		<b>2,60,200</b>

3 a Prepare trading Account of Archana for the year ending 31-12-96 from the following information

Opening stock	Rs. 80,000	Sales returns	Rs. 3,16,000
Purchases	Rs. 8,60,000	Closing Stock	Rs. 1,00,000
Freight inwards	Rs. 62,000	Import duty	Rs. 30,000
Wages	Rs. 24,000		
Sales	Rs. 14,40,000		
Purchase returns	Rs. 10,000		

OR

Calculate gross profit from the following details :

Opening stock	Rs. 5,730	Purchase returns	Rs. 900
Closing stock	Rs. 8,600	Sales returns	Rs. 600
Purchases	Rs. 1,58,000		
Sales	Rs. 2,62,000		

4 a Explain the advantages of Management Accounting.

OR

b Find out (i) Current assets (ii) Current liabilities (iii) Liquid assets (iv) stock.

Current Ratio 2.5; Working capita - Rs. 90,000; Liquid Ratio - 1.5

Calculate Break Even Point :

	Rs.
Sales	6,00,000
Fixed expenses	1,50,000
Variable cost :	
Direct material	2,00,000
Direct labour	1,20,000
Other variable expenses	80,000

OR

b The Sales Director of a company reports that next year he expects to sell 50,000 units of a product.

Two kinds of Raw materials A and B are received for manufacturing the product. Each unit of the product requires 2 units of A and 3 units of B. The estimated opening balances at the commencement of the next year are

    Finished product                      10,000 units

    Raw materials (A) - 12,000 units (B) - 15,000 units

The desirable closing balances at the end of the next year are :

    Finished product                      14,000 units

    Raw materials (A) - 13,000 units (B) - 16,000 units

Prepare production Budget and Materials Purchase Budget for the next year.

### SECTION -B (45 Marks)

Answer any **THREE** questions

**ALL** questions carry **EQUAL** Marks (3 x 15 = 45)

6 Mr. Sambandam commenced business with a capital of Rs. 3,00,000 as on 2008 March 1.

    Mar 2    Opened bank account with HDFC by depositing Rs. 10,000

    Mar 2    Purchased goods for cash from Rahul Bros, for Rs. 30,000.  
            Trade discount 10%

    Mar 3 Sold goods on credit to Raja for Rs. 15,000

    Mar 4    Paid for printing and stationary Rs. 250

    Mar 7    Purchased chairs for office use Rs. 3,000

    Mar 10 Sold to Chandra for Cash Rs. 15,000 at trade discount of 3%

    Mar 11 Withdraw cash from bank for office use Rs. 3,000

    Mar 17 Cash withdrew from bank by Sambandam for personal use Rs. 20,000

    Mar 20 Cash deposited into bank Rs. 25,000

    Mar 24 Paid for advertisement by cheque Rs.3,000.

    Journalise the above mentioned transactions.

7 Prepare Trial Balance from the following information :

	Rs.		Rs.
Opening Stock	10,600	Returns Outwards	150
Wages	2,200	Sales	25,200
Carriage	200	Discount received	400
Commission (Dr)	300	Capital	7,000
Purchase	12,000	Creditors	830
Returns inward	440	Loan (Cr)	1,400
Trade expenses	580		
Rent	200		
Plant	2,600		
Repairs to plant	460		
Cash in hand	200		
Cash at Bank	1,000		
Debtors	3,000		
Income tax	500		

8 Prepare Final Account for the year ended 31-12-2005 from the following balances extracted from the books of Maha :

	Rs.		Rs.
Maha Capital	50,000	Discount (Cr)	■ 800
Bank overdraft	8,400	Taxes & Insurance	4,000
Sales	3,01,000	General expenses	8,000
Returns inward	5,000	Salaries	18,000
Furniture	5,200	Commission allowed	4,400
Business premises	40,000	Carriage on purchase	3,600
Creditors	26,600	Provision for doubtful debts	1,000
Opening stock	44,000	Bad debts written off	1,600
Debtors	36,000		
Rent from tenants	2,000		
Purchases	2,20,000		

- i) Stock on hand on 31-12-05 was estimated Rs. 40,120.
- ii) Write off Depreciation on Business premises Rs. 600 and furniture Rs. 520.
- iii) Make a provision of 5% on Debtors for bad & doubtful debts.
- iv) Allow interest on capital @5% and carry forward Rs. 1,400 for unexpired insurance.

9 Prepare balance sheet of X Ltd which has only one class of share capital :

- (i) Sales for the year Rs. 20,00,000
- (ii) Gross profit ratio - 25%
- (iii) Current ratio -1.50
- (iv) Quick assets (Cash & Debtors) Ratio - 1.25
- (v) Stock turnover ratio - 15
- (vi) Debts collection period - 1 1/4 months
- (vii) Turnover to fixed assets - 1.5
- (viii) Ratio of reserved to share capital - 0.33 (i.e 1/3)
- (ix) Fixed assets to net worth - 0.83 (i.e 5/6)

The term 'turnover' refer to cost of sales and the term 'stock' to closing stock.

10 Prepare a Cash Budget for the month June 2008.

- (i) Expected Sales :  
April 2008 - Rs. 2,00,000, May - Rs. 2,20,000, June - Rs. 1,90,000  
Credit allowed to customers is two months and 50% of the sales of every month is on cash basis
- (ii) Estimated Purchases :  
May 2008 - Rs. 1,20,000, June-Rs. 1,10,000. 40% of the purchases of every month is on cash basis and the balance is payable next month.
- (iii) Rs. 2,000 is payable as rent every month.
- (iv) Time lag is payment of overhead is 1/4 month overhead. For May Rs. 12,000, June Rs. 11,000
- (v) Depreciation for the year is Rs. 12,000
- (vi) Interest receivable on investment during June and December Rs. 3,000 each,
- (viii) Estimated cash balance as on 1-6-2008 is Rs. 42,500