

MSc DEGREE EXAMINATION MAY 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 (5 x 6 = 30)

- 1 a What is meant by Book keeping? What are the objectives of book keeping?
OR

- b What is meant by double entry system? List out its advantages.

- 2 a Distinguish Journal and Ledger.

OR

- b What is Trial Balance? State its advantages and limitations.

- 3 a From the following, prepare Trading account for the year ended 31st March, 2017.

	Rs.
Opening stock	4,00,000
Purchases	43,00,000
Carriage inward	2,60,000
Wages	1,20,000
Sales	90,00,000
Sales returns	15,80,000
Purchase returns	50,000
Closing stock	5,00,000

OR

- b From the following balances extracted at the close of the year ended 31st December, 2011. Prepare profit and loss account of Ramesh.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Gross profit	55,000	Carriage on sales	500
Office rent	500	General expenses	900
Discounting to customers	360	Interest from bank	200
Travelling expenses	700	Salaries	900
Commission	300	Repairs	500
Telephone expenses	520	Interest (Dr.)	480
Fire insurance premium	900	Bad debts.	2,100
Apprentice premium (Cr.)	1,500	Printing & Stationery	2,500
Trade expenses	300		

- 4 a Discuss the objectives and limitations of Management Accounting.

OR

- b From the following data, calculate the Break-even point in units and if sales are 20% above the break-even point, determine the profit.

	Rs.
Selling price per unit	20
Direct material cost per unit	8
Direct labour cost per unit	2
Direct expenses per unit	2
Other variable overheads per unit	3
Total fixed overheads Rs. 20,000	

- 5 a Define marginal costing. Explain the objectives of Cost Volume Profit analysis.

OR

- b Following are the information at 80% capacity. You are required to prepare budget at 70% capacity :

Variable overhead	Rs. 16,000
Fixed overheads	Rs. 24,000
Semi-variable	Rs. 22,000 (variable 40%)

SECTION -B (45 Marks)

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

- 6 Journalise the following transactions in the books of Mr. Raja, post them in the ledger and balance them :

Started business with Rs. 4,50,000
 Amounts paid into bank Rs. 3,00,000
 Goods purchased Rs. 70,000
 Goods sold Rs. 51,000
 Goods purchased from Vijaya Rs. 2,00,000
 Drew from bank for personal use Rs. 30,000
 Furniture purchased Rs. 10,000
 Paid wages Rs. 5,000
 Paid salary to Kumar by cheque Rs. 10,000

- 7 From the under mention balances extracted from the books of a trader on 31st March, 2017, prepare a Trial balance, as on 31st March 2017.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Cash in hand	4,800	Capital	4,00,000
Purchases	4,80,000	Bills payable	88,000
Opening stock	1,40,000	Sundry Debtors	2,00,000
Sundry creditors	96,000	Wages	64,000
Plant and machinery	2,40,000	Sales	8,00,800
Furniture	60,000	Bad debts reserve	4,000
Bills receivable	80,000	Rent and taxes	40,000
Salaries	80,000		

- 8 From the following trail balance of Mr, Guna, prepare Trading and Profit and Loss Account for the year ended 31st March, 2017 and Balance sheet at that date :

Debit balances	Amount (Rs.)	Credit balances	Amount (Rs.)
Drawings	45,000	Capital	1,60,000
Goodwill	80,000	Bills payable	33,800
Land & Building	60,000	Creditors	70,000
Plant & Machinery	40,000	Purchase returns	2,650
Loose tools	3,000	Sales	4,18,000
Bill receivable	3,000		
Stock 1 -4-2016	40,000		
Purchases	2,51,000		
Wages	20,000		
Carriage outwards	500		
Carriage outwards	1,000		
Coal	5,800		
Salaries	35,000		
Rent & Taxes	2,800		
Discount	1,500		
Cash at bank	25,000		
Cash in hand	400		
Sundry debtors	45,000		
Repairs	1,800		
Printing & stationery	500		
Bad debts	1,200		
Advertisements	3,500		
Sales returns	2,000		
Furniture	11,200		
General expenses	5,250		
Total	6,84,450		6,84,450

- ii) Depreciate Plant & Machinery, Tools & Furniture by 10% and Land and Buildings by 5%.
- iii) Provide Rs. 1,500 for wages.
- iv) Advertisements prepaid are Rs. 500
- v) Provide 5% on Debtors against bad debts and 2% against discounts.

9 The following figures relate to the trading activities of Nikila Traders Limited for the year ended 30th June :

	Rs.
Sales	5,20,000
Purchases	3,22,250
Opening stock	76,250
Closing stock	98,500
Sales returns	20,000
Sales and Distribution expenses :	
Salaries	15,300
Advertising	4,700
Travelling	2,000
Administrative expenses :	
Salaries	27,000
Rent	2,700
Stationery, Postage etc.	2,500
Depreciation	9,300
Other charges	16,500
Provision for Taxation	40,000
Non-operating Income :	
Dividend on Shares	9,000
Profit on sales of shares	3,000
Non-operating expenses :	
Loss on sale of Assets	4,000

You are required to show separately the following ratios : (i) Gross Profit Ratio, (ii) Operating ratio (iii) Operating profit ratio and (iv) Net profit ratio.

10 From the following information, prepare a cash budget for months May to July 2017 :

Months	Sales (Credit) Rs.	Purchase (Credit) Rs.	Wages Rs.	Manufacturing expenses Rs.	Office expenses Rs.	Selling expenses Rs.
March	60,000	36,000	9,000	3,500	2,000	5,000
April	62,000	38,000	8,000	3,750	1,500	5,000
May	64,000	33,000	10,000	4,000	2,500	4,500
June	58,000	35,000	8,500	3,750	2,000	3,500
July	56,000	39,000	9,500	5,000	1,000	3,500
August	60,000	34,000	8,000	5,200	1,500	4,500

You are given the following information :

1. Plant costing Rs. 16,000 is due for delivery in July payable 10% on delivery and the balance after 3 months.
2. Advances tax Rs. 8,000 is payable in March and June each.
3. Creditors allow 2 months credit and debtors are paying one month late.
4. Opening balance of cash Rs. 8,000
5. Lag of expense is one month.

Z-Z-Z

END