MANIPAL UNIVERSITY

SEVENTH SEMESTER B. DES. (FD) DEGREE EXAMINATION – NOVEMBER 2017

SUBJECT: BFD 409 – OVERVIEW OF ACCOUNTING AND FINANCE

Monday, November 13, 2017

Time: 10:00 – 13:00 Hrs.   Max. Marks: 50

✍ **Answer any FIVE full questions.**
✍ **Make suitable assumptions if required.**

1A. Explain the important components of a balance sheet.

1B. Classify the cost based on variability and explain.

1C. Old fashioned Berry pies Limited, currently operates a single bakery but is not considering a second location in a new shopping mall. The owner estimates that fixed costs would be ₹ 3,000 per week, and that labour and materials produce pies at that location will be 60 paise per pie. Pie will be sold for ₹ 1.60 each.

    i)   What number pies must be sold to break-even?

    ii)   What profit (or loss) would there be on sales of 20,000 pies in one week?

    iii)   What volume would be required in order to realize a profit of ₹ 12,000?

(3+3+4 = 10 marks)

2A. From the following balance of Mr. XYZ, prepare trading a/c and Profit and Loss a/c for year ending 31-08-13.

Particulars	Amount	Particulars	Amount
Opening stock	46,800	Discount paid	7,540
Sales Return	8,600	General expenses	3,910
Purchases	2,43,000	Audit fee	700
Freight	18,600	Insurance paid	600
Rent	5,700	Travelling expenses	2,330
Salaries	9,300	Postage	870
Advertisement	14,600	Interest on investment	250
Sales	2,89,600	Discount received	4,190
Purchase returns	5,800		

Closing stock is ₹ 79,800/-

2B. The reports prepared in financial accounting are also used in the management accounting. But there are few major differences between financial accounting and management accounting. Explain the differences between financial accounting and management accounting in various dimensions (any three).

2C. Explain the dual aspect concept. Analyze the effect of following transactions on accounting equation.

Date	Transactions	In ₹
1-9-12	Commenced business with a cash	11,00,000
1-9-12	Deposited to bank	4,00,000
2-9-12	Purchased machineries	3,00,000
2-9-12	Purchased goods	2,80,000
3-9-12	Cash sales	1,60,000
10-9-12	Paid telephone rent by cash	11,000
15-9-12	Received commission	1,000

(3+3+4 = 10 marks)

3A. Define cost and costing. Briefly explain the elements of cost considered in the preparation of a cost sheet.

3B. Larsen Ltd., plans to sell 1,10,000 units of a certain product line in the first fiscal quarter; 1,20,000 units in the second quarter; 1,30,000 units in the third quarter; 1,50,000 units in the fourth quarter; and 1,40,000 units in the first quarter of the following year. At the beginning of the first quarter of the current year, there are 14,000 units of product in stock. At the end of each quarter, the company plans to have an inventory equal to one-fifth of the sales for the next fiscal quarter. How many units must be manufactured in each quarter of the current year? Prepare a production budget.

(6+4 = 10 marks)

4A. The following details are furnished for Job No. 100 of SM industries.

Materials- ₹ 4,300

Wages and overhead expenses of these departments were estimated as given below,

	Wages	Variable Overheads
Dept. A	120hrs. @ ₹ 6 per hour	₹ 10,000 for 5000 labour hours
Dept. B	80hrs. @ ₹ 4 per hour	₹ 3,000 for 1500 labour hours
Dept. C	40hrs. @ ₹ 10 per hour	₹ 1,000 for 500 labour hours

Fixed overheads are estimated as ₹ 40,000 for 10,000 normal working hours. Calculate the cost of Job. No.100 and the selling price to give a profit of 20% on selling price.

4B. Briefly explain the different types of budget.

(6+4 = 10 marks)

5A. Explain any four important accounting conventions.

5B. Write a note on the following:
   i)   Marginal costing
   ii) Absorption costing

5C. Write a note on process costing with an example.

(4+3+3 = 10 marks)

6A. From the following transaction you are required to prepare suitable subsidiary books and post them in the relevant ledger account.

2016		₹
Mar 1	Purchased goods from Ram	4,000
Mar 2	Sold goods to Krish	1,500
Mar 5	Sold goods to Sanvika	500
Mar 6	Goods returned by Krish	500
Mar 8	Purchased goods from Aruna	400
Mar 10	Bought goods from Manu	2,500
Mar 12	Bought Goods from Harsh	2,800
Mar 15	Goods return to Manu	500

6B. What is a contra entry? Explain with an example.

(7+3 = 10 marks)

ϟΔϟΔϟΔϟ