

MANIPAL ACADEMY OF HIGHER EDUCATION

SEVENTH SEMESTER B. DES. (FD) DEGREE EXAMINATION – JAN/FEB 2018

SUBJECT: BFD 409 – OVERVIEW OF ACCOUNTING AND FINANCE

Saturday, January 27, 2018

Time: 10:00 – 13:00 Hrs.

Max. Marks: 50

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

1A. The cost and profit data for a company for a particular year is as follows:

Net sales – ₹ 3,50,000

Cost of goods sold	Selling cost
• Variable- ₹ 1,40,000	• Variable- ₹ 35,000
• Fixed- ₹ 35,000	• Fixed – ₹ 17,500

- i) Compute the BEP
 - ii) Forecast the profit for sales volume of ₹ 5,60,000 and 2,45,000
 - iii) What would be the sales volume to earn a profit of ₹ 1,92,500?
- 1B. Explain the following:
- i) Cost center and Cost unit
 - ii) Absorption costing
- 1C. Explain any two important methods of costing.

(4+3+3 = 10 marks)

2A. From the following details compute the overhead to be charged on the basis of direct labour hour rate to Job No.110 and determine the total cost.

Particulars	For Job No. 110
Materials	500
Direct wages	600
Direct labour hours	65 hours
Estimated factory overheads for the year	2,50,000
Estimated labour hours for the year	2,20,000 hours

- 2B. Explain the following:
- i) Budget and budgetary control
 - ii) Cash budget and its importance
 - iii) Merits and demerits of zero based budgeting

(4+6 = 10 marks)

3. Journalize the following transactions and prepare the ledger and trail balance. Also prepare the final account for the same.

Date		In ₹
Apr 1	Mr. Lewis started business by investing a capital	6,00,000
Apr 3	Received cheque from HDFC bank	60,000
Apr 5	Bought goods from Mr. C	1,80,000
Apr 7	Sold goods to Mr. H	2,25,000
Apr 10	Returned goods to Mr. C	60,000
Apr 13	Paid cash to Mr. C	1,05,000
Apr 15	Paid rent	3,000
Apr 25	Returned goods from Mr. H	20,000
Apr 30	Paid salary	1,500

(10 marks)

- 4A. Explain any three important subsidiary books.
 4B. Differentiate between trading account and profit and loss account.
 4C. On January 1st, 20XX, Manohar started QualPhoto Company. The following transactions took place during the first month:

20XX	
Jan 1	Manohar invested ₹ 30,000 cash in the company's share capital.
Jan 2	Bought supplies of photographic materials on credit, ₹ 9,000.
Jan 5	Bought photographic equipment for cash, ₹ 12,000.
Jan 7	Received fees for photographic services, ₹ 15,000.
Jan 13	Paid creditor for supplies, ₹ 5,000.
Jan 18	Took a loan, ₹ 12,000.
Jan 22	Billed customers for services, ₹ 19,000.
Jan 27	Paid office rent, 2,500, and electricity charges, ₹ 1,200.
Jan 31	Paid dividends, ₹ 4,000.

Required:

Analyze the effect of these transactions on the accounting equation.

(3+2+5 = 10 marks)

- 5A. Differentiate between Financial Accounting, Management Accounting and Cost Accounting.
 5B. Classify and explain the types of cost based on its:

- Nature
- Method of allocation
- According to function
- According to variability
- According to controllability

(5+5 = 10 marks)

- 6A. Skanda Pvt. Ltd. manufactures two products A and B. An estimate of the number of units expected to be sold in the first seven months of 2016 is given below:

	Product A	Product B
January	1,500	3,400
February	1,800	3,000
March	2,400	3,200
April	3,000	3,000
May	3,600	2,600
June	3,000	2,600
July	3,000	2,700

It is anticipated that:

- There will be no work in progress at the end of any month.
- Finished units equal to half the anticipated sales for the next month (including Dec 2015)
- The budgeted production and production costs for the year ending 31st December 2016 as follows:

Particulars	Product A	Product B
Production (in units)	33,000	36,000
Material cost per unit (in ₹)	30	42
Direct wages per unit (in ₹)	15	21
Other manufacturing costs (apportioned, in ₹)	99,000	1,36,000

You are required to prepare for the six months period ending with June:

- Production budget showing the number of units to be manufactured each month.
- Summarized production cost budget

6B. Define marginal costing. State the important assumptions and application of breakeven analysis (any three).

((4+3)+3 = 10 marks)

