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## MANIPAL ACADEMY OF HIGHER EDUCATION

**SEVENTH SEMESTER B. DES. (FD) DEGREE EXAMINATION – NOVEMBER 20 19**

**SUBJECT: BFD 409 – OVERVIEW OF ACCOUNTING AND FINANCE  
(2015 SCHEME)**

Monday, November 18, 2019

Time: 10:00 – 13:00 Hrs.

Max. Marks: 50

- ✍ Answer any FULL FIVE questions.
- ✍ Answer all parts of a question.

1 Answer the following:

- 1A. Explain the forms of Business Organizations.
- 1B. Differentiate between Bookkeeping and Accounting.

(5+5 = 10 marks)

2. Following are some accounting errors. Rectify them by making journal entries:

- a) A credit to Rakesh of ₹ 16,750 was posted to his account as ₹ 14,750
- b) Computer Table purchased from M/s Domro for ₹ 13,500 was entered in the Purchases Book
- c) Salary paid to the Manager Mr. Tungesh of ₹ 11,500 was debited to his personal Account.
- d) Salary of ₹ 11,500 paid to Karthik was debited to his personal account
- e) Old Chair sold for ₹ 800 was entered in the Sales Book.
- f) Sale of an Water Pump for ₹ 11,500 was posted to Sales account
- g) Sales for ₹ 10000 made to Aishwarya was not entered in the Sales Book.
- h) Carriage Inward paid ₹ 1600 on purchase of a Plant and Machinery was debited to Carriage Outward A/c
- i) Cash ₹ 1,00,000 paid to the creditor Teena was debited to Meena's A/c
- j) Rent of proprietors residence of ₹ 11,000 was posted to Rent Account.

(10 marks)

3. Prepare Trial Balance as on 31.03.2012 from the following balances of Ms. Maliha Afzal:

Drawings ₹ 74,800, Purchases ₹ 295,700, Stock (1.04.2011) ₹ 30,000, Bills receivable ₹ 52,500, Capital ₹ 250,000, Furniture ₹ 33,000, Discount allowed ₹ 950, Sales ₹ 335,350, Rent ₹ 72,500, Freight ₹ 3,500, Printing charges ₹ 1,500, Sundry creditors 75,000, Insurance ₹ 2,700, Sundry expenses ₹ 21,000, Discount received ₹ 1,000, Bank loan ₹ 120,000, Stock (31.03.2012) ₹ 17,000, Income tax ₹ 9,500, Machinery ₹ 215,400, Bills payable ₹ 31,700

(10 marks)

4. A company is providing its product to the consumer through the wholesalers. The managing director of the company thinks that if the company starts selling through retailers or to the consumers directly, it can increase its sales, charge higher prices and make more profit. On the basis of the following information, advise the managing director whether the company should change its channel of distribution or not:

Particulars	Wholesaler	Retailer	Consumer
	Rs.	Rs.	Rs.
Sales per unit	3.60	5.25	6.00
Estimated Sales per year (units)	1, 00, 000	1, 20, 000	1, 80, 000
Selling and distribution overheads (per unit)	0.40	1.00	1.50

Cost of production: Variable cost Rs. 2.50 per unit, Fixed cost Rs. 50, 000.

(10 marks)

5. **Answer the following:**

- 5A. Differentiate between Revenue Expenditure and Capital Expenditure.  
 5B. Differentiate between Trading A/C Vs P/L Account. Explain the concept of Cost of Goods Sold with example.  
 5C. Why do we need subsidiary books?  
 5D. What are Suspense Accounts?

(2+4+2+2 = 10 marks)

6. From the following particular available from the books of Mr. Anil, you are required to determine the total purchases for the year 2012
- Total creditors balance on 1-1-12 = ₹ 78,400
  - Bills payable balance as on 1-1-12 = ₹ 18,690
  - Discount earned – ₹ 2,910
  - Cash purchases = ₹ 9,600
  - Cash paid to creditors = ₹ 47,064
  - Returns outwards = ₹ 2,312
  - Bills payable balance as on 31-12-12 = ₹ 28,690
  - Payment made against bills payable = ₹ 28,000
  - Bills receivable endorsed to creditors = ₹ 4,114
  - Total Creditors balance as on 31-12-12 = 66,000

(10 marks)

