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MANIPAL ACADEMY OF HIGHER EDUCATION

SEVENTH SEMESTER B. DES. (FD) DEGREE EXAMINATION – DEC 2019 / JAN 2020

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

Wednesday, January 01, 2020

Time: 10:00 – 13:00 Hrs.

Max. Marks: 50

✍ Answer any FULL FIVE questions.

✍ Answer all parts of a question.

1. Explain the following:

1A Materiality Principle

1B Entity Principle and Going Concern Principle

1C Accrual Principle

1D Consistency Principle

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

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

- Salary paid to the accountant Ms. Neena of Rs. 18,500 was debited to her personal Account.
- Salary of Rs.1500 paid to Manager Ramesh was debited to his personal account
- Broken Cupboard sold for Rs.1800 was entered in the Sales Book.
- Furniture purchased from M/s Furniture Mart for Rs. 33,500 was entered in the Purchases Book
- Sale of an old machine for Rs.12500 was posted to Sales account
- Sales for Rs. 10000 made to Renuka was not entered in the Sales Book.
- Carriage Inward paid Rs.1500 on purchase of a Machine was debited to Carriage Outward A/c
- Cash Rs.1,00,000 paid to the creditor Geetha Shetty was debited to Ashimtha Roy's A/c
- Rent of proprietors residence of Rs.13000 was posted to Rent Account.
- A credit to Brijmohan of Rs. 16,750 was posted to his account as Rs. 14,750

(10 marks)

3. Explain with help of examples:

3A Financial Accounting

3B Marginal Costing

3C Break-even Point

3D Financial Accounting Vs Managerial Accounting

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

4. A Company produces a single article. Following cost data is given about its product:

Selling price per unit	Rs. 40
Marginal cost per unit	Rs. 24
Fixed cost per annum	Rs. 16000

Calculate:

- i) P/V ratio
- ii) Break even sales
- iii) Sales to earn a profit of Rs. 2,000
- iv) Profit at sales of Rs. 60,000
- v) New break-even sales, if price is reduced by 10%.

(10 marks)

5. Answer the following:

5A With help of examples explain the three methods of Preparing a Trial Balance.

5B What do mean by Subsidiary Books? Explain 3 important types of Subsidiary books.

(3+7 = 10 marks)

6. Rectify the following errors assuming that a suspense account was opened. Ascertain the difference in trial balance.

- i) Credit sales to Mohan 7,000 were posted to Karan as 5,000.
- ii) Credit purchases from Rohan 9,000 were posted to the debit of Gobind as 10,000.
- iii) Goods returned to Rakesh 4,000 were posted to the credit of Naresh as 3,000.
- iv) Goods returned from Mahesh 1,000 were posted to the debit of Manish as 2,000.
- v) Cash sales ₹ 2,000 were posted to commission account as ₹ 200.

(10 marks)

