

K.J. Somaiya Institute of Management Studies & Research
Course: MHRDM I Semester (2018-21 Batch)
Sub: Financial and Cost Accounting

Time: 3 Hours

Marks: 50

19/11/2018

Note: 1) Attempt any five questions. First five will be checked.

2) All questions carry ten marks each

3) Be reasonable and explicit in making assumptions (if any)

1. The following is the balance sheet of Prashant Ltd as at 31st March 2018

Balance sheet of Prashant Ltd
As at 31st March 2018

Liabilities	Amount	Assets	Amount
Share capital Equity share of Rs 10 each	400000	Fixed assets	610000
12% Preference share capital	100000	Stock in trade	160000
Reserve & surplus	100000	Debtors	120000
12% Debenture	200000	Bill receivables	25000
Creditors	120000	Cash in hand	35000
Bank overdraft	30000		
	950000		950000

Income statement

Particulars	Amount
Net sales (Credit)	730000
Cost of sales	620500
Gross profit	109500
Administrative expenses	18250
Selling expenses	36500
Operating profit before tax	54750
Tax	25550
Profit after tax	29200

From the given information, you are required to compute the following ratios-

a) Liquidity ratios b) Profitability ratios c) Solvency ratios d) Activity ratios

2. Basanthi Enterprises is manufacturing different kinds of designs of product molds. Manager of the company is confused regarding the classification of various costs. You are required to help manager to identify below cost in the following heads- (a) Material Cost (b) Prime cost (c) Factory cost (d) Office and admin cost € Selling & distribution cost

Stock of raw materials as on Jan	Sales commission & salary
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Stock of raw materials as on Dec	Direct wages
Materials purchase	Direct Expenses
Drawing office salary	Depreciation on plant & machine
Administrative salary	Depreciation on office furniture
Carriage on purchase of materials	Director's fee
Carriage on sale	Gas & water expenses (factory)
Repairs of Plant & Machine	Gas & water expenses (office)
Rent & taxes (Factory)	General expenses
Rent & taxes (Office)	Managers salary
Travelling expenses	Bad debts written off

3. Prepare the balance sheet of Udata Punjab as on 31st March with the help of following balances-

Item	Amount	Item	Amount
Land	125000	Debtors	20000
Building	50000	Bills payables	30000
Plant & machinery	25000	Insurance charges	50000
Inventory	25000	Marketable securities	30000
Salary payables	7500	Cash in hand	12500
Wages outstanding	6500	Bills receivables	17500
Equity capital	200000	Profit for the year	15000
		Long term loan	68000

Additional Information-

- Provide for depreciation on plant and machinery at the rate of 10% per annum.
- Debtors include Rs 500 for goods supplied to a customer, who has become insolvent.
- Insurance charges are paid half year advance.

4. From the following trial balance, prepare the income statement of Gabbar Company for the year ending 31st March-

Particulars	Amount
Cash	7300
Accounts receivables	5800
Furniture	8400
Supplies	400
Rent	1800
Accumulated depreciation	1750
Accounts payable	1725
Drawings	2000
Capital	19325

Retained earnings	4375
Salary	1200
Advertising expenses	275

The following adjustments are required-

- Unexpired rent Rs 800
- Salary outstanding Rs 400
- Depreciation on furniture @ 5 % .

5. Following are the accounting transactions relating to Mr. P's business. Use the accounting equation to show their effect on his assets, liabilities and capital.

- a. Commenced business with a Capital of Rs. 50,000
- b. Bought Machinery for cash Rs. 10,000
- c. Purchased goods for cash Rs. 15,000
- d. Purchased goods from A on credit Rs. 5,000
- e. Sold goods for cash Rs. 10,000
- f. Paid to A Rs. 2,000
- g. Sold goods to B on credit Rs. 3,000
- h. Paid to A by cheque Rs. 1,000
- i. Received from B a cheque for Rs. 2,000

6. Using the following data complete the balance sheet given below-

Gross profit	54000
Shareholders fund	600000
Gross profit margin	20%
Credit sales to total sales	80%
Total assets turnover ratio	0.3 times
Inventory turnover	4 times
Average collection period (360days in a year)	20 days
Current ratio	1.8
Long term debt to Equity	40%

Balance sheet

Creditors		Cash	
Long term debt		Debtors	
Shareholders fund		Inventory	
		Fixed assets	

7. Vasant Thakur Ltd manufactures a product. A summary of its activities for the year is given below, prepare cost sheet showing cost of sales and profit.

Sales (100000 units)	10,00,000
Materials opening stock	50000
Materials closing stock	35000
Work in progress opening stock	45000
Work in progress closing stock	60000
Finished goods opening stock (20000 units)	100000
Finished stock closing stock (40000 units)	-
Materials purchase	200000
Direct Labour	160000
Manufacturing overheads	120000
Selling expenses	110000
General expenses	50000
