K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH, Vidyavihar, Mumbai- 400077

Program MIM *(Batch2018-21), Sem-I*
Subject: Financial and Cost Accounting

Maximum Marks: 50
Duration: 3 Hours

Date: November 19th, 2018

Instructions

1. **The first question is compulsory, carrying 20 marks**
2. **Attempt any 2 questions from the remaining, each carrying 15 marks.**

QUESTION 1

The following is the trial balance of Mr Bijoy as on 31st March,2018. Prepare the Profit & Loss account and Balance Sheet as on that date.

	Debit (Rs)	Credit (Rs)
Share Capital		20,00,000
Building	11,50,000	
Land	18,00,000	
Furniture	7,50,000	
Vehicles	2,50,000	
Interest on loan	90,000	
Loan		11,50,000
Purchases	7,50,000	
Sales		14,75,000
Opening stock	25,000	
Office expenses	1,50,000	
Wages	20,000	
Insurance	10,000	
Commission		7,51,000
Debtors	2,81,000	
Creditors		1,00,000
Bank Balance	2,00,000	
TOTAL	54,76,000	54,76,000

Adjustments:

1. The value of closing stock on 31st March 2018 was Rs 2,70,000.
2. Outstanding wages amounted to Rs 10,000
3. Prepaid insurance amounted to Rs. 5000.
4. Depreciate building by 2.5%, furniture by 10% and vehicle by 10%
5. Tax rate is 30%.

QUESTION 2

Joann Swanson owns and operates a restaurant. Her fixed costs are $17,000 per month. She serves luncheons and dinners. The average total bill (excluding tax and tip) is $18 per customer. Swanson's present variable costs average $9.50 per meal.

1. How many meals must she serve to attain a profit before taxes of $8,500 per month?
2. What is the break-even point in number of meals served per month?
3. Suppose Swanson's rent and other fixed costs rise to a total of $25,420 per month and variable costs also rise to $11.40 per meal. If Swanson increases her average price to $22, how many meals must she serve to make $8,500 profit per month?
4. Assume the same situation described in requirement 3. Swanson's accountant tells her she may lose 15% of her customers if she increases her prices. If this should happen, what would be Swanson's profit per month? Assume that the restaurant had been serving 3,000 customers per month.

QUESTION 3

Roshni Electronics Manufacturing company furnishes the following information for 1000 TV sets during the year 2017.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Material	35,00,000	Factory Indirect Wages	2,00,000
Direct Wages	7,00,000	Other factory Costs	1,00,000
Power & consumable stores	3,20,000	Salaries & management expenses	12,00,000
Factory Lighting	3,00,000	Selling expenses	25,00,000
Sale proceeds of scrap	1,00,000	Plant Repairs, Maintenance & Depreciation	4,00,000

The net selling price was Rs. 14,000 per unit sold and all units were sold. It is estimated that production could be increased by 25% in next year due to spare capacity. Following it, Rates for materials and direct wages will reduce by 2%. Also, selling price would be increased to Rs. 14,500 per unit in 2015.

You are required to prepare (a) Cost sheet for the year 2017 (total cost as well as cost per unit for each item). (b) Estimated cost and profitability for 2018 for 1,250 units to be produced and sold. Assume that factory overheads will be recovered as a percentage of direct material and office and selling expenses as a percentage of works cost.

QUESTION 4

(A) A company submits the following information on date of Financial Year ending.

(i) Sales for the year: Rs. 2,50,000

(ii)Inventories:

Particulars	Beginning	Closing
Finished Goods	Rs. 7,200	Rs. 5,800
Work-in-Progress	Rs. 5,000	Rs. 9,000
Raw Material	Rs. 2,000	Rs. 3,000

(iii) Raw Material Purchase for the year: Rs. 1,20,000.
(iv) Direct Labour: Rs. 75,000.
(v) Factory Overheads: 65% of direct labour cost.
(vi) Other expenses for the year: Selling Expenses: 8% of sales; Admin Expenses: 4% of sales.

Prepare a Statement of cost. (10 marks)

(b) M/s Nitin Stationers manufactures plastic files for office use. The details of its'cost and sales is as follows:

Variable Cost per file	Rs 45
Fixed Cost	Rs 60,000 per year
Production capacity	3,000 files per year
Selling price	Rs 110 per file

You are required to compute the following:

(i) Break Even Point
(ii) Number of files to be sold to earn a net profit of Rs 36,000

(5 marks)

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