Sanjay Ghodawat University, Kolhapur 2020-21
Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

**Year and Program F.Y.BBA 2020** **School - SCM** **Department-- Management**

**Course Code MBC 103** **Financial and Management Accounting** **Semester – I**

**Day and Date :-** **End Semester Examination** **Time 3 Hours Marks: 100**

**Instructions**: 1. Assume suitable data wherever necessary

| | | **Marks** | **CO's (Blooms level)** |
|---|---|---|---|
| **Q.1** | **Attempt any two** | | |
| a) | **On February 03 2018, PN company started business and** other transactions for the month are:<br>**3.**Started business with Rs.1,00,000<br>**4.** Purchase Furniture for Cash Rs.7,000.<br>**9.** Purchase Goods for Cash Rs.2,000 and for Credit Rs.1,000 from Khalid Retail Store.<br>**12.** Sold Goods to Khan Brothers Rs.12,000 and Cash Sales Rs.5,000.<br>**19.** Owner withdrew of worth Rs.2,000 for personal use.<br>**23.** Paid Khalid Retail Store Rs.500.<br>**24.** Received Rs.10,000 from Khan Brothers.<br>**25.** Paid Salaries Expense Rs.2,000.<br><br>Prepare Journal Entries. | 09 | CO1(L3) |
| b) | Elaborate the accounting concepts in brief? | 09 | CO1(L2) |
| c) | Prepare a Trial Balance for Shining Brothers Pvt. Ltd. at March 31st, 2017 | 09 | CO2(L3) |

| *Description* | *Amount* | *Description* | *Amount* | *Description* | *Amount* |
|---|---|---|---|---|---|
| Bank Loan | Rs. 14,000 | Insurance Expense | Rs. 7,300 | Equipments | Rs. 40,000 |
| Marketable Security | 6,500 | Owner's Investments | 95,000 | Maintenance Exp. | 5,000 |
| Bill Payable | 1,000 | Rent & Rates Expense | 400 | Miscellaneous Expenses | 4,800 |
| Unearned Revenue | 3,500 | Acc. Dep. _ Equipments | 14,000 | Accrued Expenses | 1,500 |
| Sundry Debtors | 12,000 | Accrued Revenue | 15,000 | Dep. Exp. _ Equipments | 2,000 |
| Outstanding Salaries | 2,500 | Machinery | 25,000 | Unexpired Insurance | 8,500 |
| Prepaid Rent | 2,000 | Drawings | 3,500 | Vendor's Payables | 500 |

**Q.2 Attempt any two**

a) Pepsi 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:

(a)P/V ratio

(b) break even sales

(c) sales to earn a profit of Rs. 2,000.

08 CO4(L5)

b) From the following information find out contribution, B.E.P , margin of safety
1.Total Fixed Cost ₹10,000
2.Total Variable cost ₹15,000
3. Total Sales ₹30,000
4. Unit sold 10,000

08 CO3(L4)

c) How marginal costing will helps in business decision making? 08 CO5(L3)

**Q.3 Attempt any two**

a) Explain the concept and objectives of Budgetary control? 08 CO6(L2)

b) From the following particulars of a manufacturing concern, ascertain the Prime Cost

08 CO5(L4)

| | Rs. |
|---|---|
| Opening stock of raw materials | 20,000 |
| Closing stock of raw materials | 30,000 |
| Purchase of raw materials | 1,05,000 |
| Import duty paid on raw material purchased | 15,000 |
| Carriage Inward | 5,000 |
| Primary packing materials | 3,000 |
| Productive wages | 95,000 |
| Opening stock of work-in-progress at prime cost | 17,000 |
| Closing stock of work-in-progress at prime cost | 10,000 |
| Hire charge paid on plant | 14,000 |
| Other chargeable expenses | 6,000 |

c) i) Prepare a cash Budget of R.M.C. LTD. for April, May and June 2012: CO6(L5)

| Months | Sales(Rs.) | Purchases(Rs.) | Wages(Rs.) | Expenses(Rs.) |
|---|---|---|---|---|
| Jan.(Actual) | 80,000 | 45,000 | 20,000 | 5,000 |
| Feb.(Actual) | 80,000 | 40,000 | 18,000 | 6,000 |
| March (Actual) | 75,000 | 42,000 | 22,000 | 6,000 |
| April (Budget) | 90,000 | 50,000 | 24,000 | 7,000 |
| May(Budget) | 85,000 | 45,000 | 20,000 | 6,000 |
| June(Budget) | 80,000 | 35,000 | 18,000 | 5,000 |

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**Additional Information:**

(i) 10% of the purchases and 20% of sales are for cash.

(ii) The average collection period of the company is ½ month and the credit purchases are paid regularly after one month.

(iii) Wages are paid half monthly and the rent of Rs. 500 included in expenses is paid monthly and other expenses are paid after one month lag.

(iv) Cash balance on April 1,2012 may be assumed to be Rs.15,000

| | | |
|---|---|---|
| | Sanjay Ghodawat University, Kolhapur<br>Established under section 2(f) of UGC Act 1956<br>Sanjay Ghodawat University Act XL of 2017 of Govt. of Maharashtra | 2019-20<br>EXM/P/09/01 |

| | | |
|---|---|---|
| **2020, FY B, Com** | **School of Commerce and Management** | **Department of Commerce** |
| **CBC 101** | **Business Organization & Management** | **Semester –I** |
| **Day and Date:** | **End Semester Exam** | **Time: Max Marks: 50** |

# Answer Key

| | | | Marks |
|---|---|---|---|
| **Q.1** | **Attempt any two** | | |
| | a) | **3.** cash a/c 100,000<br>To capital a/c 100,000<br>**4.** Furniture a/c<br>To Cash a/c 7,000.<br>**9.** Purchase a/c 3000<br>To Cash a/c 2000<br>To Khalid Retail Store a/c 1000<br>**12.** Cash a/c 5000<br>Khan Brother's a/c 12,000.<br>To sales a/c 17,000<br>**19.** Drawing a/c 2000<br>To cash a/c . 2000<br>**23.** Khalid Retail Store a/c 500.<br>To Cash a/c 500<br>**24.** Cash a/c 10,000<br>To Khan Brothers a/c 10,000<br>**25.** Salaries Expense a/c 2,000<br>To Cash a/c 2,000 | 09 |
| | b) | Accruals concept. Revenue is recognized when earned, and expenses are recognized when assets are consumed. ...<br>**Conservatism** concept. ...<br>**Consistency** concept. ...<br>Economic entity concept. ...<br>Going concern concept. ...<br>Matching concept. ...<br>**Materiality** concept | 09 |

c)

**Shining Brothers Pvt. Ltd.**

*Trial Balance*

*As on March 31st, 2017*

| S. No | Description | Ref | Amount (Rs.) Dr. | Amount (Rs.) Cr. |
|---|---|---|---|---|
| 1 | Bank Loan | | | 14,000 |
| 2 | Marketable Security | | 6,500 | |
| 3 | Bill Payable | | | 1,000 |
| 4 | Unearned Revenue | | | 3,500 |
| 5 | Sundry Debtors | | 12,000 | |
| 6 | Outstanding Salaries | | | 2,500 |
| 7 | Prepaid Rent | | 2,000 | |
| 8 | Insurance Expense | | 7,300 | |
| 9 | Owner's Investments | | | 95,000 |
| 10 | Rent & Rates Expense | | 400 | |
| 11 | Accumulated Dep. _ Equipments | | | 14,000 |
| 12 | Accrued Revenue | | 15,000 | |
| 13 | Machinery | | 25,000 | |
| 14 | Drawings | | 3,500 | |
| 15 | Equipments | | 40,000 | |
| 16 | Maintenance Exp. | | 5,000 | |
| 17 | Miscellaneous Expenses | | 4,800 | |
| 18 | Accrued Expenses | | | 1,500 |
| 19 | Depreciation Exp. _ Equipments | | 2,000 | |
| 20 | Unexpired Insurance | | 8,500 | |
| 21 | Vendor's Payables | | | 500 |
| | | | | |
| | **Total** | | **Rs. 132,000** | **Rs. 132,000** |

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**Q.2 Attempt any two**

a)

(A) P/V Ratio = Contribution/sales x 100 = (40-24)/40 x 100 = 16/40 x 100 OR 40%

P/V Ratio =40%

(B) Break even sales S x P/V Ratio = Fixed Cost

(At break even sales, contribution is equal to fixed cost)

Putting this values: s x 40/100 = 16,000 S = 16,000 x 100 / 40 = 40,000 OR 1000 units

Break even sales =Rs40,000 or BEP units=1000 units

(C) The sales to earn a profit of Rs. 2,000 S x P/V Ratio = F + P

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| | | | |
|---|---|---|---|
| | | Putting this values: s x 40/100 = 16000 + 2000 S = 18,000 x 100/40<br>S = Rs. 45,000 OR 1125 units<br>Expected Sales in Rs= Rs. 45,000 or Expected Sales in Units=1125 units | |
| | b) | S-VC=Contribution=3-1.5=1.5<br>P/V Ratio=Contribution/Sales*100=1.5/3*100=50%<br>BEP(units)=FC/C=10000/1.5=6667 units<br>BEP(sales)=BEP units*Selling Price=6667*3= Rs 20001 | 08 |
| | c) | Profitable Product Mix 2. Problem of Limiting Factors 3. Make or Buy Decision 4. Diversification of Production 5. Fixation of Selling Price 6. Alternative Methods of Manufacturers7. Operate or Shut Down Decision 8. Maintaining a Desired Level of Profit 9. Alternative Courses of Action 10. Profit Planning 11. Appraisal of Performance. | 08 |
| **Q.3** | | | |
| | a) | Budgetary control ensures maximum utilisation of available resources with a view to achieving maximum profitability.<br>(ii) It leads to better coordination between different departments and hence better understanding between different functions.<br>(iii) It creates a sense of awareness at all levels of management in the process of achieving the planned targets.<br>(iv) It is a process of self-examination and self-criticisms which is essential for the success of any business enterprise.<br>(v) Budgeting gets the support and active participation of top management without which a budgeting programme cannot succeed.<br>(vi) Budgetary control directs capital expenditure in the most profitable time.<br>(vii) It helps in increasing productivity of men, materials and machine.<br>(viii) It acts as a yard-stick for measuring actual performance against targeted performance.<br>(ix) By comparing the actual with the targeted performance, budgetary control can identify the variances and helps to take remedial measures for correcting the variances | 08 |

b)

**Solution**

**Statement showing the Prime Cost**

| | | Rs. | Rs. |
|---|---|---|---|
| | Opening Stock of raw materials | | 20,000 |
| *Add* : | Purchase of raw materials | 1,05,000 | |
| *Add* : | Import duty | 15,000 | |
| | Carriage Inward | 5,000 | |
| | Primary packing materials | 3,000 | 1,28,000 |
| | | | 1,48,000 |
| *Less* : | Closing Stock of raw materials | | 30,000 |
| | Raw materials consumed | | 1,18,000 |
| *Add* : | Direct wages | | 95,000 |
| *Add* : | Direct Expenses | | |
| | Hire charges on plant | 14,000 | |
| | Other chargeable expenses | 6,000 | 20,000 |
| | | | 2,33,000 |
| *Add* : | Opening Stock of W.O.P. at prime cost | | 17,000 |
| | | | 2,50,000 |
| *Less* : | Closing Stock of W.I.P. at prime cost | | 10,000 |
| | **PRIME COST** | | 2,40,000 |

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c)

***CASH BUDGET***

***(For the months ending April, May & June 2012)***

| **Particulars** | **April (Rs.)** | **May (Rs.)** | **June (Rs.)** |
|---|---|---|---|
| **Receipts** | | | |
| Opening Balance | 15,000 | 27,200 | 35,700 |
| Cash Sales | 18,000 | 17,000 | 16,000 |
| Collection from Debtors | 66,000 | 70,000 | 66,000 |
| **Total Receipts(A)** | 99,000 | 1,14,200 | 1,17,700 |
| **Payments** | | | |
| Cash Purchases | 5,000 | 4,500 | 3,500 |
| Payment to creditors | 37,800 | 45,000 | 40,500 |
| Wages | 23,000 | 22,000 | 19,000 |
| Rent | 500 | 500 | 500 |
| Other Exp. | 5,500 | 6,500 | 5,500 |
| **Total Payments(B)** | 71,800 | 78,500 | 69,000 |
| **Closing balance** | **27,200** | **35,700** | **48,700** |

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