

VidyaVikasMandal's
Shree Damodar College of Commerce & Economics, Margao- Goa
First Year BBA (FS) – Semester II
Semester End Examination, April 2015

FINANCIAL & COST ACCOUNTING

Duration: 2 Hours

Max. Marks: 60

Instructions:

- *Figures to the right indicate maximum marks*
- *Start each new question on a fresh page*
- *Answer **any five** Questions*

Q.1.a) Discuss the factors affecting the valuation of Goodwill. (06)

Q.1.b) Distinguish between Cost Accounting and Financial Accounting. (06)

Q.2.) Pass journal entries and show the Balance Sheet of the company: (12)

Kumar Ltd issued 1,000 shares of Rs. 10 each at Rs.12 each, payable as under:

Rs.2.50 on application, Rs.4.50 on allotment (including premium), Rs.2.00 on First Call, Rs. 3 on Final Call.

Applications were received for 900 shares, which were dully allotted. Allotment money was received in full. First call and final call money was also received in full except on 200 shares held by Komal, these shares were forfeited by the directors.

Q.3.) Ascertain the quantity of closing stock:° (12)

Raj ltd has purchased and issued materials in the following order in the month of March 2015.

On 1st purchased 300 units @ Rs.3

On 4th purchased 600 units @Rs.4

On 6th issued 500 units

On 10th purchased 700 units @ Rs.4

On 15th issued 800 units

On 20th purchased 300 units @ Rs.5

On 30th issued 100 units

Ascertain the quantity of closing stock as on 31st March and what will be the value under FIFO & LIFO Method.

Q.4.) Compute the value the Goodwill: (12)

The following is the balance sheet of Mr. Dev as on 31st September 2014:

Liabilities	Rs.	Assets	Rs.
Capital	1,64,000	Land & Building	36,000
General Reserve	40,000	Plant	54,000
Creditors	38,040	Investments	30,000
		Stock	26,850
		Bank	75,990
		Debtors	19,200
	2,42,040		2,42,040

The following were the net profits:

For the year ended 30th September 2012-Rs.32,280. 30th September 2013-Rs.36,870 and 30th September 2014-Rs.43,350.(These amounts include income from investments Rs. 1,800 each year).

You are required to value the goodwill of the above business at 2 years purchase of the average super profit for 3 years, taking the standard rate of return on capital employed in such type of business as 10% and assuming that each year's profits is immediately withdrawn in full by Mr. Dev.

Q.5.) Compute the value of the company's shares:

(12)

On 31st December 2013 the Balance Sheet of a Limited Company disclosed the following position:

Liabilities	Rs.	Assets	Rs.
Issued capital in Rs. 10 shares	4,00,000	Goodwill	40,000
Reserve	90,000	Fixed Assets	5,00,000
Profit & Loss Account	20,000	Current Assets	2,00,000
5% Debentures	1,00,000		
Current Liabilities	1,30,000		
	7,40,000		7,40,000

On 31st December, 2013 the fixed assets were independently valued at Rs. 5,50,000 and the goodwill at-Rs. 50,000. The net profits after tax for the three years were:

2011: Rs. 51,600; 2012: Rs. 52,000 and 2013: Rs. 51,650 of which 20% was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%.

Compute the value of the company's shares by (i) the Asset Backing method (ii) the Yield method.

Q.6.) Prepare the three Process Accounts. Normal Loss Account. Abnormal Loss Account and Abnormal Gain Account.: (12)

The product passes through three processes. The necessary information is as follows:

Particulars	Process I	Process II	Process III
Raw Material (in tonnes)	2,000	-	-
Rate of Raw Material per tonne	Rs.400	-	-
Manufacturing Wages	Rs.2,00,000	Rs. 85,500	Rs1,30,050
Weight Loss (% of input)	5%	10%	20%
Quantity of scrap (in tonnes)	100	60	102
Sal value of scrap per tonne	100	100	100
Selling price of output per tonne	Rs.700	Rs1000	Rs.1600

2/3 of output of Process I and 1/2 of the output of Process II are transferred to next process at cost and the balance was sold.

Q.7.) Prepare Cost Sheet considering following information:

(12)

The accounts of Cloud Manufacturing Company for the year ended December 2013 showing the following:

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Opening stock Raw Material	25,000	Office Furniture	100
Purchases of Raw Material	85,000	Salary: Office	2,500
Closing Stock of Material	40,000	Salary Salesman	2,000
Carriage Inward	5,000	Other Factory Expenses	5,700
Wages-Direct	75,000	Other Office Expenses	900
Wages-Indirect	10,000	Manager's Remuneration	12,000
Other Direct Charges	15,000	Bad debts written off	1,000
Rent-Factory	5,000	Advertising Expenses	2,000
Rent-Office	500	Travelling Expenses of salesman	1,100
Indirect Consumption of material	500	Carriage outward	1,000
Depreciation on Plant & Mach	1,500	sales	2,50,000

Prepare statement giving the following information:

- Prime cost
- Factory cost
- Cost of production
- Cost of Sales
- Net profit
