



B. P. COLLEGE OF BUSINESS ADMINISTRATION

(A Constituent college of Kadi Sarva Vishwavidyalaya)

MID SEM Examination – September – October 2013

Date: 01/10/13

BBA SEM – III

Total marks: 60

Roll No.....

SUB: Financial Accounting – I (BBA15)

Duration: 3 hrs

Q:1 The following is the trial balance of Laxmi Industries Ltd. as on 31st March, 2013. Prepare a Trading and Profit and Loss Account for the year ended 31st March, 2013 and a Balance Sheet as on that date in the form prescribed under the Companies Act, 1956. **[12]**

Particulars	Amount	Particulars	Amount
Investments	35,000	Share Capital	4,00,000
Calls in Arrear	1,000	Sales	3,00,000
Land & Building	45,000	Sundry Creditors	17,000
Machinery	3,00,000	General Reserve	25,000
Furniture	15,000	Profit on consignment	13,000
Preliminary Expenses	3,800	Loan from Bank	45,000
Wages	31,400	Dividend	3,000
Salaries	45,200		
Insurance	2,800		
Purchases	1,60,000		
Bills Receivables	21,200		
General Expenses	6,900		
Sundry Debtors	60,000		
Opening Inventory	65,000		
Cash at Bank	8,800		
Cash in Hand	900		
Directors Fee	1,000		
	8,03,000		8,03,000

The following information are to be taken into consideration:

- Closing Inventory Rs. 86,000
- Depreciate Machinery at 10%, Land & Building at 2%, Furniture at 5%.
- Outstanding Salary Rs. 4,000
- Transfer Rs. 5,000 to General Reserve and company propose dividend of Rs.12000.
- Create 2% bad debt and 5% provision for bad debt.
- Write off half of the preliminary expenses.
- The authorized capital of the company is Rs.6,00,000 divided into Equity Shares of Rs. 10 each.

Q:2 [A] Choose the correct answer: **[06]**

Identify correct head for following items mention in **1 to 4**

- Underwriting Commission
(a) Share Capital; (b) Miscellaneous Expenditure; (c) Provisions; (d) None
- Live Stock
(a) Fixed Assets; (b) Current Assets; (c) Current Liabilities; (d) None
- Debenture Redemption Reserve
(a) Provisions; (b) Share Capital; (c) Reserves & Surplus; (d) None
- Interest Accrued and Due
(a) Unsecured Loan; (b) Current Liabilities; (c) Secured Loan; (d) None

Answer **5 and 6** from the following data:

Balance Sheet of ABC Ltd.

Liabilities	Amount	Assets	Amount
Capital & Reserves	7,00,000	Fixed Assets	8,50,000
Debt	5,00,000	Other Assets	3,50,000
	12,00,000		12,00,000

5. Find out proportion of Fixed Assets in above balance sheet.
 (a) 71.83% (b) 71.54% (c) 70.83% (d) None
6. Find out proportion of Debt in above balance sheet.
 (a) 48.83% (b) 58.33% (c) 57.33% (d) None

Q:2 [B] Define Budget, Budgetary Control and Budgeting. **[06]**

OR

Q:2 [B] Define Sales Budget and Production Budget. **[06]**

Q:3 Following information is available from the records of Veer Ltd. for the year ended 31st March, 2013. **[12]**

	Rs. (Lakhs)
Fixed Expenses:	
Wages & Salaries	9.5
Rent, rates & taxes	6.6
Depreciation	7.4
Sundry administrative expenses	6.5
Semi-Variable Expenses (at 50% capacity)	
Maintenance & repairs	3.5
Indirect Labour	7.9
Sales department salaries	3.8
Sundry administrative expenses	2.8
Variable Expenses (at 50% Capacity)	
Material	21.7
Labour	20.4
Other expenses	7.9
	98.0

Assuming that the fixed expenses remain constant for all levels of production, semi-variable expenses remain constant between 45% and 65% of capacity increasing by 10% between 65% and 80% capacity and by 20% between 80% and 100%.

Sales at various levels are:

	Rs. (Lakhs)
50% capacity	100
60% capacity	120
75% capacity	150
90% capacity	180
100% capacity	200

Prepare Flexible budget for the year and forecast profit at 60%, 75%, 90% and 100% of capacity.

OR

- Q:3** ABC Ltd. a newly started company wishes to prepare cash budget from January. **[12]**
Prepare a cash budget for the first six months from the following estimated revenue and expenses.

Month	Total Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Production Overheads (Rs.)	Selling & Distribution Overheads (Rs.)
Jan	20,000	20,000	4,000	3,200	800
Feb	22,000	14,000	4,400	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,500	1,000
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

Cash Balance on 1st January was Rs. 10,000. A new machinery is to be installed at Rs.20,000 on credit, to be repaid by two equal installments in March and April.

Sales Commission at 5% on total sales is to be paid within a month following actual sales.

Rs.10000 being the amount of income from investments will be received in March.

Period of credit allowed by suppliers - 2 months

Delay in payment of overheads - 1 months

Delay in payment of wages - ½ month

Cash sale is 50% of total sales. Credit sales is received in following month of sales.

- Q:4** Syntex Limited's financial statements contain the following information: **[12]**

Particulars	31.03.2012	31.03.2013
Cash	2,00,000	1,60,000
Debtors	3,20,000	4,00,000
Temporary investments	2,00,000	3,20,000
Stock	18,40,000	21,60,000
Prepaid Expenses	28,000	12,000
Fixed Assets	30,12,000	3348000
Current Liabilities	6,40,000	8,00,000
10% Debentures	16,00,000	16,00,000
Equity Share Capital	20,00,000	20,00,000
Retained Earnings	4,68,000	8,12,000

Statement of Profit for the year ended 31st March, 2013

Particulars	Amount
Sales	40,00,000
Less: Cost of goods sold	28,00,000
Less: Interest	1,60,000
Net Profit	10,40,000
Less: Taxes @ 50%	5,20,000
Profit after taxes	5,20,000

From the above calculate ratio for year 2013 (a) Current Ratio; (b) Debt-Equity Ratio; (c) Net Profit Ratio; (d) Return on Capital Employed; (e) Stock Turnover Ratio; (f) Debtors Turnover Ratio

OR

- Q:4** What is Ratio Analysis? Write in detail importance and demerits of Ratio Analysis. **[12]**

- Q:5** Attempt any **TWO** from the following: **[12]**

1. What is Human Resource Accounting? Explain historical cost method in detail.
2. Explain in detail scope of Social Responsibility Accounting.
3. Explain in detail Competitive Bidding Method and Capitalization of Salary Method.
4. Explain three approaches and obstacles of Social Responsibility Accounting.