Reg. No: 23BBS0048

C/L/TX

Final Assessment Test – November 2024

VIT
Vellore Institute of Technology

Course: MGT1064 - Financial and Cost Accounting
Class NBR(s): 4482
Slot: D1+TD1
Time: Three Hours
Max. Marks: 100

- KEEPING MOBILE PHONE/ANY ELECTRONIC GADGETS, EVEN IN 'OFF' POSITION IS TREATED AS EXAM MALPRACTICE
- DON'T WRITE ANYTHING ON THE QUESTION PAPER

Answer ALL Questions
(10 X 10 = 100 Marks)

1.(a) Define accounting and briefly explain its objectives and procedure of accounting.

OR

1.(b) Briefly explain the following concepts in accounting with appropriate examples:
- (i) Golden Accounting Rule
- (ii) Modern Accounting Rule
- (iii) Dual Aspect Concept
- (iv) Conservatism Concept
- (v) Accrual Accounting

2. Pass journal entries and prepare cash account for the following transactions in the books of VTI Ltd. as on 31st March 2024:
   - a) Commenced business with cash ₹90,000
   - b) Purchased goods from X and Co. on credit ₹40,000
   - c) Accepted bills drawn by X and Co. ₹20,000
   - d) Sold goods to D and Co. on credit ₹10,000
   - e) Received cheque from D and Co. in full settlement and deposited the same in bank ₹9,000
   - f) Commission received in cash ₹5,000
   - g) Paid wages ₹2,000
   - h) Carriage inward ₹40,000
   - i) Salaries paid in cash ₹4,000
   - j) Wages outstanding ₹6,000

3. Prepare a trial balance of Rabbit Inc for the financial year ended 31st March 2024 using the following details:

Capital	3,40,000
Creditors	13,000
Salaries	38,200
Drawings	4,000
Bills receivables	5,800
Bills Payable	7,000
Debtors	16,000
Sales	1,44,000
Insurance	2,200
Land	2,50,000
Commission Received	800
Purchase	94,000
Sales Return	3,400
Purchase Return	2,400
Carriage Inward	1,400

Printing & Stationery	5,000
Stock	29,900
Machinery	50,000
Wage	5,000
Rent	1,600
Interest received	1,700
Electricity charges	2,400

4. From the following balances, prepare the trading and profit and loss account and balance sheet of AYC Ltd. as of March 31, 2022.

Debit Balances	Amount	Credit Balances	Amount
Drawings	6,300	Capital	1,50,000
Cash at Bank	13,870	Discount received	2,980
Bills receivable	1,860	Loans	15,000
Loan and Building	42,580	Purchases return	1,450
Furniture	5,130	Sales	2,81,500
Discount allowed	3,960	Creditors	23,320
Bank charges	100		
Salaries	6,420		
Purchases	1,99,080		
Stock (opening)	60,220		
Sales return	1,870		
Carriage	5,170		
Rent and Taxes	7,680		
General expenses	3,630		
Plant and Machinery	31,640		
Debtors	82,740		
Bad debts	1,250		
Insurance	750		

Additional Information

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a) Closing stock Rs. 70,000
b) Insurance prepaid Rs. 50
c) Rent and Taxes outstanding Rs. 150
d) A depreciation of 640 was charged on Plant & Machinery

5. Explain various types of ratios used for financial statement analysis with appropriate examples.

6.

Particulars	Amount	Particulars	Amount
Opening Stock	76,250	Sales	5,00,000
Purchases	3,15,250	Closing stock	98,500
Carriage and Freight	2,000		
Wages	5,000		
Administration expenses	1,00,000		
Selling and Dist. expenses	12,000	Interest on Securities	1,500
Non-operating expenses	2,000	Dividend on shares	3,750
Financial Expenses	7,000	Profit on sale of shares	750

Using the above particulars, calculate:

a) Gross Profit
b) Net Profit
c) Gross Profit Ratio

d) Net Profit Ratio
e) Operating Profit Ratio
f) Inventory Turnover Ratio
g) What will be the EPS (Shares outstanding is 1000)?
h) Interest Coverage Ratio

7. Which four errors do accountants most frequently make when they record, document, and summarise business transactions? Explain which among them could be identified by preparing Trial Balance.

8. The following details are given to you to decide on the best product CVP decision:
- Sales: 5000 units
- Selling Price Per Unit: 50
- Variable Cost: 30
- Fixed Cost: 35000

As a management accountant of the organization, you are asked to provide the following information to the Marketing and Production Departments:
a) Contribution, BEP in Units, BEP Sales (BES), PV ratio, Margin of Safety (MoS) in Units
b) How many units should the company produce to achieve a profit of 500,000?

9.a) Distinguish the difference between cash flow and fund flow statements and explain why is it required for a company?

OR

9.b) Why do you think auditing is mandatory for a company and explain various its types with example of accounting manipulations?

10. Explain the following terms with examples:
a) Cost and its types
b) Unit Costing
c) Job Costing
d) ABC Costing

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