

# CBCS SCHEME

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15CT46

## Fourth Semester B.E. Degree Examination, Dec.2018/Jan.2019 Financial and Cost Accounting

Time: 4 hrs.

Max. Marks: 80

Note: Answer any FIVE full questions, choosing one full question from each module.

### Module-1

- 1 a. Define Accounting and its importance. (03 Marks)  
b. Explain in detail the importance of preparing final accounts. (05 Marks)  
c. Prepare Journal from the following transaction : (08 Marks)
- Mr. Arun started business with Rs 1,00,000
  - Purchased goods for cash Rs 20,000 and credit Rs 20,000
  - Sold goods for cash Rs 20,000 and costing Rs 10,000
  - Loan taken from bank Rs 15,000
  - Deposited into bank Rs 25,000
  - Bought furniture for Rs 60,000
  - Charge depreciation of Rs 1,000 on furniture.

OR

- 2 From the following trial balance prepare trading and profit and loss account and balance sheet. (16 Marks)

Sr. No.	Name of the account	Dr. Bal. Rs	Cr. Bal. Rs
1	Capital	-	5000
2	Cash in Hand	750	-
3	Bank overdraft	-	1000
4	Purchases and Sales	6000	7500
5	Returns	500	1000
6	Establishment charges	1250	-
7	Taxes and Insurance	250	-
8	Bad debts reserve	-	500
9	Bad debts	250	-
10	Sundry debtors and creditors	2500	925
11	Commission	-	250
12	Investments	2000	-
13	Stock on (1-1-12)	1500	-
14	Drawings	700	-
15	Collected sales tax	-	75
16	Furniture	300	-
17	Bills receivable and bills payable	1500	1250
	Total	17500	17500

Adjustments :

- i) Stock on 31-12-12 was valued at Rs 2250.

**Module-2**

3. The following data are available in a Manufacturing Co. for a yearly period : (16 Marks)

Fixed Expenses & Wages & Salary	9.50 lakh
Rent, Rates & Taxes	6.60 lakh
Depreciation	7.40 lakh
Admin Exp.	6.50 lakh
Semi – Variable Exp. @ 50% capacity	
Maintenance & Repair	1.50 lakh
Indirect labor	7.90 lakh
Sales dept salary	3.80 lakh
Sundry Admn. Salary	2.80 lakh
Variable Exp. @ 50% capacity	
Material	21.70 lakh
Labor	20.40 lakh
Other Exp.	07.90 lakh

Assume that the fixed expenses remain constant for all levels of production. Semi – variable expenses remain constant between 45% & 65% of capacity, increasing by 10% between 65% & 80% capacity & by 20% between 82% & 100% capacity. Sales at various levels are :

50 % capacity	Rs. 100 lakh
60 % capacity	Rs. 120 lakh
75 % capacity	Rs. 150 lakh
90 % capacity	Rs. 180 lakh
100 % capacity	Rs. 200 lakh

Prepare a flexible budget for the year & forecast profit at 60%, 75%, 90% & 100% capacity.

**OR**

4. a. Distinguish between fixed budget and flexible budget. (05 Marks)  
 b. Explain the process involved in Capital Budgeting. (05 Marks)  
 c. Following are the estimated sales of company for seven months ending 31-10-2011 :

Months	Estimated sales (units)
April 2011	12000
May 2011	13000
June 2011	9000
July 2011	8000
August 2011	10000
September 2011	12000
October 2011	14000

As a matter of policy, the company maintains the closing balance of finished goods equal to 50 % of the estimated sales for the next month. Prepare production budget for the half year ending 30<sup>th</sup> Sept 2011. (06 Marks)

**Module-3**

5. Consider the cash flows of the following investment decision and rank them on Net present value and Pay back period. (16 Marks)

Investment	C <sub>0</sub>	C <sub>1</sub>	C <sub>2</sub>	C <sub>3</sub>	C <sub>4</sub>	C <sub>5</sub>
A	20000	7000	6000	6000	5000	4000
B	20000	5000	6000	7000	7000	8000

The required rate of return is 10%.

OR

- 6 a. Explain in detail the various methods of evaluating Investment proposals. (08 Marks)  
 b. Rank the following projects using the net present value. (08 Marks)

Projects	Initial Investments	Annual cash flows	Life in years
A	500000	100000	7 yrs
B	600000	150000	5 yrs
C	650000	125000	9 yrs

**Module-4**

- 7 a. What is Overhead? Explain classification of overheads. (05 Marks)  
 b. Distinguish between Cost Accounting and Financial Accounting. (05 Marks)  
 c. From the following information, prepare a cost sheet showing the prime cost, factory cost, cost of goods produced, cost of goods sold and the profits per unit and total :  
 i) Cost of material @ Rs 13 per unit.  
 ii) Labour cost @ Rs 7.50 per unit.  
 iii) Factory overhead are absorbed @60% of labour cost.  
 iv) Administration overheads are absorbed @ 20% of factory cost.  
 v) Selling overheads are charged @ 2.50 per unit sold.  
 vi) Units produced and sold 10000 units at profit of 20% on cost. (06 Marks)

OR

- 8 a. Distinguish between imputed cost and out of pocket cost. (05 Marks)  
 b. What is Process costing? Explain its uses and importance. (05 Marks)  
 c. Categorize the following expenses into fixed, variable and semi – variable. (06 Marks)

Production (units)	55,000	65,000	75,000
Wages	5,50,000	6,50,000	7,50,000
Factory exp.	3,10,000	3,30,000	3,50,000
Selling exp	3,20,000	3,60,000	4,00,000
Office exp.	1,60,000	1,60,000	1,60,000
General exp.	2 % of sales		

**Module-5**

- 9 a. Explain the various methods of recording and reporting site accounts. (08 Marks)  
 b. Describe the reporting site accounts from Project office to Head office. (08 Marks)

OR

- 10 a. Write a note on Preparation of contract accounts for a project. (08 Marks)  
 b. Describe the reporting site accounts from project office to Head office. (08 Marks)

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