

# CBCS SCHEME

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15CT46

## Fourth Semester B.E. Degree Examination, June/July 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. Discuss the objectives and functions of accounting. (08 Marks)  
b. Explain the types of accounts and the rules for Debit and Credit for each type of account. (08 Marks)

OR

- 2 a. Distinguish between Journal and Ledger. (06 Marks)  
b. Journalise the following transactions:  
April 1 - Mr. Raj commenced business with Cash ₹ 10,000, Machinery ₹10,000, Building ₹30,000 and furniture ₹15,000.  
April 2 - Mr. Raj purchased goods for ₹7,000 for cash.  
April 3 - Mr. Raj purchased goods worth ₹ 10,000 on cash discount of 2%  
April 6 - Sold goods to Shyam worth ₹15,000 against cash after allowing trade discount of 5%.  
April 7 - Purchased furniture of ₹10,000 and paid the amount by cheque.  
April 9 - Paid for travelling expenses in cash ₹3,000.  
April 15 - Paid salary in cash ₹20,000  
April 18 - Amount withdrawn by cheque for personal purpose ₹3,000  
April 21 - Received commission in cash from Suresh ₹2,000  
April 30 - Paid rent by cheque ₹8,000 (10 Marks)

### Module-2

- 3 The following data are available in a Manufacturing Co. for a yearly period :

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.  
(16 Marks)

**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 a. Explain the advantages and disadvantages of NPV method of investment analysis. (08 Marks)  
 b. A company has to select one of the following two projects. Using the Internal Rate of Return method, suggest which project is preferable. (08 Marks)

Particulars	Project X	Project Y
Cost	1,10,000	1,0,000
<b>Cash flows</b>		
Year 1	60,000	10,000
Year 2	20,000	10,000
Year 3	10,000	20,000
Year4	50,000	1,00,000

**OR**

- 6 a. What is payback method? Explain the merits and demerits of payback period method of evaluating investment proposals. (06 Marks)  
 b. Calculate Net Present Value of the two projects X and Y and suggest which of the two projects should be accepted assuming a discount rate of 10%.

	Project X	Project Y
Initial Investment	Rs. 20,000	Rs. 30,000
Estimate Life	5 years	5 years
Scrap Value	Rs. 1,000	Rs. 1,000

The projects before depreciation and after taxes are as follows :

Year	Project X	Project Y
1	Rs. 5,000	Rs. 20,000
2	Rs. 10,000	Rs. 10,000
3	Rs. 10,000	Rs. 5,000
4	Rs. 3,000	Rs. 3,000
5	Rs. 2,000	Rs. 2,000

(10 Marks)

**Module-4**

- 7 a. Name at least two industries in which each of the following methods would be suitable :  
 i) Process costing ii) Job costing iii) Multiple costing iv) Batch costing. (04 Marks)  
 b. Classify the following items into various types of overheads, separately showing items which are not included in cost sheet :

Factory rent and Taxes	Rs. 10,000	Interest paid	Rs. 4,500
Manager's salary :		Damages payable at law	Rs. 6,000
Factory	Rs. 9,800	Bonus to office staff	Rs. 8,000
Office	Rs. 4,200	Carriage outwards	Rs. 2,000
Collection charges	Rs. 3,600	Telephone Charges :	
Market research expenses	Rs. 7,500	Factory	Rs. 3,000
Heating and air conditioning :		Office	Rs. 1,800
Office	Rs. 5,500	Show room	Rs. 4,500
Showroom	Rs. 12,000	Director's Fees	Rs. 6,000
Loss on sale of old machinery	Rs. 2,800	Audit Fees	Rs. 3,500
Cost of printing price list and catalogues	Rs. 3,500	Indirect Wages	Rs. 7,800
Showroom rent	Rs. 3,000	Internal Transport charges	Rs. 2,700
Power	Rs. 6,700	Plant Repairs	Rs. 1,200

(12 Marks)

**OR**

- 8 a. Explain the objectives of costing. (06 Marks)  
 b. Swadeshi Co. Ltd., supplies the following cost data for the month of April 2017.

Details	Amount (Rs.)	Details	Amount (Rs.)
Direct Material	5,60,000	Office Salaries	16,000
Direct Wages	2,85,000	Director's remuneration	15,000
Factory rent and wages	25,000	Telephone and Postage	3,000
Plant repairs and Maintenance	13,000	Printing and Stationery	2,000
Office rent and rates	5,000	Legal charges	1,500
Plant depreciation	12,500	Advertisement	15,000
Factory heading and lighting	5,000	Salesman's Salaries	25,000
Factory manager's Salary	20,000	Sales	11,75,000

Prepare a cost sheet showing the following components: i) Prime cost ii) Works cost  
 iii) Cost of production iv) Cost of sales v) Profit value. (10 Marks)

**Module-5**

- 9 a. Write a short notes on:  
 i) Characteristics of a good project report.  
 ii) Methods of Reporting Information. (08 Marks)  
 b. Explain the following:  
 i) Requirements of good project report.  
 ii) Types of reports maintained in a construction site. (08 Marks)

OR

- 10 a. Write a short note on good management report. (06 Marks)
- b. A firm of builders, carrying out large contracts kept in a contract ledger separate accounts for each contract.

The following particulars relate to a certain contract carried out during the year ended 31<sup>st</sup> March 2017.

Work certified by Architect	1,43,000
Cash received from Contractee	1,30,000
Materials sent to site	64,500
Labour engaged on site	54,800
Plant installed at site	11,300
Value of plant on 30 <sup>th</sup> June (closing)	8,200
Cost of work not yet certified	3,400
Establishment charges	3,250
Direct expenditure	2,400
Wages accrued due	1,800
Materials closing balance	1,400
Materials returned to stores	400
Direct expenses accrued due	200
Contract price	2,00,000

You are required to prepare an account showing the profit on the contract to 31<sup>st</sup> March 2017. (10 Marks)

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