CBCS SCHEME

USN | | | | | | | | | | | 17CT46

Fourth Semester B.E. Degree Examination, June/July 2019
Financial and Cost Accounting

Time: 3 hrs.   Max. Marks: 100

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

Module-1

1 a. What is Book keeping? Explain different types of Accounts. **(10 Marks)**

b. Journalise the following transations for the month of Dec 2018.

1. Dec 1 : Ajith started business with cash 40,000.
2. Dec 3 : He paid into the Bank 20,000.
3. Dec 5 : He purchase goods for cash 15,000
4. Dec 8 : He sold goods for cash 6,000
5. Dec 10 : He purchase furniture and paid by cheque Rs 5,000.
6. Dec 12 : He sold goods to Arvind Rs 4000.
7. Dec 14 : He purchase goods from Amrit Rs 10,000.
8. Dec 15 : He returned goods to Amrit Rs 5,000
9. Dec 16 : He received from Arvind Rs 3960 in full settlement.
10. Dec 18 : He withdrew goods for personal use Rs 1000.

(10 Marks)

OR

2 a. Define Accounting. Explain the rules of Accounting with example. **(10 Marks)**

b. From the following ledger balances extracted from M/s Vinayak Traders prepare Trading and Profit & loss A/c for the year ending 31st March 2018 and Balance sheet as on the date after considering the adjustment.

Debits	Rs	Credits	Rs
Drawings	50,000	Capital	4,20,000
Purchases	3,20,000	Sales	6,85,000
Returns	25,000	Discount	20,000
Opening stock	1,40,000	Creditors	80,000
Salary	87,000	Bills payable	97,000
Wages	30,000	Returns	15,000
Rent	45,000		
Bad debts	10,000		
Discount	13,000		
Debtors	2,10,000		
Cash	50,000		
Bank	90,000		
Insurance	15,000		
Trade expenses	29,000		
Printing	10,000		
Furniture	43,000		
Machinery	1,50,000		
Total	13,17,000	Total	13,17,000

Adjustments : i) Closing stock was valued at Rs 60,000.
ii) Rent was prepaid to the extent of Rs 9,000
iii) Outstanding wages was Rs 10,000 and outstanding salary Rs 25,000.
iv) Create provision for doubtful debts at 5% on Sundry debtors.
v) Depreciation machinery at 15% and Furniture at 10%. **(10 Marks)**

Module-2

3 a. Define Budget. Explain the different type of budgets. **(10 Marks)**

b. Prepare a cash budget for the month of May, June, July 2019, on the basis of the following information :

Income and Expenditure forecasts

Month	Credit sales	Credit Purchases	Wages Expenses	Manufacturing expenses	Office expenses	Selling expenses
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

Adjustments :

1) Cash balance on 1st May 2019 Rs 8,000.
2) Plant costing Rs 16,000 is due for delivery in July, payable 10% on delivery and the balancing after 3 months.
3) Advance tax of Rs 8,000 each is payable in March and June.
4) Period of credit allowed i) by suppliers – 2 months and ii) to customers 1 months
5) Lag in payment of manufacturing expenses – ½ month.
6) Lag in payment of office and selling expenses – 1 month. **(10 Marks)**

OR

4 a. What is Capacity budgeting? Explain the objectives of capital budgeting. **(10 Marks)**

b. The following information relates to the productive activities of A Ltd., of three months ended 31st December 2018.

Fixed Expenses	Rs
Management salaries	2,10,000
Rent and Taxes	1,40,000
Depreciation of machinery	1,75,000
Sundry office expenses	2,22,500
	7,47,500

Semi – variable expenses at 50% capacity	Rs
Plant maintenance	62,500
Indirect labour	2,47,500
Salesman's salaries	72,500
Sundry expenses	65,000
	4,47,500

Variable Expenses at 50% capacity	Rs
Materials	6,00,000
Labour	6,40,000
Salesmen's commission	95,000
	13,35,000

It is further noted that Semi – variable expenses remain constant between 40% and 70% capacity, increase by 10% of the above figure between 70% and 85% capacity and increase by 15% of the above figure between 85% and 100% capacity. Fixed expenses remain constant whatever the level of activity may be sales at 60% capacity are Rs 25,50,000 ; at 80% capacity Rs 34,00,000 and 100% capacity Rs 42,50,000. Assuming that all items produced at sold. Prepare a flexible budget at 60% and 80% and 100% production capacity. **(10 Marks)**

Module-3

5 a. What is NPV? Explain the Pro's and Con's. **(10 Marks)**

b. A Company is considering an investment proposal to install new milling controls at a cost of Rs 50,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 35 percent. Assume the firm uses straight line method of depreciation and the same is allowed for tax purposes. The estimated Cash Flows Before Depreciation and Tax (CFBT) from compute the following i) Pay back period ii) Average rate of return. **(10 Marks)**

Year	CFBT
1	Rs 10,000
2	Rs 10,692
3	Rs 12,769
4	Rs 13,462
5	Rs 20,385

OR

6 a. What is Payback method? Explain the merits and demerits of payback period. **(10 Marks)**

b. Calculate Net present value of the two projects X & Y and suggest which of the two projects should be accepted assuming a discount rate of 10%.

Particulars	Project A	Project B
Initial Investment	Rs 40,000	Rs 60,000
Estimate Life	5 yrs	5 years
Scrape value	Rs 2,000	Rs 2,000

The project before depreciation and after taxes are as follows : **(10 Marks)**

Year	Project A	Project B
1	Rs 10,000	Rs 30,000
2	Rs 20,000	Rs 20,000
3	Rs 20,000	Rs 10,000
4	Rs 6,000	Rs 6,000
5	Rs 4,000	Rs 4,000

Module-4

7 a. What is Costing? Explain the objectives of costing. **(10 Marks)**

b. What is Cost sheet? Method of preparing cost sheet and write format of cost sheet. **(10 Marks)**

OR

8 a. Explain the advantages and disadvantages of Cost Accounting.

b. The Bangalore Ltd., supplies you the following information and requires you to prepare a Cost sheet. i) Prime cost ii) Work cost iii) Cost of production iv) Cost of sales v) Profit.

Particular	Rs
Raw material purchased	32,250
Carriage on purchase	850
Direct wages	18,450
Factory overhead	2,750
Selling overhead	2,450
Office overhead	1,850
Sales	75,000
Sale of Factory scrap	250
Opening stock of finished goods	9,750
Closing stock of finished goods	11,100

Module-5

9 a. Write a short note on Good Management Report. **(10 Marks)**

b. Explain the following :

i) Requirement of good project report.

ii) Types of reports maintained in a construction site. **(10 Marks)**

OR

10 a. Write short note on Contract Account. **(10 Marks)**

b. The following was the Expenditure on a contract for Rs 12,00,000 commenced in January.

Particulars	Rs
Materials	2,40,000
Wages	3,28,000
Plant	40,000
Overheads	17,200

Cash received on account of the contract on 31st December was Rs 4,80,000 being 80% of the work certified. The value of materials in hand was Rs 20,000. The plant had undergo 20% depreciation. Prepare Contract account. **(10 Marks)**

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