

U.S.N.

# B.M.S. College of Engineering, Bengaluru-560019

Autonomous Institute Affiliated to VTU

## July 2023 Semester End Main Examinations

**Programme: B.E.**

**Branch: Industrial Engineering and Management**

**Course Code: 20IM6DCFAC**

**Course: Financial Accounting and Costing**

**Semester: VI**

**Duration: 3 hrs.**

**Max Marks: 100**

**Date: 10.07.2023**

**Instructions:** 1. Answer any FIVE full questions, choosing one full question from each unit.  
2. Missing data, if any, may be suitably assumed.

<b>Important Note:</b> Completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages. Revealing of identification, appeal to evaluator will be treated as malpractice.			<b>UNIT - I</b>	<b>CO</b>	<b>PO</b>	<b>Marks</b>
	1	a)	What is the difference between journal and ledger?	CO1	PO	<b>08</b>
		b)	Journalize the following transactions in the books of Jennifer:	CO2	PO1 PO4	<b>12</b>
		1 <sup>st</sup> January 2009	Jennifer commenced business with cash Rs.10000/-			
		2 <sup>nd</sup>	paid into bank Rs.2000/-			
		3 <sup>rd</sup>	Purchased goods Rs.3000/-			
		6 <sup>th</sup>	Purchased goods from Raman Rs.2000/-			
		7 <sup>th</sup>	Sold goods to Rahim Rs.1000/-			
		8 <sup>th</sup>	Paid wages Rs.200/-			
		10 <sup>th</sup>	Received commission Rs.100/-			
		13 <sup>th</sup>	Goods returned to Raman Rs.300/-			
		15 <sup>th</sup>	Drawn for personal use Rs.500/-			
		16 <sup>th</sup>	Paid salaries Rs.500/-			
		25 <sup>th</sup>	Purchased goods for cash Rs.100/- from X.			
		26 <sup>th</sup>	Sold goods to Y Rs.50/- for cash			
		31 <sup>st</sup>	Paid brokerage Rs.50/-			
		<b>OR</b>				

2	a)	<p>Prepare the trading account and profit and loss account for the following balances for the year ending 31<sup>st</sup> March 2009 and the balance sheet as on that date.</p> <table><tr><th>Particulars</th><th>Debit balances</th><th>Credit balances</th></tr><tr><td>Capital</td><td></td><td>10,000/-</td></tr><tr><td>Machinery</td><td>3500/-</td><td></td></tr><tr><td>Debtors</td><td>2700/-</td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td>Drawings</td><td>900/-</td><td></td></tr><tr><td>Purchases</td><td>9500/-</td><td></td></tr><tr><td>Creditors</td><td></td><td>1400/-</td></tr><tr><td>Wages</td><td>5000/-</td><td></td></tr><tr><td>Cash at bank</td><td>1500/-</td><td></td></tr><tr><td>Stock in trade (<i>Opening Stock</i>)</td><td>2000/-</td><td></td></tr><tr><td>Rent</td><td>450/-</td><td></td></tr><tr><td>Sales</td><td></td><td>14,500/-</td></tr><tr><td>Sundry expenses</td><td>200/-</td><td></td></tr><tr><td>Carriage inwards</td><td>150/-</td><td></td></tr></table> <p>Information: Stock at the end (<i>Closing stock</i>) – Rs.600/- Rent outstanding – Rs.50/- Wages Prepaid – Rs.200/- Depreciation on machinery at the rate of 10% (<i>Since there is no opening stock, the stock in trade can be treated as opening stock</i>)</p>	Particulars	Debit balances	Credit balances	Capital		10,000/-	Machinery	3500/-		Debtors	2700/-					Drawings	900/-		Purchases	9500/-		Creditors		1400/-	Wages	5000/-		Cash at bank	1500/-		Stock in trade ( <i>Opening Stock</i> )	2000/-		Rent	450/-		Sales		14,500/-	Sundry expenses	200/-		Carriage inwards	150/-		CO4	PO4 PO11	20
Particulars	Debit balances	Credit balances																																																
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		UNIT - II																																																
3	a)	Explain about ratio analysis. Mention advantages & limitations of ratio analysis.	CO1	PO	05																																													
	b)	<p>Assess comparative position of the firm after taking the following data, calculate the relevant ratio and comment on it.</p> <table><tr><th>Particular</th><th>Firm A</th><th>Firm B</th><th>Firm C</th></tr><tr><td>Average inventory</td><td>10,00,000</td><td>15,00,000</td><td>20,00,000</td></tr><tr><td>Sales</td><td>66,00,000</td><td>83,00,000</td><td>89,60,000</td></tr><tr><td>Cost of goods sold</td><td>60,00,000</td><td>75,00,000</td><td>80,00,000</td></tr><tr><td>Expense of management</td><td>5,00,000</td><td>7,60,000</td><td>10,00,000</td></tr><tr><td>Receivable (Debtors)</td><td>13,20,000</td><td>24,97,500</td><td>35,84,000</td></tr></table>	Particular	Firm A	Firm B	Firm C	Average inventory	10,00,000	15,00,000	20,00,000	Sales	66,00,000	83,00,000	89,60,000	Cost of goods sold	60,00,000	75,00,000	80,00,000	Expense of management	5,00,000	7,60,000	10,00,000	Receivable (Debtors)	13,20,000	24,97,500	35,84,000	CO2	PO1	15																					
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		UNIT - III																																																	
4	a)	Explain the various elements of costing.			05																																														
	b)	The following data has been extracted from the books of Singh & Co. for 1985. <table><tr><th>PARTICULARS</th><th>AMOUNT</th></tr><tr><td>Opening stock of new material</td><td>25,000</td></tr><tr><td>Purchase of new material</td><td>85,000</td></tr><tr><td>Closing stock of raw material</td><td>40,000</td></tr><tr><td>Carriage inward</td><td>5,000</td></tr><tr><td>Direct wages</td><td>75,000</td></tr><tr><td>Indirect wages</td><td>10,000</td></tr><tr><td>Other direct wages</td><td>15,000</td></tr><tr><td>Factory rent &amp; rates</td><td>5,000</td></tr><tr><td>Office rent and rates</td><td>500</td></tr><tr><td>Indirect consumption of materials</td><td>500</td></tr><tr><td>Depreciation on plant</td><td>1,500</td></tr><tr><td>Depreciation on office furniture</td><td>100</td></tr><tr><td>Salesman salaries</td><td>2,000</td></tr><tr><td>Other factory expenses</td><td>5,700</td></tr><tr><td>Other office expenses</td><td>9,000</td></tr><tr><td>Managing Director's remuneration</td><td>12,000</td></tr><tr><td>Other selling expenses</td><td>1,000</td></tr><tr><td>Travelling expenses of salesman</td><td>1,100</td></tr><tr><td>Carriage&amp; freight outward</td><td>1,000</td></tr><tr><td>Total sales</td><td>250,000</td></tr><tr><td>Advance income tax paid</td><td>15,000</td></tr><tr><td>Advertisement</td><td>2,000</td></tr></table> <p>Managing Director's remuneration is to be allocated at Rs.4000/- to the factory, Rs.2000/- to the office &amp; Rs.6000/- to the selling department. From the above information, prepare a cost sheet and determine the net profit.</p>	PARTICULARS	AMOUNT	Opening stock of new material	25,000	Purchase of new material	85,000	Closing stock of raw material	40,000	Carriage inward	5,000	Direct wages	75,000	Indirect wages	10,000	Other direct wages	15,000	Factory rent & rates	5,000	Office rent and rates	500	Indirect consumption of materials	500	Depreciation on plant	1,500	Depreciation on office furniture	100	Salesman salaries	2,000	Other factory expenses	5,700	Other office expenses	9,000	Managing Director's remuneration	12,000	Other selling expenses	1,000	Travelling expenses of salesman	1,100	Carriage& freight outward	1,000	Total sales	250,000	Advance income tax paid	15,000	Advertisement	2,000	CO3 CO4	PO1 PO2	15
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5	a)	Differentiate between job costing and process costing.	CO2	PO1	05																																														
	b)	A certain product is processed through 3 processes P1,P2,P3. During a period for which various elements of cost are as follows <table><tr><th>Particular</th><th>total</th><th>P1</th><th>P2</th><th>P3</th></tr><tr><td>Direct material</td><td>84,820</td><td>20,000</td><td>30,200</td><td>34,620</td></tr><tr><td>Direct labor</td><td>1,20,000</td><td>30,000</td><td>40,000</td><td>50,000</td></tr><tr><td>Direct expenses</td><td>7,260</td><td>5,000</td><td>2,260</td><td>-</td></tr></table>	Particular	total	P1	P2	P3	Direct material	84,820	20,000	30,200	34,620	Direct labor	1,20,000	30,000	40,000	50,000	Direct expenses	7,260	5,000	2,260	-	CO4	PO4 PO11	15																										
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		<p>The total POH IS 60000. 1000 UNITS @Rs.5 each were introduced in P1. The o/p of each process as</p> <p>P1-920              P2- 870                      P3-800.</p> <p>The normal losses are estimated as</p> <p>P1-10%                      P2-5%                      P3-10%.</p> <p>The scrap value/unit is given as</p> <p>P1-3                      P2-5                      P3-6</p> <p>The o/p of each process passes directly to next process and finally to finished stock A/c. the POH are recovered on 50% of direct labor. Prepare various process a/c.</p>																							
		<b>UNIT - IV</b>																							
6	a)	<p>The table below provides information for a company. Calculate Operating cycle and Cash cycle.</p> <table><tr><th>Particulars</th><th>Profit and Loss data</th><th>Balance sheet data</th><th>Beginning of time period</th><th>Ending of time period</th></tr><tr><td>Sales</td><td>800</td><td>Inventory</td><td>96</td><td>102</td></tr><tr><td>Cost of goods sold</td><td>720</td><td>Accounts receivable</td><td>86</td><td>90</td></tr><tr><td></td><td></td><td>Accounts payable</td><td>56</td><td>60</td></tr></table>	Particulars	Profit and Loss data	Balance sheet data	Beginning of time period	Ending of time period	Sales	800	Inventory	96	102	Cost of goods sold	720	Accounts receivable	86	90			Accounts payable	56	60	CO3	PO2	<b>08</b>
Particulars	Profit and Loss data	Balance sheet data	Beginning of time period	Ending of time period																					
Sales	800	Inventory	96	102																					
Cost of goods sold	720	Accounts receivable	86	90																					
		Accounts payable	56	60																					
	b)	<p>The following annual figures relate to company XYZ company.</p> <table><tr><th>Particulars</th><th>Amount (rupees)</th></tr><tr><td>1. Sales (at 2 months credit)</td><td>36,00,000</td></tr><tr><td>2. Material consumed (suppliers extend 2 months)</td><td>9,00,000</td></tr><tr><td>3. Wages paid (monthly in arrears)</td><td>7,20,000</td></tr><tr><td>4. Manufacturing expenses outstanding at end of year (cash expenses are paid 1 month in arrears)</td><td>80000</td></tr><tr><td>5. Total administrative expenses paid as above</td><td>2,40,000</td></tr><tr><td>6. Sales promotion expenses, paid quarterly in advance</td><td>1,20,000</td></tr></table> <p>The company sells 75 products on gross profit of 25% counting depreciation as part of its cost of production. It keeps one-month stock, each of raw materials and finished goods and a cash balance of Rs. 1, 00,000. Assuming 20% safety margin, work out working capital of company on cash-cost basis. Ignore working process.</p>	Particulars	Amount (rupees)	1. Sales (at 2 months credit)	36,00,000	2. Material consumed (suppliers extend 2 months)	9,00,000	3. Wages paid (monthly in arrears)	7,20,000	4. Manufacturing expenses outstanding at end of year (cash expenses are paid 1 month in arrears)	80000	5. Total administrative expenses paid as above	2,40,000	6. Sales promotion expenses, paid quarterly in advance	1,20,000	CO3	PO2	<b>12</b>						
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UNIT - V																																								
7	a)	From the following expenses regarding S&D of ABC co ltd in last budgeted period you are required to prepare a S&D exp budget for the period. Expenses are as follows: <table border="1"><thead><tr><th>Particulars</th><th>West Bengal</th><th>Bihar</th><th>Assam</th><th>Total</th></tr></thead><tbody><tr><td>Commission on sales</td><td>8000</td><td>12000</td><td>16000</td><td>36000</td></tr><tr><td>Salaries</td><td>6000</td><td>8000</td><td>10000</td><td>24000</td></tr><tr><td>selling expenses</td><td>3000</td><td>2000</td><td>1000</td><td>6000</td></tr><tr><td>Advertisement</td><td>4000</td><td>5000</td><td>6000</td><td>15000</td></tr><tr><td>Rent &amp; taxes</td><td>2000</td><td>4000</td><td>3000</td><td>9000</td></tr><tr><td>Warehouse expenses</td><td>5000</td><td>5000</td><td>6000</td><td>16000</td></tr></tbody></table> <p>During the budgeted period the following changes are to be made</p> <ul style="list-style-type: none"><li>a) Commission on sales will be increased by 5% in all states</li><li>b) Salaries will increase by Rs.2000, Rs.3000, Rs.4000 for W.B, Bihar, Assam respectively</li><li>c) Rent will be increased by 5% in all states</li><li>d) Warehouse exp will increase by 1% in W.B &amp; Bihar</li><li>e) In Assam advertisement expenses will increase by Rs2000</li><li>f) Selling exp will increase by 10% in WB and Bihar</li></ul>	Particulars	West Bengal	Bihar	Assam	Total	Commission on sales	8000	12000	16000	36000	Salaries	6000	8000	10000	24000	selling expenses	3000	2000	1000	6000	Advertisement	4000	5000	6000	15000	Rent & taxes	2000	4000	3000	9000	Warehouse expenses	5000	5000	6000	16000	CO3	PO2	10
Particulars	West Bengal	Bihar	Assam	Total																																				
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	b)	Prepare a purchase budget from the following particulars when the estimated price per kg of material is x: Rs.2/-, y: Rs.3/-, z: Rs.4/- <table border="1"><thead><tr><th>Material</th><th>Estimated consumption of material in kgs</th></tr></thead><tbody><tr><td>X</td><td>1 00 000</td></tr><tr><td>Y</td><td>2 00 000</td></tr><tr><td>Z</td><td>2 50 000</td></tr></tbody></table> <table border="1"><thead><tr><th>Material</th><th>Stock in the beginning (opening stock)</th><th>Estimate stock at the end (closing stock)</th></tr></thead><tbody><tr><td>X</td><td>30 000</td><td>15 000</td></tr><tr><td>Y</td><td>40 000</td><td>20 000</td></tr><tr><td>Z</td><td>45 000</td><td>50 000</td></tr></tbody></table>	Material	Estimated consumption of material in kgs	X	1 00 000	Y	2 00 000	Z	2 50 000	Material	Stock in the beginning (opening stock)	Estimate stock at the end (closing stock)	X	30 000	15 000	Y	40 000	20 000	Z	45 000	50 000	CO3	PO2	10															
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