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

Autonomous Institute Affiliated to VTU

## July 2023 Semester End Main Examinations

**Programme: B.E.**

**Semester: VI**

**Branch: Industrial Engineering and Management**

**Duration: 3 hrs.**

**Course Code: 20IM6DCFAC**

**Max Marks: 100**

**Course: Financial Accounting and Costing**

**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>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>																									
<table border="1"> <tr> <td>1<sup>st</sup> January 2009</td><td>Jennifer commenced business with cash Rs.10000/-</td></tr> <tr> <td>2<sup>nd</sup></td><td>paid into bank Rs.2000/-</td></tr> <tr> <td>3<sup>rd</sup></td><td>Purchased goods Rs.3000/-</td></tr> <tr> <td>6<sup>th</sup></td><td>Purchased goods from Raman Rs.2000/-</td></tr> <tr> <td>7<sup>th</sup></td><td>Sold goods to Rahim Rs.1000/-</td></tr> <tr> <td>8<sup>th</sup></td><td>Paid wages Rs.200/-</td></tr> <tr> <td>10<sup>th</sup></td><td>Received commission Rs.100/-</td></tr> <tr> <td>13<sup>th</sup></td><td>Goods returned to Raman Rs.300/-</td></tr> <tr> <td>15<sup>th</sup></td><td>Drawn for personal use Rs.500/-</td></tr> <tr> <td>16<sup>th</sup></td><td>Paid salaries Rs.500/-</td></tr> <tr> <td>25<sup>th</sup></td><td>Purchased goods for cash Rs.100/- from X.</td></tr> <tr> <td>26<sup>th</sup></td><td>Sold goods to Y Rs.50/- for cash</td></tr> <tr> <td>31<sup>st</sup></td><td>Paid brokerage Rs.50/-</td></tr> </table>					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/-
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		<b>OR</b>																												

**Important Note:** Completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages. Revealing of identification, appeal to evaluator will be treated as malpractice.

	2	a)	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.	CO4	PO4 PO11	20																																													
			<table border="1"> <thead> <tr> <th>Particulars</th><th>Debit balances</th><th>Credit balances</th></tr> </thead> <tbody> <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> </tbody> </table>	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/-				
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			<p>Information:</p> <p>Stock at the end (<i>Closing stock</i>) – Rs.600/-</p> <p>Rent outstanding – Rs.50/-</p> <p>Wages Prepaid – Rs.200/-</p> <p>Depreciation on machinery at the rate of 10%</p> <p>(Since there is no opening stock, the stock in trade can be treated as opening stock)</p>																																																
			<b>UNIT - II</b>																																																
3	a)		Explain about ratio analysis. Mention advantages & limitations of ratio analysis.	CO1	PO	05																																													
	b)		Assess comparative position of the firm after taking the following data, calculate the relevant ratio and comment on it.	CO2	PO1	15																																													
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4	a)	Explain the various elements of costing.			05																																													
	b)	The following data has been extracted from the books of Singh & Co. for 1985.		CO3 CO4	PO1 PO2																																													
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5	a)	Differentiate between job costing and process costing.		CO2	PO1																																													
	b)	A certain product is processed through 3 processes P1,P2,P3. During a period for which various elements of cost are as follows		CO4	PO4 PO11																																													
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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 border="1"> <thead> <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> </thead> <tbody> <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> </tbody> </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																					
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	b)	<p>The following annual figures relate to company XYZ company.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Amount (rupees)</th></tr> </thead> <tbody> <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> </tbody> </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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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:					CO3	PO2	<b>10</b>																																		
		<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						
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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/-					CO3	PO2	<b>10</b>																																		
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