

# CBCS SCHEME

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18CB63

## Sixth Semester B.Tech. Degree Examination, June/July 2023 Finance 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. Define Bookkeeping and Accounting. (04 Marks)  
b. From the following information prepare Trial Balance :

Purchases	60,000	Bank Balance	10,000
Bank overdraft	20,000	Building	30,000
Sales	1,00,000	Debtor's	50,000
Purchase Return	1,000	Creditor's	81,000
Sales Return	2,000		
Opening Stock	30,000		
Salary	20,000		

(06 Marks)

- c. Journalise the following Transaction in the Books of Prasad Traders.

2023 Jan. 01 Started Business with cash Rs 2,00,000  
Jan. 05 Bought goods from Disha Rs 25,000  
Jan. 08 Sold goods to Shankar Rs 10,000  
Jan. 12 Cash paid to Disha Rs 20,000  
Jan. 16 Returned goods from Shankar Rs 1,000.  
Jan. 18 Paid Salary Rs 6,000  
Jan. 20 Commission received Rs 2,000  
Jan. 30 Drew Cash for Personal use Rs 2000

(10 Marks)

OR

- 2 a. What are the types of Account and write the rules under English System? (05 Marks)  
b. From the following information prepare Trading Account , P & L Account and Balance Sheet as on 31-3-2023.

S.No.	Name of the Account	Amt. (Rs)
1	Capital	60,000
2	Creditors	10,000
3	Machinery	50,000
4	Furniture	25,000
5	Opening Stock	10,000
6	Purchases	40,000
7	Sales	74,000
8	Sales Return	4,000
9	Purchase Return	2,000
10	Wages	10,000

11	Salary	4,000
12	Office Expenses	1,000
13	Commission Received	5,000
14	General Expenses	4,500
15	Insurance	1,000
16	Discount Allowed	500
17	Debtor's	12,000
18	Bank Loan	19,000
19	Cash	8,000

- Adjustments : 1) Closing stock at Rs 8,000.  
 2) Depreciate Machinery at 10% p.a.  
 3) Salary outstanding Rs 500.  
 4) Insurance prepaid Rs 700.

(15 Marks)

**Module-2**

- 3 a. Define Budget and write the feature. (05 Marks)  
 b. From the following information, prepare Cash Budget for 3 months, March to May 2023.

Month	Sales	Purchases	Wages and Overheads
January	10,00,000	7,00,000	2,00,000
February	8,00,000	6,00,000	1,80,000
March	12,00,000	10,00,000	2,50,000
April	15,00,000	12,00,000	3,00,000
May	20,00,000	15,00,000	3,50,000

Information :

- 20% of sales on Cash basis.
- Credit sales are collected in 2 equal installment following the sales month.
- Suppliers bills are cleared after 2 months of purchases.
- Wages and overhead are delayed by  $\frac{1}{2}$  months.
- Cash balance on 1<sup>st</sup> March Rs 50,000.
- Dividend paid to Share holders in the month of May at 10% on share capital Rs 2,50,000.

(15 Marks)

**OR**

- 4 a. Write the objectives of Capital Budgeting. (05 Marks)  
 b. PK Ltd., provides you the following information production and sales at 60% capacity.

Rs

<u>Variable Expenses :</u>	
Factory	1,50,000
Administration	1,50,000
Selling	1,20,000
<u>Semi Variable Expenses :</u>	
Factory	50,000
Administration	60,000
Selling Exp.	70,000
<u>Fixed Expenses :</u>	
Factory	3,40,000
Administration	3,20,000
Selling	3,00,000
Sales	15,00,000

Other Information :

- 1) Semi variable expenses are constant between 55% and 75% of capacity. It will increase by 10% between 75% to 90% capacity. It will increase by 20% between 90% and 100% of capacity.
- 2) Prepare a Flexible Budget at 70% , 80% , 100% capacity. (15 Marks)

### Module-3

- 5 a. What is Discounted Cash Flow? (05 Marks)
- b. From the following information , calculate Pay Back Period and Pay Back Profitability.

Year	Cash Flow
0	(500000)
1	100000
2	200000
3	300000
4	200000
5	100000

(15 Marks)

**OR**

- 6 a. What is NPV and how it differs from Non Discounting Technique? (05 Marks)
- b. From the following information calculate NPV @ 10% and which project is best one :

Year	Cash flow Project A	Cash flow Project B	PV F @ 10%
0	(500000)	(700000)	
1	200000	200000	0.9091
2	300000	100000	0.8264
3	200000	300000	0.7513
4	100000	400000	0.6830
5	100000	100000	0.6209

(15 Marks)

### Module-4

- 7 a. What is Cost? What are the functions of Cost Accounting? (10 Marks)
- b. Distinction between Cost Accounting and Financial Accounting. (10 Marks)

**OR**

- 8 a. What are the types of Costs? (05 Marks)
- b. Product X is obtained after it is passed through three distinct processes. The following cost information is available :

	Total	Process		
		I	II	III
Material	5625	2600	2000	1025
Direct Wages	7330	2250	3680	1400
Production Overheads	7330	2250	3680	1400

500 units @ Rs 4 per unit were introduced. The actual output and normal loss of the respective process are

	Output Units	Normal loss	Value of Scrap per unit
Process I	450	10 %	2
Process II	340	20 %	4
Process III	270	25 %	5

There is no stock or WIP in any process. Prepare Process Account.

(15 Marks)

**Module-5**

- 9 a. What is Project Account? What are the basic principal for Project Account? (10 Marks)  
 b. Write a note on :  
 i) Contract Account                      ii) Retention Money. (10 Marks)

**OR**

- 10 a. Give the difference between Contract Costing and Job Costing. (10 Marks)  
 b. You are required to prepare Contract Account showing the profit on the project for the year ended 30.04.2023. (10 Marks)

Contract price	1,00,000
Material	32,250
Labour	27,400
Plant Installed	5,650
Work Certified	71,500
Cash received from Contractor	65,000
Value of plant as on 30.4.2023	4,100
Cost of work done by not certified	1,700
Direct Expenditure	1,200
Cost of Establishment	1,625
Wage Outstanding	900
Material on hand	700
Direct Expenses Outstanding	100
Material Returned to store	200

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