

## INDIAN INSTITUTE OF ENGINEERING SCIENCE AND TECHNOLOGY, SHIBPUR

B.TECH-M.TECH DUAL DEGREE 7<sup>th</sup> SEMESTER (A & AM/CE/ME/Met/Min) EXAMINATION, 2015

Subject: HUMANITIES – IV; [Accounting &amp; Financial Management] (HU-7801)

FULL MARKS: 35      Question No 1 is compulsory. Attempt any one from the rest.      TIME: 2 Hrs

1. A. From the Books of Accounts of River Amazon Ltd, the following details have been extracted for the year ending March 31, 2014:

	Rs.
Stock of materials – Opening	1,88,000
--do-- Closing	2,00,000
Materials purchased during the year	8,32,000
Direct wages	2,38,400
Indirect wages	16,000
Salaries to Administrative Staff	40,000
Freight – Inwards	32,000
Freight -Outwards	20,000
Stationery	14,000
Advertisement	18,800
Repairs - Plant & Machinery	42,400
Rent, Rates and Taxes – Factory	12,000
Rent, Rates and Taxes -Office	6,400
Travelling Expenses	12,400
Salesman's Salaries and Commission	33,600
Depreciation written off –	
Plant & Machinery	28,400
Furniture	2,400
Directors' Fees	24,000
Electricity Charges (Factory)	48,000
Fuel ( for boiler)	64,800
General Charges	24,800
Manager's Salary	48,000

Additional Information:

The manager's time is shared between the factory and the office in the ratio of 20:80 .

From the above details you are required to prepare a Cost Statement as on March 31, 2014

- B. Explain the treatments of different types of stock in Cost Statements. (15+5)

P.T.O.

2. From the Ledger Account Balances of Omama Ltd given below , prepare a Trading , Profit & Loss Account and Balance Sheet, as on 31/03/2014, considering the following adjustments:

- Closing inventory Rs. 18,000
- Depreciate Plant and Machinery at 10% p.a.
- Salaries outstanding Rs. 1,000; Power and Fuel outstanding Rs. 2,000.
- Rs. 5,000 was spent on Plant and Machinery but wrongly included under wages.
- Commission due Rs. 200.
- Rent received includes Rs. 500 received in advance.

Rs.

Cash At Bank	1,200
Office Furniture	6,000
Accounts Receivable	15,000
Commissions paid	1,200
Bills Receivable	3,500
Power and Fuel	6,000
Sales	1,50,300
Plant and Machinery	24,000
Capital	27,000
Office Expenses	2,000
Purchase	60,000
Carriage Inwards	1,200
Rent Received	3,500
Carriage Outwards	3,500
Discount Received	1,000
Rent, Rates & Taxes	1,700
Dividend Received	2,000
Cash In Hand	500
Leasehold Premises	25,000
Accounts Payable	12,000
Wages	30,000
Salaries	7,000
Bills Payable	8,000
Opening Inventory	12,000
Drawings	7,000
Sales Returns	2,000
Purchase Returns	5,000

(15)

- What do you understand By Investment Decision? Explain elaborately, with the help of suitable examples , Investment Decision Making Process with respect to Long Term Physical Assets in a company. (5+10)
- Explain the concept of Working Capital briefly.
  - From the information given in Question 2, compute the amount of working Capital of Omama Ltd as on 31/03/2014. (5+10)