

INDIAN INSTITUTE OF ENGINEERING SCIENCE & TECHNOLOGY, SHIBPUR

B.Tech./M. Tech Dual Degree 7th Sem Final Examination 2017

Accounting & Financial Management [Hu-7801]

Branch : CE/ AS/ ME/ Met / Min

Full Marks: 35

Time : 2 hrs.

Question No. 1 is Compulsory.

Answer any one from the rest.

1. The following Trial Balance of a firm is provided.:

Trial Balance

Plant & Machinery	: 50,000	Sales	: 2,40,000
Opening stock	: 50,000	Discount	: 2,000
Purchase	: 80,000	Sundry creditors	: 20,000
Freehold Land & Building	: 85,000	Bills payable	: 10,750
Carriage Inward	: 1,700	Loan @10%pa	: 50,000
Carriage outward	: 2,500	Capital account	: 75,000
Wages	: 16,000		
Sundry debtors	: 30,000		
Salaries	: 12,000		
Furniture	: 18,000		
Trade expenses	: 6,000		
Return Inwards	: 950		
Advertisement	: 12,500		
Discount	: 900		
Drawings	: 5,000		
Bills receivable	: 20,000		
Insurance	: 1,200		
Bad debts	: 1,000		
Cash at Bank	: 5,000		
	<u>3,97,750</u>		<u>3,97,750</u>

You are required to prepare a Trading and Profit & Loss Account of the firm for the year ended 31st March, 2017, and the Balance Sheet as at that date after taking into consideration the following adjustment:

- Closing stock Rs. 45,000
- Depreciate Plant @ 10% p.a. and Furniture @20% p. a.
- Further Bad debt Rs. 1,000/-
- Advertisement outstanding Rs. 500/-.
- Annual charges for Insurance Rs. 1,000/-; the balance represents amount paid in advance.
- The loan was taken on 30th September, 2016 .
- The Firm agreed to contribute 10% of the Gross profit to the National Defence Fund.

[20]

2. a. Classify Cost indicating basis.

b. The following are the summarised Financial statements of the Jaguar Trading Co. for the year ended 31st March 2017:

Dr.	Rs.		Rs.	Cr.
To Opening stock :		By Sales	3,40,000	
Raw materials	20,000	By Closing stock :		
W.I.P.	10,000	Raw materials	30,000	
Finished stock	30,000	W.I.P.	15,000	
To Purchase of Raw materials	1,50,000	Finished stock	25,000	
To Direct wages	80,000			
To Power	20,000			
To carriage Inward	4,000			
To Royalty	2,000			
To cost of Spl Design	4,000			
To Freight	2,000			
To Gross profit c/d	88,000			
	<u>4,10,000</u>		<u>4,10,000</u>	

To Rent Rate & Taxes	: 5,000	By Gross profit b/d	: 88,000
Carriage outward	: 3,000	By Interest on Fixed Deposit	: 10,000
Provision for bad debt	: 2,500	By Discount Received	: 12,000
Bad debt	: 1,500		
Electricity – Office	: 500		
Factory -	: 1,000		
Donation	: 2,000		
Subscription to Trade Association	: 2,500		
Income Tax	: 10,000		
Depreciation on Plant	: 5,000		
Warehouses Rent	: 6,000		
Advertisement	: 2,000		
Fees & Fines	: 1,000		
Packing charge	: 4,000		
Establishment expenses	: 20,000		
Net profit	: 44,000		
	<u>1,10,000.00</u>		<u>1,10,000.00</u>

Prepare a Cost Sheet after considering the following facts :

- 60% of Rent, Rate & Taxes are related to Office and Administration and 40% to Sales Department.
- 50% of establishment expenses relate to office and administrative department, 30% to Production department.

[5+10]

3. Explain :

- Investment Decision
- Financing Decision
- Working Capital

[3x5]