

29/4/18

INDIAN INSTITUTE OF ENGINEERING SCIENCE & TECHNOLOGY, SHIBPUR

B.Tech, M. Tech Dual Degree . 7th Semester Final Examination, 2018

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.

Q. 1. From the following Trial Balance as on 31st March, 2018, You are requested to prepare Trading and Profit and Loss Account for the year ended 31st March, 2018 and the Balance Sheet as on that date.

	Dr (Rs)	Cr (Rs)
Purchases	3,10,000	
Sales		4,15,000
Stock of goods as on 1.4.2017	50,000	
Cash in hand	2,100	
Cash at bank	12,000	
Capital		2,88,600
Drawings	4,000	
Rates & taxes	5,000	
Salaries	32,000	
Postage & telephone	11,500	
Salesmen's commission	35,000	
Insurance	9,000	
Advertisement	17,000	
Furniture & fittings	22,000	
Printing & stationary	3,000	
Motor car	48,000	
Bad debts	2,000	
Cash discounts	4,000	
General expenses	14,000	
Carriage inwards	10,000	
Carriage outwards	22,000	
Wages	20,000	
Outstanding liability for expenses	11,000	
Sundry creditors		40,000
Sundry debtors	1,00,000	
TOTAL	7,43,600	7,43,600

You are also given the following further information.

- Cost of goods in stock as on 31st March 2018 – Rs. 1,45,000
- Mr. A had withdrawn goods worth Rs. 5,000 during the year.
- Purchases include purchase of furniture worth Rs. 10,000.
- Debtors include Rs. 5,000 bad debts.
- Depreciation on furniture and fittings by 10%, motor car by 20%.
- The salesmen are entitled to a commission of 10% on total sales. (3x6+2)

Q 2. The following data are available from the Cost Ledger of Acme Industries for the year 2017-18 :

Plant Maintenance	25,000
Lighting	6,300
Depreciation on plant	8,100
Rates and Taxes for the works	3,900

Staff salaries	32,000
Management salaries	22,000
Power (for this Plant)	10,600
Rental for Leasehold equipment	9,600
Indirect wages	37,100
Rectification cost of Defective (Normal)	8,400
Consumable stores	17,600
Selling expenses	30,000
General charges	15,600
Sale proceed from scrap	4,200

During the year total production was 1,20,000 units. The break-up of prime cost per unit was: Materials Rs. 2.20 and wages Rs. 1.80. The average selling price was Rs. 5 per unit and the entire quantity produced during the year was sold out.

With effect from next Year, the selling price was increased to Rs. 6.40 per unit. It was envisaged that production could be enhance during the next year by $33\frac{1}{3}\%$. Assume Materials, Wages, Power, Consumables, and Rectification Cost to be variable.

You are required to prepare statements showing:

- Actual cost and profit for the year 2017-18.
- Estimated cost and profit for the next year assuming that the entire production will be sold during the year.

Other Assumptions, if any, required to be made in the above exercise should be clearly be justified. (7+8)

3. a) Discuss briefly Capital Budgetting.

b) Discuss briefly Security Analysis And Portfolio Management.

c. Select the Best project from the information given below:

	<u>Project A</u>		<u>Project B</u>		
Initial Investment Rs	1,00,000		1,00,000		
Projected inflow					
Year 1	25000		35000		
2	22000		19000		
3	42000		37000		
4	60000		72000		
Cost of Capital	10%		10%		
Year	1	2	3	4	5
Discounting Factor	.909	.826	.751	.683	.621

(3X5)