

**Course Code: COM117**

**Semester: VI**

**FINANCIAL & COST ACCOUNTING**

**ASSIGNMENT**

**Answer the following questions:**

1. Explain the various concepts and conventions.
2. Distinguish between capital expenditure and revenue expenditure
3. Distinguish between financial accounting and cost accounting
4. Explain the different methods of depreciation.
5. Distinguish between cash flow and fund flow statement.
6. Explain the major elements of cost.
7. Explain the advantages and limitations of activity-based costing
8. Budgeting as a Tool of Management Planning and Control – Explain
9. Explain the advantages and limitations of standard costing.
10. Explain the classification of budget.
11. Explain the significance of ratio analysis.
12. Explain the steps involved in computerised accounting system.
13. Explain GAAP.
14. Explain the advantages of XBRL Reporting
15. Compare and contrast Ind AS and IFRS

**Problems:**

1. Murugan is a trader dealing in textiles. For the following transactions, pass journal entries for the month of April, 2024

1. Commenced business with cash ₹ 5,00,000
- 2 Purchased goods from X and Co. on credit ₹ 50,000
- 3 Cash deposited into bank ₹ 1,40,000
- 4 Bought a building from L and Co. on credit ₹ 1,95,000
- 5 Cash withdrawn from bank for office use ₹ 15,000
- 6 Cash withdrawn from bank for personal use ₹ 14,000
- 9 Goods sold for cash ₹ 30,000
- 10 Goods purchased from Vijay ₹ 200000
12. Stationery purchased for and paid through net banking ₹ 5000
- 15 Bank charges levied ₹ 200
17. Dividend directly received by bank ₹20,000
- 18 Money withdrawn from ATM ₹ 30,000
- 20 Salaries paid through ECS ₹ 60,000
- 23 Cricket bats donated to a trust ₹ 10,000
25. Sold goods to Keerthana, who made the payment through credit card ₹ 1,00,000

2.

TABLE 2.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Equity Share Capital	2,00,000	Machinery	5,92,000
12% Preference share capital	3,60,000	Investment	2,24,000
General Reserve	1,40,000	Stock	2,02,000
16% debentures	2,40,000	Bills Receivable	40,000
Trade payable	2,44,000	S. Debtors	98,000
Bank overdraft	40,000	Cash and Bank	76,000
Provision for Income Tax	36,000	Profit & Loss A/c	28,000
	<b>12,60,000</b>		<b>12,60,000</b>

Calculate Following Ratios from the above balance sheet:

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Capital Gearing Ratio
5. Debt Equity Ratio

3. Ace Ltd. manufactures a product and the following particulars are collected for the year ended March, 2013:

- a. Monthly demand (units) 250
- b. Cost of placing an order (Rs`) 100
- c. Annual carrying cost (Rs` per unit) 15
- d. Normal usage (units per week) 50
- e. Minimum usage (units per week) 25
- f. Maximum usage (units per week) 75
- g. Re-order period (weeks) 4–6

You are required to calculate:

- (i) Re-order quantity
- (ii) Re-order level
- (iii) Minimum level
- (iv) Maximum level
- (v) Average stock level.

4. Materials X and Y are used as follows:

Minimum usage – 50 units each per week

Maximum usage – 150 units each per week

Normal usage – 100 units each per week

Ordering quantities X = 600 units Y = 1,000 units Delivery period X = 4 – 6 weeks

Y = 2 – 4 weeks Calculate for each material (i) Maximum level (ii) Minimum level and (iii) Ordering level.

5. The following details pertain to the production department of a factory.

Particulars	Amount (₹)
Material consumed	60,000
Direct wages	40,000
Machine hours	50,000
Labour hours worked	25,000
Factory overhead relating to the department	50,000

Calculate overhead absorption rates under different possible methods from the above details.

6.

Following is the information by XYZ company Ltd. Related to first week of December, 2013:

The transactions in connection with the materials are as follows:

Days	Receipts		Issues
	Units	Rate per unit ₹	(units)
1st	40	15.00	
2nd	20	16.50	
3rd	-	-	30
4th	50	17.10	-
5th	-	-	20
6th	-	-	40

Calculate the cost of materials issued under (i) FIFO METHOD; (ii) LIFO method; and (iii) Weighted average method of issue of materials and value of closing stock under the above methods.

7. Prepare a statement showing the pricing of issues, on the basis of (a) Simple Average, and (b) Weighted Average Methods from the following information pertaining to material 'X'.

Date

1 Purchased 100 units @ ` 10.00 each.

2 Purchased 200 units @ ` 10.20 each.

5 Issued 250 units to Job A vide MR No. 1

7 Purchased 300 units @ ` 10.50 each

10 Purchased 200 units @ ` 10.80 each

13 Issued 200 units to Job B vide MR No. 2

18 Issued 200 units to Job C vide MR No. 3

20 Purchased 100 units @ ` 11.00 each.

25 Issued 150 units to Job D vide MR No. 4..

8. The following particulars have been extracted from the books of a manufacturing company for the month of March, 2014:

`Stock of materials as on 1st March, 2013 47,000

Stock of materials as on 31st March, 2013 50,000

Materials purchased during the month 2,08,000

Drawing office salaries 9,600

Counting house salaries 14,000

Carriage on purchases 8,200

Carriage on sales 5,100

Cash discount allowed 3,400

Bad debts written off 4,700

Repairs of plant, machinery and tools 10,600

Rent, rates, taxes and insurance (factory) 3,000

Rent, rates, taxes and insurance (office) 1,000

Travelling expenses 3,100

Travellers' salaries and commission 8,400

Productive wages 1,40,000

Depreciation written off on plant, machinery and tools 7,100

Depreciation written off on office furniture 600

Directors' fees 6,000

Gas and water charges (factory) 1,500

Gas and water charges (office) 300

General charges 5,000

Manager's salary 12,000

Out of 48 working hours in a week, the time devoted by the Manager to the factory and office was on an average 40 hours and 8 hours respectively throughout the month. 1,00,000 units were produced and sold; there was no opening or closing stock of it.

Prepare a cost sheet showing the following:

(i) Cost of Materials Consumed;

(ii) Prime Cost;

- (iii) Works Overhead;
- (iv) Works Cost;
- (v) Office and Administration Overhead;
- (vi) Cost of Production;
- (vii) Selling and Distribution Overhead; and
- (viii) Total Cost or Cost Sales.

9.

From the following information, prepare a Trading Account of M/s. ABC Traders for the year ended 31st March, 2011 :

	₹
Opening Inventory	1,00,000
Purchases	6,72,000
Carriage Inwards	30,000
Wages	50,000
Sales	11,00,000
Returns inward	1,00,000
Returns outward	72,000
Closing Inventory	2,00,000

10. The Vardhman Ltd. manufactures one product. A summary of its activities for the year 2008 is given below:

Sales 80,000units	Rs.8,00,000
Material inventory 1-1-08	Rs.40,000
Material inventory 31-12-08	Rs. 32,000
W.I.P. 1-1-08	Rs.55,000
W.I.P. 31-12-08	Rs.72,000
Finished goods 1-1-08 16,000units	Rs. 64,000
Finished goods 31-12-08 34,000units	Rs.1,51,265
Material Purchases	Rs. 1,52,000
Direct Labour	Rs.1,45,000
Manufacturing overhead	Rs.1,08,000
Selling expenses	Rs.50,000
General expenses	Rs.40,000

Prepare a cost sheet.

11. Prepare Trading and Profit & Loss Account for the year ended 31st March, 2019 and Balance Sheet as on 31st March, 2019.

Land and Property 5, 00,000

Machinery 1, 00,000

Capital 10, 00,000

Sales 6, 00,000

Creditors 10,000

Opening Stock 10,000

Purchases 3, 57,000

Wages 15,000

Salary 25,000

Printing & Stationery 2,000

Carriage inward 1,000

Cash at Bank 2, 32,000

Interest 2,000

Investments 1, 50,000

Patents 1, 00,000

Furniture 1, 00,000

Debtors 20,000

Adjustments:

1. Closing stock Rs. 30,000

2. Appreciate land and property @10% p.a.

3. Depreciate machinery @10% p.a. & furniture @5% p.a.

4. Write off bad debt Rs. 1000 and create a provision for doubtful debts Rs. 1,500.

5. Outstanding wages Rs. 200.

6. Advance interest received Rs. 100.

7. Prepaid salary Rs. 1,000

12.

The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
2007	1,40,000	15,000
2008	1,60,000	20,000

Find out:

- P/V Ratio
- Break-even point
- Sales required to earn a profit of Rs. 40,000
- Fixed expenses and
- Profit when sales are Rs. 1,20,000

13.

The sales and profit for 1996 and 1997 are as follows :

	Sales Rs.	Profit Rs.
1996	1,50,000	20,000
1997	1,70,000	25,000

Find out:

- P/V Ratio
- BEP
- Sales for a profit of Rs. 40,000
- Profit for sales of Rs. 2,50,000 and
- Margin of safety at a profit of Rs. 50,000.

14.

You are given the following data for the year 2007 of a concern:

	Rs.
Variable Cost	6,00,000
Fixed Cost	3,00,000
Net profit	1,00,000
Sales	10,00,000

Find (a) P.V. Ratio (b) B.E.P. (c) Profit when sales is Rs. 12,00,000 and (d) Sales in Rupees to earn a profit of Rs. 2,00,000.