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## ANNA UNIVERSITY (UNIVERSITY DEPARTMENTS)

B.E. / B.Tech / B. Arch (Full Time) – ARREAR EXAMINATIONS, APRIL / MAY 2024

INDUSTRIAL ENGINEERING

VI Semester

IE5003 &amp; Accounting and Finance for Management

(Regulation 2019)

Time: 3hrs

Max. Marks: 100

- CO1 Understanding the Basics of accounting and accounting standards.  
CO2 Evaluating P&L statements, Balance sheets and other accounting statements.  
CO3 Learn and apply the various cost accounting methods.  
CO4 Study the various cost control procedures.  
CO5 Sketch and prepare a budget and make investment decisions.

**BL – Bloom's Taxonomy Levels**

(L1-Remembering, L2-Understanding, L3-Applying, L4-Analysing, L5-Evaluating, L6-Creating)

**PART- A(10x2=20Marks)**

(Answer all Questions)

Q.No	Questions	Marks	CO	BL
1	What are the different forms of business organization?	2	1	L1
2	Frame a transaction that has the following effect on the accounting equation: Increase an asset and increase a liability and Increase an asset and decrease another asset	2	1	L2
3	What are the purposes of the trial balance?	2	2	L1
4	Contrast between Cash flow statement and fund flow statement.	2	2	L2
5	What is activity based costing?	2	3	L1
6	Contrast between Marginal costing and Absorption costing.	2	3	L2
7	List any three functions of budget committee.	2	4	L2
8	Differentiate between fixed and flexible budget.	2	4	L1
9	How Benefit cost ratio method is better than Net Present Value method?	2	5	L2
10	What is meant by capital budgeting?	2	5	L1

**PART- B(5x 13=65Marks)**

(Restrict to a maximum of 2 subdivisions)

Q.No	Questions	Marks	CO	BL
11	Explain the different types of Accounting Concepts and Conventions	13	1	L2
(a)				
	<b>OR</b>			
11	Journalise the following transaction in the book of Mr.Kartick 2020.	13	1	L2
(b)	Oct 1 2008 – Received cash from Ramesh Rs 1,60,000 Oct 5 – Bought good for cash Rs 60,000 Oct 7- Sold to suresh Rs. 30,000 Oct 15- bought from Krishna Rs 40,000 Oct 18- sold to ganesh Rs 50,000 Oct 20- Withdrew cash for personnel use Rs 18,000 Oct 25- Received Commission Rs 20,000 Oct 30- paid rent Rs 5000 Oct 31- Paid salaries Rs 10,000			

- i. Prepare journal entries for the above transaction
- ii. Post the journal entries to the ledger
- iii. Prepare a trial balance

- 12 Following Information's was extracted from the books of Sudha Ltd. Prepare 13  
(a) finance Account statements on 31 march 2010. Closing stock : Rs. 45,000.

2 L4

Table 13.1: Balances extracted from the book of Mrs sudha

Particular	Debit (Rs)	Credit (Rs)
Opening stock	12500	
Depreciation	7000	
Carriage inwards	700	
Furniture	8000	
Carriage outwards	500	
Plant & machinery	2,00,000	
Cash	8900	
Salaries	7500	
Debtors	19000	
Discount allowed	1500	
Bills Receivable	17,000	
Wages	16,000	
Sales return	14,000	
Purchase	86000	
Sales		1,89,000
Commission received		2000
Capital		1,71,300
Creditor		17,500
Bills payable		5000
Return outward		13,800
	3,98,600	3,98,600



OR

- 12 i) From the given balance sheet, Find the Liquidity ratios and debt equity ratio 5  
(b)

2 L4

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Preference share capital	5,00,000	Good Will	1,00,000
Equity share capital	10,00,000	Land and building	6,50,000
Debenture	2,00,000	Plant	8,00,000
Long Term loan	1,00,000	Furniture	1,50,000
Bills payable	60,000	Bills receivable	70,000
Sundry creditors	70,000	Sundry debtors	90,000
Bank over draft	30,000	Bank balance	45,000
Outstanding expenses	5000	Short term investment	25,000
		Prepaid expenses	5000
		Stock	30000
Total	19,65,000		19,65,000

- ii) From the given balance sheet, Find the Return On Asset , Return On Capital Employed, Earning Per Share?



Liabilities	Amount	Asset	Amount
2000 Equity share of rs 100 each	2,00,000	Land and building	2,50,000
1000, 8% preference share of 100 each	1,00,000	Plant & machinery	1,00,000
Reserve and surplus	1,00,000	Stock	50,000
Net profit before interest and tax	1,50,000	Cash	20,000
Tax rate	50%	Sundry debtors	50,000
Long term loans	1,00,000		
Debentures	40,000		
Interest	30,000		



- 13 Prepare a process accounts from the following details:

13 3 L4

Particulars	Process 1	Process 2
Materials	40,000	6,000
Labour	15,000	16,000
Expenses ( direct )	5,000	3,000

Production overhead Rs.60,000 to be allocated to process 1 and process 2 on the basis of 150% of direct wages. Production during the period is 2,000 units

OR

- 13 The following expenses were incurred on job no.501

3 L4

(b)i)

Materials Rs 97,200

Wages paid:

Dept A 40 hours at Rs 80 per hour

Dept B 50 hours at Rs 90 per hour

Dept C 60 hours at Rs 50 per hour

Works overhead expenses of these departments were estimated as under:

Dept A Rs 90,000 for 6,000 working hours

Dept B Rs 1,00,000 for 5,000 working hours

Dept C Rs 1,20,000 for 3,000 working hours

Office expenses were Rs 7,50,000 when total direct wages paid in all 3 departments were Rs. 25,00,000. It is the practice to recover office expenses as percentage of direct wages. Find out the cost of job no 501 and its price include 20% profit on selling price

- ii) From the following information relating to quick standards ltd. You are required to find out a) Contribution b) Break-even point in units c) Margin of safety d) Profit also calculate the volume of sales to earn profit of Rs. 6,000.

Total fixed cost =Rs 4500

Total Variable cost = Rs 7500

Total sales = Rs 15000

Units sold = 5000 units

7

6

14  
(a)

A company manufacture two products 'A' and 'B'. A forecasts of the units to be sold in the first seven months of the year is given below (Table 14.1)

Table 14.1: sales data

	Product A	Product B
January	1000	2800
February	1200	2800
March	1600	2400
April	2000	2000
May	2400	1600
June	2400	1600
July	2000	1800

It is anticipated that i) there will no work in progress at the end of any month ii) finished units equal to half the sales for the next month will be in stock at the end of each month (including the previous year).  
Budgeted production and production costs for the whole year are as follows;

Table 14.2 Cost Details

	Product A	Product B
Product	22000	24000
Direct material per unit	Rs.12.50	Rs. 19
Direct Labour per unit	Rs.4.50	Rs7.00
Total factory overhead per unit	Rs.3	Rs.4

Prepare for the six months period ending 30th June i) production budget for each month and ii) production cost budget.

OR

14  
(b)

ABC company Ltd. has given the following particulars. You are required to prepare a cash budget for the three months ending 31-12-2020.

Months	Sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Overhead (Rs.)
August	20,000	10,200	3800	1900
September	21,000	10,000	3800	2100
October	23,000	9800	4000	2300
November	25,000	10,000	4200	2400
December	30,000	10,800	4500	2500

(i) Credit terms are:

Sales/ Debtors – 10% sales are on cash basis, 50% of the credit sales are collected next month and the balance in the following month.

Creditors – Materials 2 months  
- Wages 1/5 month  
- Overheads ½ month

(ii) Cash balance on 01-10-2020 is expected to be Rs.8,000

(iii) A machinery will be installed in August 2020 at a cost of Rs.1,00,000. The monthly installment of Rs.5,000 is payable from October onwards

(iv) Dividend at 10% on preference share capital of Rs.3,00,000 will be paid on 1<sup>st</sup> Dec.2020

(v) Advance to be received for sale of vehicle Rs.20,000 in December

(vi) Income tax (advance) to be paid in December Rs.5,000

15  
(a)

Given the following After Tax Cash Flows for Tyler's Tinkering Toys on a new toy find the Payback Period, NPV, and Profitability Index of this project. The appropriate discount rate for the project is 12%. If the cut-off period is six years for major projects, determine if the project is accepted or rejected under the three different decision models.

13 4 L4'



13 4 L4

13 5 L3



Year 0 cash outflow: Rs.10,400,000  
 Years 1 to 4 cash inflow: Rs. 2,600,000 each year  
 Year 5 cash outflow: Rs.1,200,000  
 Years 6 – 8 cash inflow: Rs.750,000 each year

OR

- 15 Given the discount rates and the future cash flows of each project, which projects should they accept using profitability index?  
 (b)

13 5 L3

Cash Flows	Project A	Project B	Project C	Project D
Year zero	- Rs.1,500,000	- Rs.1,500,000	- Rs.2,000,000	- Rs.2,000,000
Year one	Rs.350,000	Rs.400,000	Rs.700,000	Rs.200,000
Year two	Rs.350,000	Rs.400,000	Rs.600,000	Rs.400,000
Year three	Rs.350,000	Rs.400,000	Rs.500,000	Rs.600,000
Year four	Rs.350,000	Rs.400,000	Rs.400,000	Rs.800,000
Year five	Rs.350,000	Rs.400,000	Rs.300,000	Rs.1,000,000
Discount Rate	4%	8%	13%	18%

**PART- C(1x 15 = 15Marks)**  
 (Q.No.16 is compulsory)

Q.No

Questions

Marks CO BL  
 15 2 L5

16. Here is a trial balance April 30, 2020

Accounts	Debit (Rs)	Credit (Rs)
Equipment	16800	
Supplies	1740	
Trade receivables	7100	
Cash	13400	
Trade payables		1900
Share capital		15000
Revenue from service		16020
Salaries expense	120	
Electricity expense	270	
Telephone expense	900	
Rent expense	250	
Total	40,580	32,920



The accountant's thorough check revealed the following errors:

- A Purchase of supplies of Rs 180 was posted as a credit to supplies
  - In computing the balance of trade receivables, a debit of Rs 1700 was omitted
  - The totalling of credits to trade receivables was understated by Rs 900
  - A cash payment of Rs 2700 was recorded as a debit of Rs 7200 to cash
  - The balance of salaries expense was Rs 1200.
- Prepare a corrected trial balance