

USN

--	--	--	--	--	--	--	--	--	--

10CT46

**Fourth Semester B.E. Degree Examination, Dec.2016/Jan.2017**  
**Financial and Cost Accounting**

Time: 3 hrs.

Max. Marks:100

**Note: Answer FIVE full questions, selecting  
at least TWO questions from each part.**

**PART – A**

- 1 a. Explain the terms Book Keeping and accounting. (08 Marks)  
b. Define the term 'Accounting' and explain the functions of Accounting. (12 Marks)
- 2 a. Explain the terms Journal, Ledger and Trial Balance. (06 Marks)  
b. Journalise the following transactions, post them in the Ledger and balance the Accounts on 31<sup>st</sup> January.
- |   |           |
|---|-----------|
| i) Ram started business with a capital of   | Rs 10,000 |
| ii) He purchased goods from Mohan on credit | Rs 2,000  |
| iii) He paid cash to Mohan                  | Rs 1,000  |
| iv) He sold goods to Suresh                 | Rs 2,000  |
| v) He received cash from Suresh             | Rs 3,000  |
| vi) He further purchased goods from Mohan   | Rs 2,000  |
| vii) He paid cash to Mohan                  | Rs 1,000  |
| viii) He further sold goods to Suresh       | Rs 2,000  |
| ix) He received cash from Suresh            | Rs 1,000  |
- (14 Marks)
- 3 a. Distinguish between a Trial balance and Balance sheet. (05 Marks)  
b. From the following balance extracted from the books of M/s Rajendra Kumar Gupta and Co., pass the necessary closing entries, prepare a trading and profit and loss account and Balance sheet.

Particulars	Rs	Particulars	Rs
Opening stock	1,250	Plant and machinery	6,230
Sales	11,800	Returns outwards	1,380
Depreciation	667	Cash in hand	895
Commission (Cr.)	211	Salaries	750
Insurance	380	Debtors	1,905
Carriage inwards	300	Discount (Dr.)	328
Furniture	670	Bill Receivable	2,730
Printing charges	481	Wages	1,589
Carriage outwards	200	Return inwards	1,659
Capital	9,228	Bank overdraft	4,000
Creditors	1,780	Purchases	8,679
Bill payable	541	Petty cash in hand	47
		Bad debts	180

(15 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

- 4 a. Briefly explain Double entry system and single entry system of Accounting. (06 Marks)  
 b. Journalise the following transactions in the books of a trader. Debit balances on Jan 1<sup>st</sup>, 1999.

Cash in hand	Rs	8,000
Cash at bank	Rs	25,000
Stock of goods	Rs	20,000
Furniture	Rs	2,000
Building	Rs	10,000
Sundry Debtors –		
Vijay	Rs	2,000
Anil	Rs	1,000
Madhu	Rs	2,000

Credit balances on Jan 1<sup>st</sup>, 1999

- i) Sundry creditors: Anand Rs 5,000, Loan from Bablu Rs10, 000
- ii) Jan 1<sup>st</sup> Purchased goods worth Rs 5,000 for cash less 20% trade discount and 5% cash discount
- iii) Jan 4<sup>th</sup> Received Rs 1980 from Vijay and allowed him Rs 20 as discount
- iv) Jan 6<sup>th</sup> Purchased goods from Bharat Rs 5,000
- v) Jan 8<sup>th</sup> Purchased plant from Mukesh for Rs 5,000 and paid Rs 100 as cartage for bringing the plant to factory and another Rs 200 as installation charges
- vi) Jan 12<sup>th</sup> Sold goods to Rahim on credit Rs 1,000
- vii) Jan 15<sup>th</sup> Rahim become an insolvent and could pay only 50 paise in a rupee.
- viii) Jan 18<sup>th</sup> Sold goods to Ram for cash Rs 1,000
- ix) Jan 20<sup>th</sup> Paid salary to Ratan Rs 2,000
- x) Jan 21<sup>st</sup> Paid Anand Rs 4,800 in full settlement
- xi) Jan 26<sup>th</sup> Interest received from Madhu Rs 200
- xii) Jan 28<sup>th</sup> Paid to Bablu interest on loan Rs 500
- xiii) Jan 31<sup>st</sup> Sold goods for cash Rs 500
- xiv) Jan 31<sup>st</sup> Withdraw goods from business for personal use Rs 200

(14 Marks)

**PART – B**

- 5 a. Briefly explain the importance and objectives of capital budgeting. (05 Marks)  
 b. Explain payback method and profitability method of evaluating investment proposals. (10 Marks)  
 c. List and explain the process involved in capital budgeting. (05 Marks)
- 6 a. Define the terms : i) Cost Accounting ii) Job and process costing. (05 Marks)  
 b. Briefly explain the system of accounting in detail. (10 Marks)  
 c. Distinguish between funds flow statement and cash flow statement. (05 Marks)
- 7 a. Illustrate the preparation of contract Accounts for individual project and handling of project. (10 Marks)  
 b. Explain briefly the methods of recording and reporting of site accounts to project office (or) Head office. (10 Marks)
- 8 Record the following transaction in sales day Book and post them into a ledger. (20 Marks)

Jan 1 <sup>st</sup> 1998 sold Mukesh and Co.,	10 Electric heaters	@	Rs 20
	10 Table lamps	@	Rs 30
Jan 10, sold to Suresh and brothers,	10 Table fans	@	Rs 250
	20 Philips Tube lights	@	Rs 30
Jan 25, sold to Ramesh and Co.,	10 Electric Kettles	@	Rs 50
	20 Philips Tubelights	@	Rs 30