



M.E. DEGREE EXAMINATIONS: MAY 2018

(Regulation 2015)

Second Semester

INDUSTRIAL ENGINEERING

PI5IET204 : Accounting and Financial Management

COURSE OUTCOMES

- CO1:** Extend use of balance sheet in working capital management
CO2: Classify overheads and analyses cost accounting systems
CO3: Practice flexible budgeting and sketch the use of zero budgeting
CO4: Recognize importance of investment decisions and categorize asset management
CO5: Analyze capital costing and outline leasing

Time: Three Hours

Maximum Marks: 100

Answer all the Questions:-

PART A (10 x 1 = 10 Marks)

1. Assertion (A): Choosing an order of preference for importance of an industry is on the basis of profitability CO1 [K₂]
Reason (R): The statement profit base is not correct.
- a) A is false but R is true b) Both A and R are Individually true but R is not the correct explanation of A
c) A is true but R is false d) Both A and R are Individually true and R is the correct explanation of A
2. The stagnant growth of a firm has the main reason of CO2 [K₂]
a) Excessive inventory b) Less inventory
c) Adjusted inventory d) Machine repair
3. A Balance sheet comprising of CO1 [K₂]
a) Assests, liabilities, capital and income and list of employee b) Profit and loss
c) Assests, liabilities, capital and income d) Total balance available for the year end

4. Matching type item with multiple choice code

CO4 [K₂]

List I	List II
A. Payback period approach	i. Money value over time
B. NPV approach	ii. When NPV=0
C. IRR approach	iii. short term decisions
D. Profitability index	iv. Comparison of projects

- | | A | B | C | D |
|----|-----|----|-----|----|
| a) | ii | i | iii | iv |
| b) | iii | iv | ii | i |
| c) | ii | iv | iii | i |
| d) | iii | i | ii | iv |

5. Assertion (A): The union budget of India includes the processes are estimation, approval, execution and auditing. CO2 [K₂]

Reason (R): The processes are true to Indian government budget

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|---|---|
| a) Both A and R are Individually true and R is the correct explanation of A | b) Both A and R are Individually true but R is not the correct explanation of A |
| c) A is true but R is false | d) A is false but R is true |

6. To get fixed return and minimum risk one should purchase CO4 [K₂]

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|-----------------|---------------------|
| a) Equity share | b) Debentures |
| c) loan | d) Preference share |

7. Multiple selection item with multiple choice code CO5 [K₂]

Disadvantages of Leasing

- Limited Financial Benefits
- Low Capital Expenditure
- Termination Rights
- Maintenance of the Asset

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|-------------------------|-----------------------------|
| a) Both 1,3 are correct | b) Both 1,4 are not correct |
| c) Both 1,4 are correct | d) Both 2,3 are correct |

8. Equity value is the value of a company available to CO5 [K₂]

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|---|-----------------------------|
| a) Assets of the company | b) Profit after sales |
| c) Finished good's stock of the company | d) Owners and share holders |

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|-----|---|----------------------------------|-------------------|
| 9. | Modigliani & Miller approach related to | CO3 | [K ₂] |
| | a) Capital structure theory | b) Direct and differential costs | |
| | c) Cash flow and fund flow | d) Ratio analysis | |
| 10. | Sequencing type item: Statement of working capital for current assets are | CO3 | [K ₂] |
| | 1. Stock of raw materials | | |
| | 2. Stock of finished goods | | |
| | 3. Work in progress | | |
| | 4. Debtors | | |
| | a) 2-3-4-1 | b) 1-3-2-4 | |
| | c) 3-4-2-1 | d) 4-1-3-2 | |

PART B (10 x 2 = 20 Marks)

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|-----|--|-----|-------------------|
| 11. | What are all the types of ratio in financial activity? | CO1 | [K ₂] |
| 12. | Describe the types of Inventory. | CO1 | [K ₂] |
| 13. | Differentiate Process cost and overhead cost. | CO2 | [K ₃] |
| 14. | Enumerate the advantages of variance analysis. | CO2 | [K ₂] |
| 15. | Define zero base budget. | CO3 | [K ₂] |
| 16. | List the needs of controlled program expenses. | CO3 | [K ₃] |
| 17. | Describe the accounting rate of return. | CO4 | [K ₂] |
| 18. | List the necessities of investment decisions. | CO4 | [K ₂] |
| 19. | Discuss the nature of capital structure. | CO5 | [K ₂] |
| 20. | Indicate the procedures in shares and equity. | CO5 | [K ₂] |

PART C (10 x 5 = 50 Marks)

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|-----|--|-----|-------------------|
| 21. | Explain the balance sheet structure of a MSME. | CO1 | [K ₂] |
| 22. | Interpret depreciation in detail. | CO1 | [K ₃] |
| 23. | Compare job cost and process cost. | CO2 | [K ₄] |
| 24. | Explain the types of variance analysis. | CO2 | [K ₂] |
| 25. | Write the procedures of different budgets. | CO3 | [K ₂] |
| 26. | Why flexible budget is important of a firm. | CO3 | [K ₃] |
| 27. | Investment in assets and investment in overhead – Discuss. | CO4 | [K ₃] |
| 28. | Explain NPV method of appraisal. | CO4 | [K ₂] |
| 29. | Relate ROI with Capital assets. | CO5 | [K ₂] |
| 30. | Explain dividend policy. | CO5 | [K ₂] |

Answer any TWO Questions
PART D (2 x 10 = 20 Marks)

31. From the following data, calculate the CO2 [K₄]
(i) Material cost variance (ii) Material usage variance (iii) Material price variance
Quality of material purchased = 2,000 units
Value of material purchased = ₹ 8,000
Standard quality of material required per tons of finished product = 25 units
Standard rate of material = ₹ 1.6 per unit
Opening stock of material = ₹ 500
Closing stock of material = 500 units
Finished production during the period = 100 tons.
32. What do mean by Budgetary control? Explain the objectives of budgetary control CO3 [K₂]
with special reference to a large manufacturing concern.
33. Explain the nature of the factors which influence the cash flow of a firm. CO4 [K₃]
