Seat No.: _____ Enrolment No.______

GUJARAT TECHNOLOGICAL UNIVERSITY

B. E. Sem-VI Examination May- 2011

Subject code: 161503

Subject Name: Finance Management & Cost Control

Date: 19/05/2011 **Time: 10.30 am – 01.00 pm**

Total Marks: 70

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 **(a)** Discuss application and role of finance management as applied to industries of engineering domain. **07**

(b) Discuss briefly about factors affecting the selection of sources of finance. **07**

Q.2 **(a)** Discuss Journal, ledger and double entry book system. Describe how it differs from financial statements. **07**

(b) Define budgeting and budgetary control, and enlist the objectives of budget, budgeting and budgetary control. **07**

OR

(b) Discuss depreciation of fixed assets. **07**

Q.3 **(a)** Discuss Financial accounting balance sheet as a picture of sources and uses of finance. Take any example to demonstrate. **07**

(b) Following are the figures extracted from M/S XYZ industries Pvt. Ltd. As at 30-10-2009. Calculate a) Current ratio b) Gross profit ratio c) Return on assets d) Net profit ratio **07**

Particulars	Amount (Rs.) in Lacs
Net sales	30
Non Operative expenses	3
Operative expenses	20
Current Assets	12
Inventories	10
Fixed assets	18
Current assets	12
Inventories	10
Debt	10
Fixed liabilities	15
Current liabilities	8
Gross profit	10
Total assets	40
Net profit	7

OR

Q.3 **(a)** Briefly discuss a) Profitability ratios b) Liquidity ratios c) Turn over ratios **07**

(b) Record the following transactions in journal, and then post the journal activities in the ledger of cash accounts, goods account and capital account. **07**

Transactions:

- ❖ Mar 1, 2009- Opened a mobile phone store with Rs. 35000
- ❖ Mar 2, 2009- Purchased Sony phones from distributors- Rs. 30000
- ❖ Sold Sony phones to customer- Rs. 18000
- ❖ Sold Sony phones to customer- Rs. 17000
- ❖ Paid to bank-Rs. 18000
- ❖ Paid rent for shop- Rs. 11000
- ❖ Purchased some Chinese phones from distributors- Rs. 22000
- ❖ Sold Chinese phones to customers- Rs. 18000
- ❖ Purchased mobile accessories- Rs. 13000

Q.4 **(a)** Discuss allocation of overheads, and different ratios showing overheads as a percentage on various costs. **07**

(b) For Manufacturing a Turret Lathe, expenditures are as given below: **07**

Materials consumed	Rs. 55000
Indirect factory wages	Rs. 8000
Director's fees	Rs. 3000
Advertisement	Rs. 10, 000
Net profit	Rs. 12000
Depreciation on sales department's car	Rs. 1100
Printing & stationery	Rs. 250
Depreciation of plant	Rs. 4500
Direct wages	Rs. 65000
Factory rent	Rs. 6000
Telephone & postage charges	Rs. 150
Gas & Electricity	Rs. 500
Office salaries	Rs. 2100
Office rent	Rs. 500
Show-room rent	Rs. 1500
Salesman's commission	Rs. 2650
Sales department car expenses	Rs. 1500

Find out a) Direct cost b) Factory cost c) Total cost of production d) Cost of sales and e) Selling price

OR

Q.4 **(a)** What is the data required for engineering estimates for machine shop? **07**

(b) A factory employs 50 workers during a month of 30 days where details of expenditures are given below. Calculate total cost of production. **07**

1. Material cost-Rs. 30000
2. Rate of wages of each workers: Rs. 1.5/hr
3. Duration of work- 8 hrs/day
4. No. of holidays in month-5
5. Total overhead expenses- Rs. 15000

Q.5 **(a)** Describe constituents of engineering estimates. **07**

(b) Estimate the material cost for welding 2 flat pieces of M.S. 15x6x1 cm size, at an angle of 90 degree by gas welding. Neglect Edge preparation cost and assume: **07**

a) Cost of Oxygen: Rs 10/m^3
b) Cost of Acetylene: Rs. 60/m^3
c) Density of filler metal: 7 gm/cc
d) Cost of filler metal: Rs. 12/Kg..

Consider Oxygen consumption= 0.7 cu.m./Hr.
Acetylene consumption= 0.5 cu.m./Hr
Filer rod diameter: 5 mm
Length of filler rod required= 4.5 m/m of welding
Welding time= 30 min/m of welding

OR

Q.5 **(a)** Discuss material cost estimation in a forging shop. **07**

(b) Calculate a) cost of cutting a V- Groove with gas, b) welding cost for two 1 m long M.S. plates of 8 mm thickness. If cost of Oxygen Rs. 10/m^3 , Cost of Acetylene- Rs. 50/ m3, Cost of filler rod- Rs. 12/kg, labour charges Rs. 1.8/hr, 60 degree V-Groove is prepared for welding. Assume cutting speed= 20m/Hr., Oxygen consumption= 2 cu.m./Hr., Acetylene consumption= 0.2 cu.m./Hr **07**

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