



19

**NEW SCHEME**

2

MCA11B

~~19~~

USN

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

**First Semester M.C.A Degree Examination, July/August 2003**

**Master of Computer Applications  
(New Scheme)**

**Accounting and Financial Management**

Time: 3 hrs.]

[Max.Marks : 100

**Note:** Answer any *FIVE* full questions.

1. (a) Mention the various accounting concepts and conventions. (5 Marks)
- (b) From the following Trial Balance of Venkateshwara Stores and other information given, prepare a Trading and Profit and Loss Account, and Balance Sheet as on 31.12.2001.

Particulars	Dr.	Cr.
	Rs.	Rs.
Stocks on 1.1.2001	15,000	-
Plant and machinery	25,000	-
Purchases	82,000	-
Returns	2,000	-
Debtors	20,600	-
Furniture and fixtures	5,000	-
Freight and duty	2,000	-
Carriage out words	500	-
Rent, rate and taxes	4,600	-
Printing and stationery	800	-
Postage, Telegram and Insurance	1,500	-
Trade expenses	400	-
Salaries and wages	21,000	-
Delivery van	30,000	-
Discounts	1,300	-
Cash in hand & at bank	1,700	-
Drawings	6,000	-
Capital	-	80,000
Sales	-	1,20,000
Returns	-	1,000
Creditors	-	16,000
Discounts	-	1,800
Provision for doubtful debts	-	400
Bond debts recovered	-	200
<b>Total Rs.</b>	<b>2,19,400</b>	<b>2,19,400</b>

Additional Information :

- i) Stock was valued @ Rs.14,600  
ii) Stock of stationery on hand, Rs.100.



- iii) Write off Rs.600 as bad debts.
- iv) The reserve for bad and doubtful debts is to be created @ 5% on debtors.
- v) Provide depreciation on furniture and fixtures, plant and machinery and delivery van @ 5%, 10% and 20% respectively.
- vi) A fire occurred on 29-12-2001 in the godown and stock worth Rs.5,000 was destroyed. The insurance company admitted the claim for Rs.4,000 only. (15 Marks)

2. (a) What is fund flow statement? State the limitations of F.F.S. (5 Marks)
- (b) From the following balance sheets of AMBIKA Co. Ltd., prepare
- i) The statement of changes in working capital
  - ii) Statement of fund from operations.
  - iii) Statement of sources and uses of funds.

Balance Sheets as on 31.12.2000 & 2001					
Liabilities	2000	2001	Assets	2000	2001
	Rs.	Rs.		Rs.	Rs.
Trade creditors	31,000	29,000	Cash	15,000	9,000
Current liabilities	16,500	15,000	Debtors	25,000	27,000
Accrued expenses	7,500	8,000	Stock	35,000	40,000
Mortgages	10,000	15,000	Investments	5,000	--
s/capital	50,000	65,000	Plant @	70,000	80,000
Retained			cost	(-25,250)	(-7000)
Earnings	14,750	17,000	Good will	5,000	--
Total	1,29,750	1,49,000	Total	1,29,750	1,49,000

Additional information:

- (a) Depreciation provided during the year 2001, amounted to Rs.1,750.
  - (b) Good will written off out of retained earnings.
  - (c) Dividend paid during the year 2001 amounted to Rs.3,500. (15 Marks)
3. (a) Define standard costing. State its advantages. (5 Marks)
- (b) From the following, find out
- i) Material price variance
  - ii) Material usage variance
  - iii) Material cost variance.

Qty. of materials purchases	= 3,000 units
Value of materials purchased	= Rs.9,000
Standard quantity of materials required for each ton of finished product	= 25 units.
Standard rate of materials	= Rs.2p.u.
Opening stock of materials	= Nil
Closing stock of materials	= 500 units
Finished product during the year 2001	= 80 tons

(15 Marks)

- (b) Two competing firms sell the same type of product in the same type of market. For the year ending 31.12.2002, their budgeted profit and loss accounts are as follows :

<u>Particulars</u>	<u>Red Ltd.</u>	<u>Blue Ltd.</u>
Sales	Rs. 3,00,000	Rs. 3,00,000
Less variable cost	Rs. 2,40,000	Rs. 2,00,000
Less fixed cost	Rs. 30,000	Rs. 70,000
Profits (Budgeted)	Rs. 30,000	Rs. 30,000

- i) Calculate the break even point of each firm.  
 ii) State which business is likely to earn greater profit in conditions of :  
 a) heavy demand for the product  
 b) low demand for the product. Give reasons. **(5 Marks)**
- (c) The following information is extracted from the costing records of company :

Fixed cost Rs. 1,20,000  
 Variable cost Rs. 3 per unit  
 Selling price Rs. 7 per unit  
 Output 50,000 units

Determine the profit for each of the following data :

- i) With the data give above  
 ii) With a 10% increase in output and sales  
 iii) With a 10% increase in fixed cost  
 iv) With a 10% increase in variable cost  
 v) With a 10% increase in selling price. **(10 Marks)**
4. (a) What is a funds flow statement? How is it prepared? **(5 Marks)**
- (b) D.G. electronics provides the following information for the year ending 31.12.2000 when they produced 10,000 components of similar type

Materials Rs. 90,000  
 Direct wages Rs. 60,000  
 Power and consumable stores Rs. 12,000  
 Factory indirect wages Rs. 15,000  
 Factory lighting Rs. 5,500  
 Cost of rectification of defective work Rs. 3,000  
 Clerical salaries and management expenses Rs. 33,500  
 Selling expenses Rs.5,500  
 Sales proceeds of scrap Rs. 2,000  
 Plant repairs & depreciation 11,500

The net selling price was Rs. 31.60 per unit sold and all the units were sold. From 1.1.2001 the selling price was reduced to the 31.00 per unit. It was estimated that production could be increased in 2001 by 50% due to spare

capacity. Rates for materials and direct wages will increase by 10%

You are required to prepare :

- Cost sheet for the year 2000 showing various elements of cost
- Estimated cost and profit for 2001.

Assuming that 15,000 units will be produced and sold during 2001 and factory overheads will be recovered as a percentage of direct wages and office and selling overhead as a percentage of work cost. (15 Marks)

5. (a) Explain capital budgeting appraisal methods. (5 Marks)

(b) The following are the summarised Balance Sheets of D. Ltd., as on 31.3.2002 and 31.3.2003.

	2002 Rs.	2003 Rs.
Share Capital	4,00,000	6,00,000
Reserves & Surplus	2,50,000	3,50,000
Depreciation fund	80,000	1,20,000
Bank loan	1,60,000	80,000
Creditors	1,20,000	1,35,000
Proposed dividend	40,000	60,000
Provision for taxation	40,000	55,000
	<hr/>	<hr/>
	10,90,000	14,00,000
Land and building (at cost)	3,00,000	4,00,000
Plant and Machinery (at cost)	4,60,000	6,30,000
Inventories	1,80,000	2,00,000
Sundry debtors	1,00,000	1,55,000
Cash and bank balance	50,000	15,000
	<hr/>	<hr/>
	10,90,000	14,90,000

- A machinery which was purchased earlier for Rs. 60,000 was sold for Rs. 4,000. The book value of the machine was Rs. 6,000. The company also purchased new machinery during the year.
- The company has issued new shares to the extent of Rs. 2,00,000 for cash.

You are required to prepare :

- Changes in working capital
- Statement of sources and application of funds. (15 Marks)

6. (a) What are the limitations of budgetary control? (5 Marks)

Contd... 5

4. (a) Define budgetary control. Explain what are its objectives. (5 Marks)

(b) A flexible budget @ 60%, 80% and 100% production capacity is to be prepared from the following information relating to the productive activities of Chandru Company Ltd., for the 3 months ending 31.12.2001 :

Fixed Expenses :

Management salary	Rs. 42,000
Rent and rates	Rs. 28,000
Depreciation on machinery	Rs. 35,000
Office expenses	Rs. 44,500
Total Rs.	<u>1,49,500</u>

Variable expenses @ 50% capacity :

	Rs.
Materials	1,20,000
Labour	1,28,000
Salesmen commission	19,000
Total	<u>Rs. 2,67,000</u>

Semi variable expenses at 50% capacity :

	Rs.
Plant maintenance	12,500
Indirect labour	49,500
Salesmen salary & expenses	14,500
Other expenses	13,000
Total	<u>Rs. 89,500</u>

Semi-variable expenses remain constant between 40% and 70% capacities increase by 10% of the above figures between 70% and 85% capacity and increase by 15% of the above figures between 85% and 100% capacity. Fixed expenses remain constant for whatever the level of activity. Sales @ 60% capacity are Rs. 5,10,000, @ 80% capacity are Rs. 6,80,000 and @ 100% capacity are Rs. 8,50,000. It is to be assumed that all items produced are sold. (15 Marks)

5. (a) Discuss the importance and limitations of ratio analysis. (5 Marks)

(b) Find out quick ratio and current ratio from the following information given by Manu Enterprises.

	Rs.		Rs.
Bills payables	8,000	Cash	13,200
Bank over draft	6,000	S. Debtors	54,000
Accrued Liabilities	2,800	Inventory	50,000
Secondary creditors	30,000	Bills receivables	13,000

(5 Marks)

(c) The following figures relate to Kiran Traders Ltd., for the year 2001

	Rs.		Rs.
Opening stock	76,250	Closing stock	98,500
Purchases	3,22,500	Freight	750
Sales returns	2,000	Purchases returns	2,500
Wages	1,500	Sales	5,02,000

(10 Marks)

- i) Rearrange the above figures in a form suitable for analysis.  
ii) Calculate 'Gross profit ratio' and 'stock turnover ratio'.

6. (a) What is cost volume profit analysis? (5 Marks)

(b) You are given the following data for the year 2001 of a star company :

	Rs.
Sales	10,00,000
Direct materials	4,00,000
Direct labour	1,60,000
Variable overhead	2,00,000
Fixed overhead	1,20,000

Draw a break even chart showing the B.E.P and other relevant calculations. (15 Marks)

7. (a) Define costing. Explain functions of cost accounting. (5 Marks)

(b) The following extract of costing information relates to a product for the half year ended 31.12.2001.

	Rs.
Purchases of Raw materials	1,32,000
Direct wages	1,10,000
Rent rates, insurance & works on cost	44,000
Carriage inwards	1,584
<u>Stocks as on 1-7-2001 :</u>	
Raw materials	22,000
Finished goods (1600 tons)	17,600
<u>Stock as on 31.12.2001 :</u>	
Raw materials	24,464
Finished goods (3,200 tons)	25,200
Work-in-progress as on 1.7.01	5,280
Work in progress as on 31.12.01	17,600
Cost of factory supervision	8,800
Sales of finished goods	3,30,000

Advertising discounts allowed and selling cost Rs. 0.75 paise per ton sold.  
25,600 tons of commodity was produced during the 6 months ended 31.12.2001.

You are required to calculate :

- i) Value of raw materials used.
- ii) Cost of output
- iii) Cost of sales.
- iv) Net profit.
- v) Net profit per ton of commodity.

(15 Marks)

8. Write short notes on the followings:

- a) Variance analysis.
- b) margin of safety.
- c) N.P.V method.
- d) Subsidiary books.

(4×5=20 Marks)

\* \* \* \* \*





USN

MCA11B

## First Semester M.C.A Degree Examination, January/February 2004

## Master of Computer Applications

(New Scheme)

## Accounting and Financial Management

Time: 3 hrs.]

[Max.Marks : 100

**Note:** Answer any FIVE full questions.

- I. (a) Explain briefly four accounting concepts. (5 Marks)
- (b) From the following Trial Balance of M/s Devendra and Associates and other information given, prepare Trading account, Profit and Loss Account and Balance Sheet as at 31-3-2003.

Trial Balance as at 31-3-2003

Debit Balances	Rs.	Credit Balances	Rs.
Drawings	2,600	Capital	86,900
Plant & Machinery	12,000	Dividends	5,000
Purchases (adjusted)	31,500	Sales	50,000
Returns inwards	2,000	Creditors	6,000
Debtors	8,000	Outstanding wages	3,000
Carriage outwards	500	Discount received	600
Wages	6,000	Bills payable	2,000
Salaries	7,000		
Rent	5,000		
Stock on 31-3-03	8,000		
Insurance	4,000		
Furniture	5,000		
Depreciation on Pl and M/c	3,000		
Bad debts	1,500		
Commission	500		
Buildings	45,000		
Cash in hand	1,000		
Prepaid insurance	1,000		
Discount allowed	300		
Bills Receivable	4,000		
Depreciation on Building	5,000		
Interest on capital	600		
Total Rs.	1,53,500	Total	1,53,500

Additional information:

- further bad debts, Rs.500/=
- rent payable, Rs.1,000/=
- depreciate furniture by 10%
- interest on drawings, Rs.100/=
- create RBD @ 5%

(15 Marks)

Contd.... 2

2. (a) What are the uses of ratio analysis? (5 Marks)
- (b) From the following balance sheet and other information of a company, you are required to calculate
- current ratio
  - acid test ratio
  - inventory turnover ratio
  - assets turnover ratio
  - average collection period, presuming 360 days in a year
  - debt equity ratio.

**Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Goodwill	1,20,000
Reserves and surplus	58,000	Plant & Machinery	1,50,000
Debentures	1,00,000	Stock	80,000
Creditors	40,000	Debtors	45,000
Bills payable	20,000	Cash	17,000
Other current liabilities	2,000	Misc. current assets	8,000
<b>Total</b>	<b>4,20,000</b>	<b>Total</b>	<b>4,20,000</b>

Sales (credit, for the year), Rs.4,00,000/=

Gross profit, Rs.1,60,000/=

3. (a) List out "application of funds". (5 Marks)

- (b) Following are the balance sheets of A to Z Company Limited.

**Balance Sheets**

Rs. in thousands

Liabilities	Amount 2002	Amount 2001	Assets	Amount 2002	Amount 2001
Accounts payable	45	20	Cash	20	50
Taxes payable	15	10	Other current assets	10	35
Mortgage loan (5%)	60	65	Accounts receivable	75	70
Debentures (6%)	175	110	Inventories	150	125
Share capital	160	100	Plant and Machinery (net)	325	200
Reserves	315	365	Misc. Investments	35	35
			Land	155	155
	<b>770</b>	<b>670</b>		<b>770</b>	<b>670</b>

Note: The company purchased Rs.2,00,000/= worth plant and machinery in 2002.

Income Statement - 2002 (Rs. in Thousands)

Contd.... 3

Sales		375	
Misc. Investment income		1	
		<hr/>	376
Production cost	235		
Depreciation	40		
General expenses	117		
Interest	14		
	<hr/>		406
Net Income (Loss)			<hr/> (30)

Prepare a funds flow statement for 2002.

4. (a) State the advantages/objectives of budgetary control. (5 Marks)
- (b) ABC Company Ltd. has given the following particulars. You are required to prepare a cash budget for three months ending 31st Dec 2002.

Rupees

Months	Sales	Materials	Wages	Overheads
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

Credit terms are:

- Sales/Debtors: 20% sales are on cash basis. 50% of the credit sales are collected next month and the balance in the following months
  - Creditors - materials, 2 months  
- wages and overheads -  $\frac{1}{2}$  month
  - Cash balance on First, October, 2002 is expected to be Rs.8,000/=
  - A machine will be installed in August, 2002 at a cost of Rs.1.00 lakh. The monthly instalment of Rs.5,000/- is payable from October, 2002 onwards.
  - Advance income tax is to be paid in December 2002, Rs.10,000/=
  - Advance to be received for sale of a vehicle, Rs.30,000/= in Dec 2002.
- (15 Marks)
5. (a) Write a brief note on cost accounting. (5 Marks)
- (b) Prepare a cost sheet from the following information in respect of M/s Rama and Sons for the month of Jan 2003. (15 Marks)

		Rs.
Purchase of materials		49,500
Works wages - direct		32,000
- indirect		4,000
Office salaries		9,390
Carriage inwards		300
Carriage outwards		2,800
Opening inventory:		
raw-materials	17,500	
Finished goods	4,500	
Work in process	6,500	
	<hr/>	28,500
Travelling expenses (sales)		1,200
Interest on capital		3,000
Advertising		3,000

Contd.... 4

Power	1,050	
Agents commission	4,500	
Maintenance of plant	3,660	
Light, Insurance, etc (nine-tenths, for works)	1,000	
Bad-debts	500	
Sundry expenses - works	1,400	
" - (office)	2,600	
Building repairs (office)	100	
depreciation - plant	1,900	
" - office building	800	
Sale of scrap	400	
Closing inventory:		
raw-materials	19,000	
work in progress	7,700	
		26,700

6. (a) The standard cost sheet for producing one unit shows as follows:

direct material cost: 2 kgs @ Rs.5/- per kg.

The actuals which have emerged from business operations are as follows:

Production : 8,000 units

Materials consumed is 16,500 kgs @ Rs.5.10 per kg.

Calculate direct material price variance, usage variance and cost variance.

(10 Marks)

- (b) From the following particulars calculate

i) break even point sales in units and in rupees

ii) sales to earn a profit of Rs.20,000/-

Fixed cost, Rs.2,00,000/-, Variable Cost, Rs.20/- per unit and Selling price, Rs.30/- per unit.

7. (a) What is the meaning of "discounted cash flow" technique? (5 Marks)

- (b) A company is considering the purchase of a machine for which it has three alternative models, A, B and C. The costs are A - Rs.46,500/-, B - Rs.65,300/- and C - Rs.55,200/=. The cash saving expected from installing these machines are given below:

Year	Machine A	Machine B	Machine C
1	13,800	Nil	18,600
2	18,200	25,000	22,900
3	20,100	30,000	31,400
4	19,700	20,000	5,000
5	11,600	10,000	1,500

Suggest the best machine using NPV method. Also compute the profitability index of them. Cost of capital is 12%. The present value of Re.1 received at the end of first five years is 0.893, 0.797, 0.712, 0.636 and 0.567 respectively. (15 Marks)

8. Write short notes on:

- (a) BEP chart  
(b) Revenue expenditure and capital expenditure  
(c) Subsidiary books  
(d) Sales budget.

(4×5=20 Marks)

\*\* \* \*\*

USN

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

**First Semester M.C.A Degree Examination, July/August 2004**

**Master of Computer Applications**

**Accounting and Financial Management**

Time: 3 hrs.]

[Max.Marks : 100

**Note:** Answer any FIVE full questions.

- I. (a) Explain in brief what is accounting process. (5 Marks)
- (b) Mention any six financial accounting concepts. (3 Marks)
- (c) From the following trial balance and other information relating to SNEHA ENTERPRISES prepare their trading, profit and loss account for the year ending 31.3.2002 and a balance sheet as on that date :

Trial Balance as on 31.3.2002

Particulars :	Dr.(Rs.)	Cr.(Rs.)
Sneha's capital	-	1,15,000
Bills receivable/bills payable	3,000	3,800
Land & Building	1,40,000	-
Bank overdraft	-	30,000
Plant & Machinery	40,000	-
Furniture and fixtures	14,000	-
Stock (as on 1.4.2001)	40,000	-
Purchases/sales	2,51,000	4,18,000
Returns inward/ Returns outward	2,000	2,650
Freight inward	1,000	-
Freight outward	500	-
Electricity expenses	5,800	-
Rent	2,800	-
Wages	20,000	-
Salaries	35,000	-
Discount allowed / Discount received	2,500	1,000
Interest	2,000	-
Commission received	-	1,000
Cash in hand	25,400	-
Debtors/creditors	45,000	70,000
General expenses	6,250	-
Advertisement expenses	4,000	-
Bad debts	200	-
Patents *	1,000	-
<b>Total :</b>	<b>6,41,450</b>	<b>6,41,450</b>

Contd.... 2

Additional information to be considered :

- i) Depreciate plant and machinery by 5% and furniture and fixtures by 10%
- ii) Salary due but not paid amounted to Rs.500
- iii) Advertisement includes Rs.1000 which is prepaid
- iv) Commission includes Rs.200 received in advance.
- v) Write off 1/5 th of patents.
- vi) Closing stock is valued at Rs.3,700.

(12 Marks)

2. (a) You intend to study :

- i Profitability
- ii Long term solvency
- iii Liquidity and
- iv Usage of assets (Turnover of assets) from the financial statements of a business organisation.

Name two ratios you would use for each of the above purposes and state how those ratios are computed.

(8 Marks)

- (b) From the following balance sheets and other information relating to PREETI LTD prepare their fund flow statement for the year ending 31.3.2002 :

Balance sheet :

Liabilities

	As on	
	31.3.2001	31.3.2002
	Rs.	Rs.
Share capital	50,000	65,000
Profit and loss account	25,000	37,500
Term loan from bank	-	1,00,000
Proposed dividend	1,000	7,500
Tax provision	10,000	12,500
Sundry creditors	4,000	6,000
Outstanding expenses	500	1,000
<b>Total :</b>	<b>90,500</b>	<b>2,29,500</b>

Assets

Goodwill	5,000	4,000
Land and building	37,500	75,000
Machinery	25,000	1,12,500
Investments	5,000	12,500
Debtors	12,500	7,500
Stock	4,500	15,000
Cash and Bank balances	500	3,000
Preliminary expenses	500	-
<b>Total :</b>	<b>90,500</b>	<b>2,29,500</b>

Other information :

Contd.... 3

14

- i) Depreciation provided on machinery was Rs.12,500
- ii) No depreciation was provided on land and building
- iii) Dividend for the year ending 31.3.2001 was paid during the year ending 31.3.2002
- iv) During the year ending 31.3.2002 investments costing Rs.2500 were sold for Rs.3,500
- v) Tax paid in the year was Rs.9,500 and was debited to tax provision account.

(12 Marks)

3. (a) State in brief the meaning of the following (any FOUR) :

- i) Working capital
- ii) Cost of goods sold
- iii) Capital employed
- iv) Financial statement analysis
- v) Owner's funds (shareholders' funds)
- vi) Current assets and liabilities.

(8 Marks)

(b) Following are the balances at the beginning and end of the year 2001 extracted from the books of Deepti Ltd.

Particulars	As on	
	1.1.2001	31.12.2001
	Rs.	Rs.
Stocks	5,000	4,500
Debtors	3,000	3,500
Cash and bank	500	700
Creditors	2,700	1,000
Outstanding expenses	100	50
Long term loans	2,000	2,500
Fixed assets	2,300	3,000
Shareholders' funds	6,000	8,150

Sales and purchases during the year 2001 amounted to Rs.26,000 and Rs.18,500 respectively.

From the above calculate :

- i) Debtors' turnover, stock turnover and creditors' turnover (In number of times and in number of days, assuming 360 days in the year)
- ii) Sales to capital employed ratio
- iii) Sales to working capital ratio and
- iv) Sales to total assets ratio.

(12 Marks)

4. (a) State any four of the underlying assumptions of cost, volume and profit (CVP) analysis.\*

(4 Marks)

(b) Mention any four practical applications for which CVP analysis technique can be used.

(4 Marks)

- (c) From the following details provided by Tanu Ltd. You are requested to compute various labour cost variances : (12 Marks)

	Standard	Actual
Output	1000 units	1200 units
labour payment	@ Rs.6 per unit	Rs.8000
Time required	50 Hours	40 Hours

5. (a) Explain in short :

- Budget centre
- Budget key factor (limiting factor)
- Classification of budgets and
- Master budget.

(8 Marks)

- (b) From the following details relating to Shweta Manufacturing Co. Ltd., prepare their statement of cost and profit indicating :

- Prime cost
- Factory cost
- Cost of production
- Cost of goods sold and
- Profit

	Rs.
Cost of raw materials purchased	45,000
Wages paid	23,000
Factory overheads	9,200
Selling and distribution expenses	2,000
Administrative overheads	3,000
Opening stock :	3,000
- Raw materials	1,200
- Work in progress	6,000
- Finished goods	
Closing stock :	2,500
- Raw materials	1,500
- Work in progress	5,500
- Finished goods	90,000
Sales	

(12 Marks)

6. (a) State the significance of Fund Flow Statement as a tool of financial statement analysis and enumerate its objectives. (6 Marks)

- (b) Smita Novelties report their operating results for the years 2000 and 2001 which were as follows :

	Year 2000	Year 2001
	Rs.	Rs.
Total costs	2,00,000	3,00,000
Profit	25,000	50,000

From the above find their

- Variable and fixed costs
- Contribution ratio (P/V ratio)
- Breakeven point (BEP)
- Amount of sales to earn a profit of Rs.60,000
- Margin of safety when profit is Rs.60,000
- The amount of profit when margin of safety is Rs.1,00,000.

(14 Marks)







NEW SCHEME



MCA11B

341

USN

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

## First Semester M.C.A Degree Examination, January/February 2005

### Master of Computer Applications

### Accounting and Financial Management

Time: 3 hrs.]

[Max.Marks : 100

**Note:** Answer any FIVE full questions.

1. (a) Briefly explain any 5 accounting concepts. (5 Marks)
- (b) From the following trial balance of Mr. Kumar, prepare a Trading and Profit and loss account for the year ending 30.6.2004 and a balance sheet as on that date :

Trial Balance - 30.6.2004

	Dr.(Rs.)	Cr.(Rs.)
Kumar's Capital	-	71,000
Cash in hand	3,900	-
Purchases & sales	41,000	98,800
Returns	600	500
Wages	10,500	-
Power and fuel	4,000	-
Salary & wages	15,000	-
Carriage outwards	3,200	-
Carriage inwards	2,000	-
Stock (1.7.2003)	5,800	-
Building	40,000	-
Plant & Machinery	20,000	-
Furniture	7,500	-
Creditor's and Debtors	14,000	6,000
Bad debts	500	-
Provision for Bad debts	-	300
General expenses	3,000	-
Insurance	600	-
Drawings	5,000	-
	1,76,600	1,76,000

Adjustments :

- i) Closing stock on 30.6.2004 was valued at Rs. 7,000.
- ii) Building, machinery & furniture are to be depreciated by Rs. 2,000, Rs. 3,000 and Rs. 1,500 respectively.
- iii) Salaries and advertisement bill are outstanding to the extent of Rs. 500 and Rs. 1,000 respectively.

Contd.... 2

- iv) Create 5% RBD on debtor's  
v) Prepaid insurance amounted to Rs. 170.  
vi) Goods purchased worth Rs. 5,000 were received and included in closing stock but were not entered in purchaser book.  
vii) Charge 5% interest on drawings.

(15 Marks)

2. (a) Briefly explain any 5 balance sheet ratio's. (5 Marks)  
(b) The following are the summarised profit and loss account of Divya Ltd. for the year ending 31.12.2004 and the balance sheet as on that date

## Profit and Loss account

Dr.	Rs.		Cr.
To Opening stock	99,500	By sales	8,50,000
" Purchases	5,45,250	By closing stock	1,49,000
" Incidental exp.	14,250		
" Gross profit	3,40,000		
	<hr/>		<hr/>
	9,99,000		9,99,000
	<hr/>		<hr/>
<u>To operating Exp.:</u>		By gross profit	3,40,000
Selling and distribution exp.	30,000	<u>By non operating income</u>	
Administration exp.	1,50,000	Interest	3,000
Finance exp.	15,000	Profit on sale of shares	6,000
<u>To Non-operating expenses :</u>			
Loss on sale of assets	4,000		
Net profit	1,50,000		
	<hr/>		<hr/>
	3,49,000		3,49,000

## Balance Sheet

Liabilities	Amt.	Assets	Amt.
2000 equity		Land & building	1,50,000
Shares of 100 each	2,00,000	Plant/Machinery	80,000
Reserves	90,000	Stock	1,49,000
Current liabilities	1,30,000	Debtors	71,000
Profit & loss a/c	60,000	Cash	30,000
	<hr/>		<hr/>
	4,80,000		4,80,000

Find :

- i) Current Ratio ii) Operating Ratio  
iii) Stock turnover ratio iv) Return on total resources  
v) Turnover of fixed assets.

(15 Marks)

3. (a) Define Marginal costing. Mention any 3 uses of Marginal costing in decision making. (5 Marks)

Contd.... 3

- (b) Mr.Z was given the sales forecast for January to July 2003 and actual sales for November to December 2002 as follows :

	Rs.
Sales November 2002	80,000
December 2002	70,000
January 2003	80,000
February	1,00,000
March	80,000
April	1,00,000
May	90,000
June	1,20,000
July	1,00,000

Sales 20 percent cash, 80 percent credit payable in the 3rd month (January Sales in March)

Variable expenses 5% on Turnover time lag  $\frac{1}{2}$  month.

Commission 5% on credit sales payable in third month.

Purchases 60% of sales of the third month payment 3rd month of purchases.

Rent and other expenses Rs. 3000 paid every month.

Other payments : Fixed Assets purchase - March 50,000

Taxes - April Rs. 20,000

Opening cash balance Rs. 25,000

Prepare a cash budget from January to May 2003.

(15 Marks)

7. (a) Mention any 3 classification of cost. (5 Marks)

- (b) Given that the standards for material consumption are 40 kgs at Rs. 10 per kg. compute<sup>#</sup> material usage, price and cost variance, when the actuals are :

- 48 kgs at Rs. 10 per kg.
- 40 kgs at Rs. 12 per kg.
- 48 kgs at Rs. 12 per kg.
- 36 kgs for a total cost of Rs. 360.

(15 Marks)

8. Write short notes on :

- Flexible budget
- Break even chart
- Conventions of accounting
- Subsidiary books.

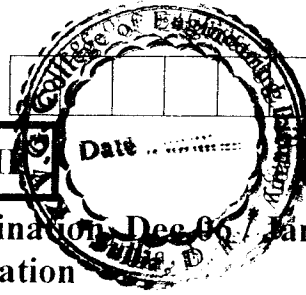
(20 Marks)

\*\* \* \*\*



9

USN



NEW SCHEME

First Semester MCA Degree Examination, Dec 06 / Jan 07  
Computer Application

### Accounting & Financial Management

Time: 3 hrs.]

[Max. Marks:100

**Note: 1. Answer any FIVE full questions.**

- 1 a. Mention the various accounting concepts and conventions. (05 Marks)  
b. From the following trial balance of Mr. Kumar, prepare a trading and profit and loss account for the year ending 31-12-2005 and a balance sheet as on that date.

Particulars	Debit (Rs.)	Credit (Rs.)
Capital	--	30000
Drawings	5000	--
Debtors and Creditors	20000	10000
Loan on mortgage	--	9500
Interest on loan	300	--
Cash in hand	2000	--
Provision for bad debts	--	700
Stock (on 1-1-2005)	6800	--
Motor vehicles	10000	--
Cash at bank	3500	--
Land and building	12000	--
Bad debts	500	--
Purchases and sales	66000	110000
Returns	8000	1500
Carriage outward	2500	--
Carriage inward	3000	--
Salaries	9000	--
Rent, taxes and insurance	3000	--
Advertising	2500	--
Discount	1000	500
General expenses	3400	--
Bills receivable and payable	6000	2000
Rent received	--	300
	164500	164500

Adjustments :

- Stock in hand on 31-12-2005 was valued at Rs.7000.
- Salaries outstanding Rs.700.
- Prepaid insurance Rs.200.
- Provision for bad debts is to be maintained at 5% on sundry debtors.

Depreciate land and buildings at  $2\frac{1}{2}$  % motor vehicles at 20%.

(15 Marks)

- 2 a. Explain the importance of accounting ratios in the analysis of financial statements. (05 Marks)

Contd....2

- 2 b. The working capital of ABC Ltd has deteriorated in recent years and now stands as under,

Current Liabilities	Rs.	Current Assets	Rs.
Creditors	490000	Inventory	560000
Bank loan	210000	Debtors	350000
		Cash	70000
	700000		980000

- i) Compute the current and quick ratios.  
 ii) There is also a negotiation going on for discounting the debtors of Rs.350000 for Rs.315000 to a collection agency for immediate cash. Also absolute stocks worth Rs.125000 are being sold for Rs.80000; of the cash to be realized by the two transactions, the bank loan is proposed to be reduced to Rs.100000. Calculate the new current ratio and new quick ratio after the transactions are put through. (15 Marks)
- 3 a. Explain funds flow statement and its advantages. (05 Marks)  
 b. From the following balance sheet for the years 2004 and 2005 prepare a schedule of changes in working capital and a funds flow statement :

Liabilities	2004 Rs.	2005 Rs.	Assets	2004 Rs.	2005 Rs.
Share capital	100000	100000	Buildings	50000	45000
General reserve	20000	25000	Plant	27800	29000
Net profit	19000	15000	Investment	15000	18100
Sundry creditors	8000	5400	Stock	35000	40000
Provision for taxation	22000	31500	Bills receivable	3000	4000
Provision for doubtful debts	2000	2700	Debtors	21000	25000
			Bank	19200	18500
	171000	179600		171000	179600

The following additional information is also available :

- i) Depreciation on building Rs.4000 and plant Rs.3500.  
 ii) Provision for taxation of Rs.25000 was made during the year. (15 Marks)  
 iii) Interim dividend of Rs.10000 was paid during the year. (05 Marks)
- 4 a. Explain the meaning and objectives of budgetary control.  
 b. A company produces a standard product. The estimated cost per unit are as follows : Raw materials Rs.4.00; Wages Rs.2.00; Variable overhead Rs.5.00. The Semi-variable costs are : Indirect materials Rs.235; Indirect labour Rs.156; Repairs Rs.750. The variable costs per unit included in semi-variable are : Indirect materials Rs.0.05; Labour Rs.0.08 and Repairs Rs.0.10; The fixed costs are : Factory Rs.2000; Administration Rs.3000; Selling and distribution expenses Rs.2500. The above costs are for 70% of normal capacity producing 700 units; The selling price is Rs.10 per unit. Prepare flexible budget for 80% and 100% normal capacities from the above information. (15 Marks)
- 5 a. Explain with examples functional classification of costs. (05 Marks)  
 b. The following information was extracted from the costing records of a factory for the year ending 31.12.2005.



10

	01-01-2005 Rs.	31-12-2005 Rs.
Raw materials	11000	12232
Work-in-progress	2640	15200
Finished product	8800 (800 units)	- (1600 units)
Purchase of raw materials		66000
Direct wages		55000
Rent, rates, insurance on factory		22000
Carriage inward.		792
Cost of factory supervision		4400
Sales of finished product		160000

Advertising, discounts allowed and selling costs amounted to Rs.0.75 paise per unit sold. Note : 12,800 units of commodity were produced during the year. You are required to ascertain.

- i) Value of materials used.
  - ii) Prime cost.
  - iii) Works cost.
  - iv) Cost of production. (15 Marks)
  - v) % of profit on sales. (05 Marks)
- 6 a. What is standard costing? State its advantages.
- b. From the following particulars calculate :
- i) Total materials cost variance;
  - ii) Materials price variance ; and
  - iii) Materials usage variance. (15 Marks)

Materials	Standard		Actual	
	Units	Price (Rs.)	Units	Price (Rs.)
A	1010	1.00	1080	1.20
B	410	1.50	380	1.80
C	350	2.00	380	1.90

- 7 a. Define the following :
- i) Contribution.
  - ii) Break even point.
  - iii) Profit / volume ratio. (06 Marks)
- b. Position of Rama and Co. Ltd for the year ending 31.12.2005 :

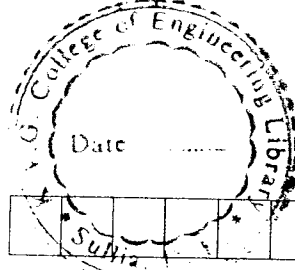
	Rs.
Sales	200000
Marginal cost	150000
Contribution	50000
Less fixed cost	15000
Net profit	35000

Find out :

- i) Profit / Volume ratio.
  - ii) Break even point
  - iii) Net profit if the sales were Rs.250000 (14 Marks)
  - iv) Sales to get a net profit of Rs.70000.
- 8 Write short notes on the following :
- a. Subsidiary books.
  - b. Cash budget.
  - c. Trial balance.
  - d. Capital budgeting appraisal methods. (20 Marks)



7  
(Handwritten marks)



MCA11B

USN

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

**NEW SCHEME**

**First Semester MCA Degree Examination, July 2007  
Accounting and Financial Management**

Time: 3 hrs.]

[Max. Marks:100

**Note : Answer any FIVE full questions.**

- 1 a. State the different classes of accounts and the corresponding rules for debit and credit. (05 Marks)  
 b. Prepare trading and profit and loss account and a balance sheet from the following balances relating to the year ending 31<sup>st</sup> March 2000:

	<u>Rs.</u>		<u>Rs.</u>
1. Capital -	10,000	11. Wages -	5,000
2. Creditors -	1,200	12. Bank -	1,000
3. Return outwards -	500	13. Repairs -	50
4. Sales -	16,400	14. Opening stock -	2,000
5. Bills payable -	500	15. Rent -	400
6. Plant & machinery -	4,000	16. Manufacturing expenses -	800
7. Sundry debtors -	2,400	17. Trade expenses -	700
8. Drawings -	1,000	18. Bad debts -	200
9. Purchaser -	10,500	19. Carriage -	150
10. Returns inwards -	300	20. Fuel & power -	100

Adjusting Entries: -

- i) The closing stock was valued at Rs.1450
- ii) Depreciate plant and machinery by Rs.400
- iii) Allow 5% interest on capital
- iv) A sum of Rs.40 is due for repairs.

(15 Marks)

- 2 a. Define marginal cost and marginal costing. (05 Marks)  
 b. XYZ Co. Ltd., have an installed capacity of 5000 trucks per annum. For the coming year they have budgeted as follows:

Production / sales – 4000 units.

<u>Costs:</u>	<u>Rs. in crores</u>
i) Direct material -	8.00
ii) Direct wages -	0.60
iii) Factory expenses -	0.80
iv) Administrative expenses -	0.20
v) Selling expenses -	0.20
PROFIT -	1.00

Factory expenses as well as selling expenses are variable to the extent of 20%. Calculate BEP and break even capacity utilization percentage. (15 Marks)

- 3 a. What are the techniques of standard costing? (05 Marks)  
 b. Calculate material price variance, material mix variance, and material yield variance for the following data:

Material	Standard			Actual		
	Qty (kg)	Price (Rs.)	Total (Rs.)	Qty (kg)	Price (Rs.)	Total (Rs.)
A	4	1	4	2	3.50	7
B	2	2	4	1	2.00	2
C	2	4	8	3	3.00	9

(15 Marks)

- 4 a. State the fundamental principles of budgeting. (05 Marks)  
 b. ABC Co. Ltd., wishes to arrange overdraft facilities with its bankers during October – December 2000 when it would be manufacturing mostly for stock. Indicate with the help of a cash budget the extent of bank facilities the company would require for each month of the period:

Month (2000)	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	90,000	62,400	6,000
September	96,000	72,000	7,000
October	54,000	1,21,500	5,500
November	87,000	1,23,000	5,000
December	63,000	1,34,000	7,500

50% of credit sales would be realized in the month following the sale and the remaining 50% in the second month following. Creditors would be paid in the month following of purchase; interest Rs.2000 is payable in the month of November and income tax of Rs.12,000 is payable in December.

(15 Marks)

- 5 a. Define costing and cost accountancy. (05 Marks)  
 b. The production data of a manufacturer for the year 2000 was as follows:

	<u>Rs.</u>
Materials -	20,000
Wages -	30,000
Works over heads -	15,000
Office over heads -	6,500
Sales -	90,000

The output was 10,000 units. During 2001 manufacturer wants to quote price for 500 units, materials cost is expected to rise by 10% and labour cost 20%. The manufacturer wants 10% profit on sales.

(15 Marks)



- 6 a. What is the significance of accounting ratios in the analysis of financial statements? (05 Marks)
- b. The following information is obtained from the books of PQR Cooperative Ltd., which closes its accounts on 31<sup>st</sup> march every year. Rearrange it in a form suitable for analysis and calculate: current ratio, fixed asset to net worth ratio, proprietary ratio, sales to capital employed ratio and average collection period ratios.

CONDENSED BALANCE SHEET:

<u>Assets:</u>	<u>1999</u> <u>(Rs.)</u>	<u>2000</u> <u>(Rs.)</u>
Cash at bank -	15,380	26,020
Trade debtors -	11,260	11,710
Stock on hand -	56,160	49,460
Fixed assets (less depreciation) -	2,17,200	2,19,810
Total assets -	<u>3,00,000</u>	<u>3,07,000</u>

LIABILITIES & CAPITAL:

	<u>1999</u> <u>(Rs.)</u>	<u>2000</u> <u>(Rs.)</u>
Creditors -	20,000	16,000
Bills payable -	12,750	6,500
Debentures, Reserves & approximation -	1,00,000	1,00,000
Account (balance) -	67,250	84,500
Paid up capital -	<u>1,00,00</u>	<u>1,00,000</u>
	<u>3,00,000</u>	<u>3,07,000</u>
Sales -	1,80,000	1,95,000

Note: Calculate ratios to nearest second decimal places.

(15 Marks)

- 7 a. Explain the nature and concept of capital budgeting. (05 Marks)
- b. XYZ Co. Ltd., is considering two mutually exclusive projects. Both requires an initial outlay of Rs.5.00,000 each and have a life of 5 years. The cost of capital is 10% and the tax rate is 50%. Depreciation is charged at 20%. The estimated cash inflow before depreciation and tax of the two projects are as follows:

YEARS	PROJECT A (Rs.)	PROJECT B (Rs.)
1	2,00,000	3,00,000
2	2,20,000	2,70,000
3	2,80,000	2,20,000
4	2,50,000	2,50,000
5	3,00,000	2,00,000

Which project do you recommend under NPV method. PV factor at 10% for 5 years is: 0.909, 0.826, 0.751, 0.683 and 0.621 respectively.

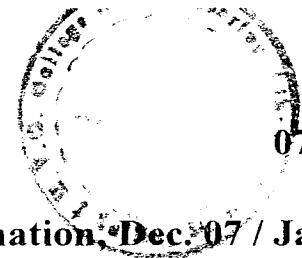
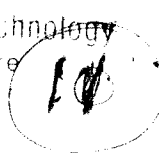
(15 Marks)

- 8 Write short notes on:
- Subsidiary books
  - Administrative procedures
  - Funds flow analysis
  - Job costing and process costing.

(20 Marks)

\*\*\*\*\*





371

07MCA11A

USN

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

**First Semester MCA Degree Examination, Dec. 07 / Jan. 08**  
**Accounting and Financial Management**

Time: 3 hrs.

Max. Marks:100

**Note : Answer any FIVE full questions.**

- 1 a. Briefly explain the accounting concepts. (05 Marks)  
b. From the following trial balance of Mr. Rakesh, prepare a trading and profit and loss account for the year ending 31-12-2006 and a balance sheet as on that date:

Particulars	Debit (Rs.)	Credit (Rs.)
Rakesh Capital	-	24,000
Rakesh Drawings	4,500	
Purchases and Sales	20,000	30,500
Stock (01-01-2006)	8,000	-
Returns inwards	1,500	-
Salary	4,200	-
Wages	1,200	-
Rent	350	-
Bad debts.	400	-
Discounts	700	1,900
Sundry debtors and creditors	14,000	10,000
Cash in hand	6,200	-
Insurance	700	-
Printing	150	-
Furniture	2,000	-
Machinery	5,000	-
Bills payable	-	2,500
<b>Total</b>	<b>68,900</b>	<b>68,900</b>

Adjustment: \*

- Closing stock was valued at Rs.7,000
- Insurance was prepaid to the extent of Rs.60
- Outstanding liabilities were: Salary Rs.200, Wages Rs.200
- Make provision for doubtful debts at 5% on sundry debtors
- Calculate interest on capital 5% p.a.
- Depreciate machinery at 5% and furniture at 10%
- Provide for discount on creditors at 1%.

(15 Marks)

- 2 a. Define cost accounting and state its objectives. (05 Marks)  
b. The following figures have been extracted from the cost records of a company for the year 2006:

	Rs.
Direct materials	70,000
Direct wages	60,000
Factory overhead	30,000
Administrative overhead	48,000
Selling overhead	32,000
Distribution overhead	16,000
Profit	64,000

312

- 2 b. A work order has been executed in 2007 and the following expenses have been incurred. Materials Rs.10,000 and wages Rs.6,000. Assume that the rate of factory overhead has gone up by 20%. The administrative overhead has gone up by 10%. Selling overheads are Rs.3,000 and distribution overheads are Rs.134. Prepare cost sheet and find out, at what price would be the product be sold so as to earn the same rate of net profit on the selling price. (15 Marks)

- 3 a. Explain the limitations of ratio analysis. (05 Marks)  
 b. The following information of a company is given:  
 Current ratio 2.5:1, Acid-test ratio 1.5:1, Current liabilities Rs.50,000.  
 Find out: i) Current assets ii) Liquid assets iii) Inventory. (05 Marks)

- c. M/s. Rakesh and Co. supplies you the following information for the year ending 31<sup>st</sup> Dec. 2006: Credit sales Rs.1,50,000; Cash sales Rs.2,50,000; Returns inward Rs.25,000; Opening stock Rs.25,000; Closing stock Rs.35,000. Find out:

- i) Inventory turnover when gross profit ratio is 20%  
 ii) Inventory conversion period. (05 Marks)

- d. Find out: i) Debtors turnover ii) Average collection period from the following information:

Particulars	31 <sup>st</sup> March 2007 (Rs.)
Annual credit sales	5,00,000
Debtors in the beginning	80,000
Debtors at the end	1,00,000

Days to be taken for the year: 360. (05 Marks)

- 4 a. Distinguish between absorption costing and marginal costing. (05 Marks)  
 b. For production of 10,000 articles, the following are budgeted expenses:

	Per unit (Rs.)
Direct materials	60.00
Direct labour	30.00
Variable overheads	20.00
Fixed overheads (Rs.1,60,000)	16.00
Variable expenses (direct)	5.00
Selling expenses (20% fixed)	15.00
Administrative expenses (Rs.50,000 fixed for all levels of production)	5.00
Distribution expenses (20% fixed)	5.00
	<b>156.00</b>

Prepare a flexible budget for production of 6,000; 7,000 and 8,000 units of articles, allowing clearly variable cost, fixed cost and total cost. (15 Marks)

- 5 a. What are the limitations of cash flow statement? (05 Marks)  
 b. From the following balance sheets of X Co. Ltd. for the year ending 31<sup>st</sup> December 2005 and 2006 prepare:

- i) A schedule of changes in working capital  
 ii) Statement of sources and application of funds.

Liabilities	2005 (Rs.)	2006 (Rs.)	Assets	2005 (Rs.)	2006 (Rs.)
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
			Stock	1,21,000	1,36,000
Trade creditors	1,06,000	70,000	Debtors	1,81,000	1,70,000
Profit and loss account	14,000	31,000	Cash	1,43,000	2,70,000

(15 Marks)



6

- 6 a. Explain the importance of CVP analysis. (05 Marks)  
 b. From the following particulars find out:  
 i) P/V ratio  
 ii) Break even point  
 iii) Net profit from the sales of Rs.1,30,000 and  
 iv) Sales to be effected to earn a net profit of Rs.10,000.  
 The position of the company for the year 2006.

Particulars	Amount (Rs.)
Sales	1,20,000
Variable overheads	96,000
Gross profit	24,000
Fixed overheads	16,000
Net profit	8,000

(15 Marks)

- 7 a. State the factors involved in determination of working capital. (05 Marks)  
 b. X & Co. is desirous to purchase a business and has consulted you, and one point on which you are asked to advise them is the average amount of working capital which will be required in the first years working. You are given the following estimates and are instructed to add 10 percent to your computed figure to allow for contingencies:

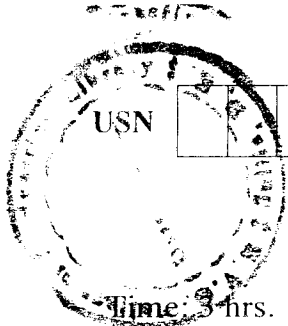
Particulars	Amount for the year Rs.
i) Amount blocked up for works: Stocks of finished product stocks	5,000
Stocks of stores and materials	8,000
ii) Average credit given: Inland sales 6 weeks credit	3,12,000
Export sales 1.5 weeks credit	78,000
iii) Average time lag in payment of wages and other outgoings: Wages 1.5 weeks	2,60,000
Stocks and materials, 1.5 months	48,000
Rent, royalties etc. 6 months	10,000
Clerical staff, 0.5 month	62,400
Manager, 0.5 month	4,800
Miscellaneous expenses, 1.5 months	48,000
iv) Payment in advance: Sundry expenses (paid quarterly in advance)	8,000
v) Undrawn profits on an average throughout the year	11,000

Set up your calculations for the average amount of working capital required. (15 Marks)

- 8 Write short notes on the following:  
 a. Capital budgeting process  
 b. Methods of costing  
 c. Trial balance  
 d. Evaluation methods of investment proposals. (20 Marks)

\*\*\*\*\*





REFERENCE COPY  
S. V. S. S. LIBRARY

**First Semester MCA Examination, June/July 08**  
**Accounting and Financial Management**

Max. Marks:100

Note : Answer any FIVE full questions.

- 1 a. What do you mean by Marginal costing? Discuss its usefulness and limitation. (05 Marks)
- b. Using information given below, prepare income statement under absorption costing and marginal costing for the month of June and July.

i) Data per unit

Selling price	Rs. 50
Material cost	Rs.18
Labour cost	Rs.4
Variable overheads	Rs.3

ii) Monthly cost.  
 Fixed production cost Rs. 99,000:Fixed administration cost Rs.40, 000; Variable selling cost 10% of sales revenue; Normal production capacity 11,000 units p.m.; sales in units June 10,000 July 12,000.Production in units June – 12000, July – 10,000

(15 Marks)

- 2 a. What is profit volume ratio? How do you improve it? (05 Marks)
- b. Swathi Ltd., a multiproduct company furnishes you the following data relating to the year 2004.

	1 half of the year	2 half of the year
Total sales	Rs. 4,50,000	5,00,000
Total cost	Rs.4, 00,000	4,30,000

Calculate for the year:  
 i) Profit volume ratio, ii) Break even sales  
 iii) Sales required to make a profit of Rs. 1,00,000, iv) Profit when sales are Rs. 7,00,000  
 v) Percentage of margin of safety. (15 Marks)

- 3 a. "Cost Accounting has come to an essential tool of management" comment. (05 Marks)
- b. From the following particulars prepare cost sheet for the year ended 31-12-01

	Rs.
Stock of finished goods [1-1-01]	6000
Stock of raw materials [1-1-0]	40,000
Work in progress [1-1-01]	15,000
Purchase of raw materials	4,75,000
Carriage Inward	12,500
Factory rent and taxes	7,250
Other production expenses	43,000
Stock of finished goods [31-12-01]	15,000
Wages	1,75,000
Works manager salary	45,000
Power expenses	9,500
Selling expenses	4,250
General expenses	32,500
Sales for the year	8,60,000
Stock of raw materials [31-12-01]	50,000
Work in progress [31-12-01]	10,000

(15 Marks)

382

- 4 a. Differentiate between funds flow analysis and cash flow analysis. (05 Marks)  
b. From the following balance sheets of Black and company as on 31/12/04 and 31/12/05 prepare fund flow statement.

Liabilities	2001	2002	Assets	2001	2002
Share capital	1,00,000	1,50,000	Goodwill	15,000	10,000
Reserve fund	10,000	20,000	Building	40,000	35,000
Profit & Loss A/c	15,000	28,000	Machinery	30,000	60,000
Tax Provision	25,000	42,000	Investment	22,000	50,000
Creditors	43,000	27,000	Stock	28,000	55,000
Bills Payable	12,000	13,000	Debtors	45,000	42,000
			Cash	25,000	28,000
	2,05,000	2,80,000		2,05,000	2,80,000

Additional information.

Depreciation on building Rs. 5,000

Depreciation on Machinery Rs. 15,000.

Taxes paid during the year Rs. 20,000.

Interim Dividend paid during the year Rs. 10,000.

(15 Marks)

- 5 a. Briefly explain the factors, which determine working capital needs of a firm. (05 Marks)  
b. ABC Ltd sells its product on a Gross profit of 20% on sales. The following information are extracted from its annual accounts for the year ended 31-12-05

Sales (3 months Credit)	Rs.	40,00,000
Raw materials	Rs	12,00,000
Wages (1/2 months arrears)	Rs	9,60,000
Manufacturing Expenses (one month arrears)	Rs	12,00,000
Administration expenses (one month arrears)	Rs	4,80,000
Sales promotion expenses (1/2 yearly in advance)	Rs	2,00,000

Company enjoys one-month credit from supplier of raw materials and maintain 2 months stock of raw materials and  $1\frac{1}{2}$  month finished goods. Cash balance maintained at Rs.

1,00,000 as precautionary balance.

(15 Marks)

- 6 a. What is capital budgeting? Why is it significant for a firm? (05 Marks)  
b. A company is considering to purchase two machines with the following details

	Machine 1	Machine 2
Life	3 years	3 years
Capital Cost	Rs. 1,00,000	Rs. 1,00,000

Net earning after-tax

	Rs.	Rs.
1 <sup>st</sup> year	80,000	20,000
2 <sup>nd</sup> year	60,000	70,000
3 <sup>rd</sup> year	40,000	90,000

You are required to suggest which machine should be purchased using payback period. NPV at 10% [PV factors 0.909, 0.826, 0.751] and ARR.

Note: Ignore depreciation.

(15 Marks)



HA

07MCA11A

- 7 a. What is GAAP? State the significance of preparing trial balance. (05 Marks)
- b. Following is the trial balance of Mr. Shreyas, a trader. Prepare trading and profit and loss account for the year ended 31-03-05 and prepare balance sheet as on that date. (10 Marks)

Particulars	Debit Rs.	Credit Rs.
Capital A/C		50000
Loan from Karan		20000
Sales		720000
Discount		500
Creditors		20000
Current A/c	1500	
Purchases	699200	
Salaries	4200	
Carriage inward	400	
Carriage outward	500	
Power	300	
Rates and Insurance	400	
Building	27000	
Furniture	6000	
Debtors	8000	
Cash	250	
Bank	1500	
Stock on 1-4-04	61250	
Total	810500	810500

Adjustments:

- i) Closing stock valued at 60850
- ii) Prepaid rate Rs. 125
- iii) Bad debts written off Rs. 500
- iv) Provision for doubtful debt at 5%
- v) Building depreciated by 2%
- vi) Manager is entitled to a commission of 5% of net profit before charging such commission. (15 Marks)

8 Write short notes on any four of the following:

- a. Flexible Budget.
- b. Short-term solvency ratios.
- c. Journal and ledger.
- d. Dupont Analysis
- e. Internal Rate of Return.

(15 Marks)

\*\*\*\*\*





Balance Sheet as on 31<sup>st</sup> march, 2007

Liabilities	Rs	Assets	Rs
Share capital (in shares of Rs.10 each)	5,00,000	Land and buildings	5,00,000
General Reserve	4,00,000	Plant & machinery	2,00,000
Profit and Loss A/c	1,50,000	Stock	1,50,000
Sundry Creditors	2,00,000	S. Debtors	2,50,000
		Cash and Bank balance	1,50,000
	12,50,000		12,50,000

Profit and Loss account for the year ended 31.3.07

Particulars	Rs	Particulars	Rs
To Opening stock	2,50,000	By Sales	18,00,000
" Purchases	10,50,000	By Closing stock	1,50,000
" Gross profit c/d	6,50,000		
	19,50,000		19,50,000
To Administration Exp.	2,30,000	By Gross profit b/d	6,50,000
" Selling & distribution Exp.	1,00,000	By Non operating Income:-	50,000
" Expenses of Financing	20,000		
" Net profit	3,50,000		
	7,00,000		7,00,000

(15 Marks)

- 3 a. Give the managerial uses of funds flow statement (any five). (05 Marks)
- b. From following Balance sheets of a concern prepare. (15 Marks)
- Statement showing changes in working capital.
  - Statement showing funds from operation and
  - Funds flow statement.

Liabilities	2005	2006	Assets	2005	2006
Redeemable Pref. Shares	-	10,000	Fixed Assets	41,000	40,000
Equity shares	40,000	40,000	Less Depreciation	11,000	15,000
General reserve	2,000	2,000		30,000	25,000
Profit and loss A/c	1,000	1,200	S. Debtors	20,000	24,000
Debentures	6,000	7,000	Stock	30,000	35,000
Creditors	12,000	11,000	Prepaid expenses	300	500
Provision for tax	3,000	4,200	Cash	1200	3500
Proposed Dividend	5,000	5,800			
Bank O.D.	12,500	6,800			
	81,500	88,000		81,500	88,000

- 4 a. Following information was extracted from the costing records of a factory for the year ended 31.12.2007.

<u>Stock on 01.01.2007</u>	Raw materials	Rs.11,000
	Finished goods (800 tons)	Rs. 8,800
	Work in progress	Rs. 2,640
<u>Stock on 31.12.2007</u>	Raw materials	Rs.12,232
	Finished goods(1600 tons)	Rs. ?
	Work in progress	Rs. 15,200
Purchase of raw materials	Rs. 66,000	
Direct wages	Rs. 55,000	
Rent rates & insurance & works crested	Rs.22,000	
Carriage inward	Rs. 792	
Cost of factory supervision	Rs. 4,400	
Sales	Rs. 1,60,000	



Advertising, discount allowed and selling costs amounted to 75 paise per ton sold. 12800 tons of commodity were produced during the year you are required to ascertain  
 (1) Cost of materials consumed (2) Cost of production (3) Cost of sales (4) Profit. (10 Marks)

- b. Define the term working capital. Discuss the factors determining the working capital. (10 Marks)
- 5 a. Define marginal costing. How does marginal costing differs from total cost? (05 Marks)
- b. Raj Corporation Ltd has prepared the following budget estimates for the year 2005-06.
- |                |   |                |
|----------------|---|----------------|
| Units sold     | - | 15000 units    |
| Fixed expenses | - | Rs. 34,000.    |
| Sales value    | - | Rs. 1,50,000.  |
| Variable costs | - | Rs. 6 per unit |

You are required to:

- (i) Find the P/V ratio. Break –even point and margin of safety.
- (ii) Calculate the revised P/V ratio. Break –even point and margin of safety in each of the following cases.
- Decrease of 10% in selling price.
  - Increase of 10% variable costs.
  - Increase of sales volume by 2000 units.
  - Increase of Rs. 6000 in fixed costs. (15 Marks)
- 6 a. What do you mean by budgetary control? Discuss any three objectives of budgetary control. (05 Marks)
- b. The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacity.

	<u>Expenses at 50% capacity</u>
	Rs.
<u>Fixed Expenses</u>	
Salaries	50,000
Rent Rates	40,000
Depreciation	60,000
Administrative Expenses	70,000
<u>Variable Expenses</u>	
Materials	2,00,000
Labour	2,50,000
Others	40,000
<u>Semi-variable Expenses</u>	
Repairs	1,00,000
Indirect labour	1,50,000
Others	90,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity a further increase of 5% when capacity crosses 75%.

Estimate sales values at various levels of capacity are

- 60 % capacity - Sales Rs. 11,00,000  
 70 % capacity - Sales Rs. 13,00,000  
 90 % capacity - Sales Rs. 15,00,000

(15 Marks)

- 7 a. What is capital budgeting? Examine its importance. (05 Marks)
- b. An enterprise can make either two investments at the beginning of the year 2006. Assuming the rate of return is 10%, evaluate investment proposal under (a) NPV method and (b) Profitability index.
- |                               |            |            |            |
|-------------------------------|------------|------------|------------|
| Cost of proposal → Proposal A | Rs. 25,000 | Proposal B | Rs. 30,000 |
| Life → Life of proposal A     | - 5 years  | Proposal B | - 5 years  |

Year	Cash flow after depreciation and Tax		NPV @ 10%
	Proposal A	Proposal A	
End of 1 year	Rs. 1000	Rs. 500	0.91
" 2 years	Rs. 2000	Rs. 1000	0.83
" 3 years	Rs. 3500	Rs. 2000	0.75
" 4 years	Rs. 2000	Rs. 2500	0.68
" 5 years	Rs. 1000	Rs. 1800	0.62

Which proposal is preferable?

(15 Marks)

8 Write short notes on:

(20 Marks)

- Accounting concepts.
- Subsidiary books.
- Pay back period.
- Cost classification.

\* \* \* \* \*

Srinivas Institute of Technology  
Library

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

**First Semester MCA Degree Examination, Dec.09/Jan.10**  
**Accounting and Financial Management**

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any FIVE full questions.**  
**2. Use of simple calculator is allowed.**

- 1 a. Give the meaning of double entry book keeping. State the rules of debit and credit. (05 Marks)
- b. Prepare Trading and Profit & Loss accounts for the year ending 31-12-2009 and Balance Sheet as on that date, from the below given trial balance and adjustments, in the books of VEEBEE Traders:

S.No.	Name of Accounts	Debit (Rs.)	Credit (Rs.)
1	Drawing and Capital	10000	50000
2	B/R and B/P	5000	6000
3	Purchases and sales	103500	162500
4	Opening stock (1.1.2009)	25000	-
5	Returns	2500	3500
6	Debtors and creditors	16200	12000
7	Salaries	11000	-
8	Wages	9600	-
9	Machinery	30000	-
10	Furniture	5000	-
11	Rent and taxes	3500	-
12	Insurance	1300	-
13	Printing and stationary	1500	-
14	Cash in hand	200	-
15	Cash at Bank	9700	-
	Total	234000	234000

Adjustments:

- i) Outstanding expenses : Wages Rs. 400, Salaries Rs. 1000, Rent Rs. 500.
- ii) Insurance prepaid Rs. 300.
- iii) Write off Rs. 200 as bad debts and make a provision for doubtful debts at 5% on sundry debtors.
- iv) Depreciate machinery at 5% and furniture at 10%.
- v) Closing stock on 31-12-2009 was Rs.18,000. (15 Marks)
- 2 a. Explain the terms 'Ratio' and 'Analysis'. Write any four uses and two limitations of Ratio analysis. (10 Marks)
- b. The following information of a company is given:  
 Current ratio - 2.5 : 1  
 Quick ratio - 1.5 : 1  
 Current liabilities Rs.50,000  
 Find out : i) Current asset amount ii) Liquid assets amount iii) Inventory amount. (06 Marks)
- c. Remolds Tyre Co. ltd., has achieved a total turnover of Rs.400000. It has cost of goods sold of Rs.2,80,000. Office expenses Rs.30,000. Marketing expenses Rs.20,000. Interest on borrowed capital is Rs.10,000. The tax rate is 30%. You are required to compute Net Profit Ratio in percentage. (04 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.

- 3 a. Write any two distinctions between Funds Flow statement and Cash Flow statement. (04 Marks)
- b. Following are the balance sheets of VInay Co. as on 31-12-2008 and 31-12-2009:

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Share capital	139000	145000	Cash	18000	15600
Share Premium	1000	3000	Debtors	28400	33800
Debentures	24000	12000	Stock	98400	85400
Creditors	20000	23680	Land	40000	60000
Profit & Loss A/c	20800	21120	Goodwill	20000	10000
	204800	204800		204800	204800

Additional information:

i) Dividend paid Rs.7000 ii) Land was purchased for Rs.20000 iii) Amount of goodwill written off was Rs.10000 iv) Debenture loan was repaid for Rs.12000.

Prepare statements showing changes in working capital, adjusted profit & loss account and funds flow statement. (16 Marks)

- 4 a. What is the concept of cost? How are costs classified on the basis of behaviour? (04 Marks)
- b. What is a cost sheet? Name any four items of expenses that are excluded from cost accounts. (04 Marks)
- c. Following data are extracted from the books of Vinita Industries for the year 2009:

	Rs.	
1	Opening stock of raw materials	50,000
2	Closing stock of raw materials	80,000
3	Purchases of raw materials	1,70,000
4	Carriage forwards	10,000
5	Direct wages	1,50,000
6	Indirect wages	20,000
7	Other direct charges	30,000
8	Rent and rates – Factory	10,000
9	Rent and rates – Office	1,000
10	Indirect materials	1,000
11	Depreciation of plant	3,000
12	Depreciation of office furniture	200
13	Office salaries	5,000
14	Salesmen salary	4,000
15	Other office expenses	1,800
16	Other factory expenses	11,400
17	Managing Director's remuneration	24,000
18	Other selling expenses	2,000
19	Travelling expenses	2,200
20	Carriage outwards	2,000
21	Sales	5,00,000
22	Advance income tax paid	30,000
23	Advertisement	4,000

Managing director's remuneration is to be allocated as Rs.8000 to the factory, Rs. 4000 to the office and Rs. 12,000 to the selling departments. From the above information, prepare a cost sheet showing:

- i) Prime cost ii) Works cost iii) Cost of production iv) Cost of sales v) Net profit. (12 Marks)

- 5 a. Compute P/V ratio from the following :
- |                    |   |              |            |
|--------------------|---|--------------|------------|
| Total sales        | - | Rs. 3,60,000 |            |
| Selling price p.u. | - | Rs. 100      |            |
| Variable cost p.u. | - | Rs. 50       |            |
| Fixed cost         | - | Rs. 1,00,000 | (04 Marks) |
- b. What do you mean by a budget? Write any four objectives of budgeting control. (04 Marks)
- c. For the production of 10,000 electrical automatic irons the budget expenses are:
- |                         |                                     |
|-------------------------|-------------------------------------|
|                         | Rs.                                 |
| Raw materials           | 120 p.u.                            |
| Direct labour           | 60 p.u.                             |
| Variable overheads      | 50 p.u.                             |
| Fixed overheads         | 30 p.u. (Rs.3,00,000)               |
| Direct expenses         | 10 p.u.                             |
| Selling expenses        | 30 p.u. (10% fixed)                 |
| Administrative expenses | Rs. 1,00,000 (Rigid for all levels) |
| Distribution expenses   | 10 p.u. (20% fixed)                 |
- Prepare a flexible budget for production of 8000 and 12000 irons. (12 Marks)
- 6 a. Give the meaning of working capital. Why is it called circulating capital? (04 Marks)
- b. You are given the following estimates. As a financial manager, set up your calculations for the average amount of working capital required for the year after making a provision of 10% for contingencies:
- |   |   |        |            |
|---|---|--------|------------|
| Amount blocked-up for stocks:               |   | Rs.    |            |
| Finished goods                              | - | 2500   |            |
| Raw materials                               | - | 4000   |            |
| Average credit given:                       |   |        |            |
| Inland sales - 6 weeks credit               | - | 156000 |            |
| Export sales - 1½ weeks credit              | - | 39000  |            |
| Lag in payment of expenses:                 |   |        |            |
| Wages - 1½ weeks                            | - | 130000 |            |
| Purchases of materials - 1½ months          | - | 24000  |            |
| Rent, Royalties – 6 months                  | - | 5000   |            |
| Clerical staff – ½ month                    | - | 31200  |            |
| Manager - ½ month                           | - | 2400   |            |
| Miscellaneous expenses - 1½ months          | - | 24000  |            |
| Payment in Advance:                         |   |        |            |
| Sundry expenses paid quarterly in advance - |   | 4000   | (16 Marks) |
- 7 a. Write the steps involved in capital budgeting process. (04 Marks)
- b. Name any four advantages of pay back period method. (04 Marks)

- 7 c. The following are the particulars relating to project number - 009:

	Rs.
Cost of the project	- 50,000
Operating savings :	
I – Year	- 5,000
II – Year	- 20,000
III – Year	- 30,000
IV – Year	- 30,000
Raw materials	- 10,000

Calculate discounted pay back period:

- i) Ignoring interest factor
- ii) Taking into interest factor at 10%

Note : Present value of Re.1 at 10% for 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> year is 0.909, 0.826, 0.751 and 0.683 respectively. (12 Marks)

- 8 Write elaborately on:

a. Subsidiary Books (10 Marks)

b. Accounting concepts. (10 Marks)

\* \* \* \* \*

**First Semester MCA Degree Examination, May/June 2010**  
**Accounting and Financial Management**

Time: 3 hrs.

Max. Marks:100

**Note: Answer any FIVE full questions.**

- 1 a. What is a trial balance? Why and how is it prepared? (05 Marks)
- b. From the following trial balance of Akash, prepare trading and profit & loss account and Balance sheet as on 31<sup>st</sup> March 2009.

Trial Balance as on 31-03-2009

S.No.	Particulars	Debit (Rs)	Credit (Rs)
1	Akash's capital	-	3,50,000
2	Akash's drawings	8,000	-
3	Purchases and sales	1,00,000	1,36,000
4	Returns	7,000	5,000
5	Wages	14,000	-
6	Fuel and power	1,800	-
7	Carriage outwards	1,900	-
8	Carriage inwards	1,000	-
9	Discount received	-	16,000
10	Commission allowed	1,100	-
11	Bad debts	1,300	-
12	Salaries	14,500	-
13	Sundry debtors and sundry creditors	23,000	18,000
14	Bank over-draft	-	5,000
15	Bills payable & bill receivable	12,000	6,000
16	Rent & taxes	1,700	-
17	Insurance	1,400	-
18	Postage	200	-
19	Land & Buildings	3,25,000	-
20	Plant & machinery	13,000	-
21	Furniture	3,000	-
22	Stock as on 1-4-2008	5,600	-
23	Cash in hand	500	-
		5,36,000	5,36,000

Adjustments :

- i) Closing stock Rs. 15,000.
- ii) Outstanding expenses: Wages Rs.500; Salaries Rs. 700.
- iii) Prepaid expenses: Rent Rs.200; Insurance Rs.100.
- iv) Write off further bad-debts Rs.500.
- v) Create 3% reserve for discount on creditors.
- vi) Provide 4% reserve for bad-debts and 5% reserve for discount on debtors.
- vii) Allow interest on drawings @ 5% p.a. and interest on capital Rs.700.
- viii) Depreciate plant and machinery @ 6% furniture @ 8%. (15 Marks)

2 a. Distinguish between cost accounting and financial accounting. (05 Marks)

b. A company manufactured and sold 100 computers. Following are the particulars for the year 2008.

Materials	Rs. 3,20,000
Wages	Rs. 4,80,000
Factory overheads	Rs. 2,00,000
Office overheads	Rs. 3,60,000
Selling & distribution overheads	Rs. 1,20,000
Sales	Rs.16,00,000

Estimations for the year 2009 are:

- Production and sales 300 computers
- Material cost will increase by 20%
- Wages will increase by 5%.
- Factory overhead will increase in proportion to the combined cost of materials and wages.
- Selling & distribution costs per unit will remain the same.
- Office expenses will not be affected.

Prepare an estimated cost sheet for the year 2009, showing a profit of 10% on sales.

(15 Marks)

3 a. Define marginal costing. Briefly explain the advantages of marginal costing. (05 Marks)

b. The following data is supplied:

Fixed cost	Rs. 6000
Variable cost	Rs. 200 per ton
Selling price	Rs. 600 per ton

The units produced and sold are 30 tons. Draw a break even chart and calculate

- P/V ratio
- Break even point
- Margin of safety.

(15 Marks)

4 a. Distinguish between cash flow and fund flow analysis. (05 Marks)

b. From the following balance sheets of X Ltd., on 31<sup>st</sup> December 2007 and 2008, you are required to prepare i) A schedule of changes in working capital ii) A funds-flow statement.

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share capital	1,00,000	1,00,000	Goodwill	2,000	2,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit & loss A/c	6,000	3,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investments	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	4,000	600	Debtors	18,000	19,000
			Cash/bank	6,600	15,200
	1,45,600	1,45,800		1,45,600	1,45,800

The following additional information has also been given:

- Depreciation charged on plant was Rs.4000 and on building Rs.4000.
- Provision for taxation of Rs.19000 was made during the year 2008.
- Interim dividend of Rs.8000 was paid during the year 2008.

(15 Marks)



- 5 a. What do you mean by ratio analysis? Mention the various classifications of ratios. (05 Marks)
- b. MEGHA factory, engaged in an industry, which is capital intensive, has been in operation for five years. The capital employed is Rs. 170 lakhs, out of which Rs.100 lakhs represents equity capital and reserves, Rs. 50 lakhs long term borrowings on debentures and Rs.20 lakhscash credit from banks. The working capital of the company Rs. 85 lakhs is made up of stocks Rs.30 lakhs; stores Rs. 14 lakhs; debtors Rs.35 lakhs and advances and deposits Rs.6 lakhs. Annual sales is Rs.80 lakhs.

Calculate the following ratios for use of the management:

- i) Current ratio                      ii) Liquidity ratio                      iii) Debt-Equity ratio  
iv) Proprietary ratio                  v) Fixed assets ratio. (15 Marks)

- 6 a. What do you mean by networking capital? Briefly explain the different determinants of working capital. (05 Marks)
- b. You are supplied with the following information in respect of Geeta Ltd., for the ensuing year:

Production for the year	69000 units
Finished goods on stores	3 months
Raw material in store	2 months
Production process	1 month
Credit allowed by creditors	2 months
Credit given by debtors	3 months
Selling price per unit	Rs.50
Raw material	50% of selling price
Direct wages	10% of selling price
Overheads	20% of selling price

There is regular production and sales cycle and wages and overheads occur evenly. Wages are paid in the next month of accrual. Material is introduced in the beginning of production cycle. Find the required working capital. (15 Marks)

- 7 a. Define C.V.P. analysis. Briefly discuss the various utilities of C.V.P. analysis. (05 Marks)
- b. Draw a flexible budget for overhead expenses on the basis of the following data. Determine the overhead rates @ 70%, 80% iand 90% plant capacity.

<u>Variable overheads</u>	@ 80% capacity (Rs)
Indirect labour	12,000
Stores including spares	4,000
<u>Semi-variable overheads</u>	
Power (30% fixed, 70% variable)	20,000
Repairs and maintainance (60% fixed, 40% variable)	2,000
<u>Fixed overheads</u>	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
	Total overheads 62,000
Estimated direct labour hours	124000 hrs

(15 Marks)

- 8 Write short notes on the following:
- a. Nature of investment decisions in capital budgeting
- b. Objectives of budgetary control
- c. Principles of double entry system of book keeping
- d. Estimating working capital needs.

(20 Marks)

\*\*\*\*\*

