(6 pages)

DECEMBER 2022 **P/ID 77928/RMB1D**

Time : Three hours Maximum : 80 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. Define Financial accounting.

2. What is journal?

3. What do you mean by stock turnover ratio?

4. State the uses of working capital.

5. List out the key components of Marginal costing.

6. Give the objectives of Master budget.

7. What do you mean by margin of safety?

8. State any two importance of ZBB.

9. What is Graphic report?

10. How will you classify the cost?

11. What do you mean by Business entity concept?

12. What is fixed cost?

SECTION B — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

13. What are the limitations of accounting principles?

14. Explain the uses of financial statement analysis.

15. Explain the usefulness of reporting to management.

16. The following is the balance sheet of a company as on 31st March:

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land and buildings	1,40,000
Profit and Loss Account	30,000	Plant and Machinery	3,50,000
General reserve	40,000	Stock	2,00,000
12% Debenture	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivables	10,000
Bills payable	50,000	Cash at bank	40,000
Total	8,40,000	Total	8,40,000

Calculate : Current Ratio, Quick ratio, Debt to equity ratio, capital gearing ratio.

17. From the following information, calculate:
    (a) P/V ratio
    (b) B.E.P
    (c) Margin of safety
    Total sales Rs. 3,60,000
    Selling price per unit Rs. 100
    Variable cost per unit Rs. 50
    Fixed cost Rs. 1,00,000
    (d) if the selling price is reduced to Rs.90, by how much is the margin of safety reduced?

18. From the following particulars calculate
    (a) Total Material Cost Variance
    (b) Material Price Variance
    (c) Material Usage variance

	Standard		Actuals	
Materils	Units	Price Rs.	Unit	Price Rs.
A	2,020	2	2,160	2.40
B	820	3	760	3.60
C	700	4	760	3.80

19. Prepare a production budget for three months ending March 31 2021 for a factory producing four products, on the basis of the following information.

Type of product	Estimated stock on January 1 2021	Estimated sales during January-March, 2021 Units	Desired closing stock on March 31,2021 Units
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. From the Trial balance, given by Surendar, prepare final accounts for the year ended 31st March 2021.

Debit Balance	Amount	Credit Balance	Amount
Land	40,000	Purchase returns	15,000
Opening stock	40,000	Bills payable	7,000
Machinery	66,000	Capital	1,50,000
Purchases	1,30,000	Sales	2,20,000
Wages	35,000	Creditors	60,000
Interest paid	13,000		
Cash	2,300		
Debtors	80,000		
Bills Receivables	15,000		
Office rent paid	12,700		
Furniture	3,000		
Drawings	5,000		
Sales returns	10,000		
	4,52,000		4,52,000

Closing stock 31-03-2021 Rs. 14,500.

21. From the following Balance sheet of Soundar Ltd. Prepare Fund Flow statement.

Balance sheet as on 31 March

Liabilities	2020	2021	Assets	2020	2021
Share Capital	3,00,000	3,50,000	Goodwill	1,00,000	80,000
Debentures	1,50,000	2,50,000	Machinery	4,10,000	5,40,000
General Reserves	1,00,000	1,50,000	Investment	30,000	80,000
Profit and Loss	60,000	70,000	Discount on Issue of Debentures	5,000	-
Provision for Depreciation on Machinery	90,000	1,30,000	Cash at bank	1,20,000	1,30,000
Sundry creditors	75,000	1,10,000	Sundry Debtors	80,000	1,90,000
Bills payable	10,000	15,000	Stock	40,000	55,000
	7,85,000	10,75,000		7,85,000	10,75,000

Additional information:

During the year investment costing Rs. 30,000 were sold for Rs. 28,000. A New machine was purchased for Rs. 45,000 and the payment was made in fully paid shares.

22. A company wishes to arrange overdraft facilities with its bankers during the period April to June when it will be manufacturing most for stock. Prepare Cash budget for the above period from the

following data, indicating the extent of bank facilities company will require at the end of each month:

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	1,400
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

50% of credit sales are realised in the month following sales and the remaining 50% in the second month following. Creditors are paid in the month following month of purchase. Wages are paid on the first of very next month. Cash at bank on 1st April Rs. 25,000

23. Accounting reports are a matter of necessity for the management and not a matter of convenience. Explain the statement

24. Discuss the relationship between budgetary control and standard costing.
