(8 pages)

DECEMBER 2024 **P/ID 17613/PCAE3/ PCAD1**

Time : Three hours Maximum : 80 marks

PART A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. Define 'Accounting'.

2. What is Going Concern Concept?

3. State the meaning of Balance Sheet.

4. What is Comparative Financial Statement?

5. What is the meaning of Acid Test Ratio?

6. Give the meaning of Price Earnings Ratio.

7. List out the any three merits of marginal costing.

8. What do you mean by Profit/Volume Ratio?

9. Write the concept of 'Budgetary Control'.

10. What is Cash Budget?

11. What do you understand by Net Present Value (NPV)?

12. Define Cost of Capital.

PART B — (5 × 6 = 30 marks)

Answer any FIVE questions.

13. The following balances were extracted from the ledger of Ramakrishna engineering works on 31st March 2017. You are required to prepare a trail balance as on that date in proper form.

Particulars	Rs.	Particulars	Rs.
Drawings	6,000	Salaries	9,500
Capital	24,000	Sales returns	1,000
Sundry creditors	43,000	Purchase returns	1,100
Bills payable	4,000	Travelling expanses	4,600
Sundry debtors	50,000	Commission paid	100
Rent	2,000	Trading expenses	2,500
Furniture and fixtures	4,500	Loan from Kannan	10,000
Bank overdraft	6,500	Purchases	70,000
Bills receivable	5,200	Discount earned	4,000
Cash in hand	900	Cash at bank	12,500
Opening stock	47,000	Tax	3,500
Sales	1,28,000		

14. Calculate gross profit ratio :

Sales Rs. 2,20,000

Purchases Rs. 1,75,000

Sales returns Rs. 20,000

Purchase returns Rs. 15,000

Opening stock Rs. 30,000

Closing stock Rs. 40,000

15. From the following data, calculate P/V Ratio; Break Even Point and Margin of Safety

Sales 20,000 units @ Rs. 20 per unit

Variable costs @ Rs. 15 per unit

Fixed costs Rs. 80,000.

16. Prepare a production budget for three months ending March 31, 2019 for a factory producing four products, on the basis of the following information :

Type of product	Estimated stock on January 1, 2019 (units)	Estimated sales during January – March 2019 (units)	Desired closing Stocks March 31, 2019 (units)
A	2000	10000	5000
B	3000	15000	4000
C	4000	13000	3000
D	5000	12000	2000

17. PQR Ltd., whose cost of capital is 10% is considering investing in a project. The initial Cash outflow is Rs. 80,000. The following particulars are available :

Year	Cash Inflows (Rs.)	PV factor @ 10%
1	10,000	0.909
2	20,000	0.826
3	30,000	0.751
4	40,000	0.683
5	50,000	0.621

Compute

(a) Payback Period

(b) Net Present Value

(c) Profitability Index.

18. Write a note on Cost-Volume Benefit analysis.

19. Enumerate the factors affecting Cost of Capital.

PART C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. From the following Trial Balance of Mr. Ramesh as on 31st March 2015, prepare Trading and Profit and Loss account and balance Sheet

Debit Balances	Rs.	Credit Balances	Rs.
Land and buildings	42,000	Capital	62,000
Machinery	20,000	Sales	98,780
Patents	7,500	Returns outwards	500
Stock (1.4.2014)	5,760	Sundry Creditors	6,300
Sundry Debtors	14,500	Bills payable	9,000
Purchases	40,675		
Cash in hand	540		
Cash at Bank	2,630		
Return inwards	680		
Wages	8,480		
Fuel and Power	4,730		
Carriage on Sales	3,200		
Carriage on purchases	2,040		

Debit Balances	Rs.	Credit Balances	Rs.
Salaries	15,000		
General expenses	3,000		
Insurance	600		
Drawings	5,245		
	1,76,580		1,76,580

21. Assuming that the cost structure and selling prices remain the same in periods 2015 and 2016. find out :

(a) P/v ratio

(b) Break Even Sales

(c) Profit when sales are Rs. 1,50,000

(d) Sales required to earn a profit of Rs. 20,000

(e) Margin of safety in 2016

Given :

Period	Sales	Profit
	Rs.	Rs.
2015	1,20,000	9,000
2016	1,40,000	13,000

22. Prepare a Flexible Budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity :

	Capacity Level 80%
Variable overheads :	Rs.
Indirect labour	24,000
Stores including spares	8,000
Semi-variable overheads :	
Power (30% fixed, 70% variable)	40,000
Repairs and Maintenance (60% fixed, 40% variable)	4,000
Fixed overheads :	
Depreciation	22,000
Insurance	6,000
Salaries	20,000
Total overheads	1,24,000

Total Estimated Labour hours 2,48,000 (hours)

23. XYZ Ltd., is evaluating two mutually exclusive proposals for new capital investment. The following information about the proposals are available.

Particulars	Proposal A (Rs.)	Proposal B (Rs.)
Investment cost	80,000	1,00,000
Economic life (years)	4 years	5 years
Earnings before depreciation and taxes		
Year 1	24,000	28,000
Year 2	28,000	32,000
Year 3	32,000	36,000
Year 4	44,000	44,000
Year 5	-	40,000

The company's cost of capital is 10 per cent and tax rate is 50%. Advise the company as to which proposal would be profitable using discount factor techniques.

Year	1	2	3	4	5
Discount factor @ 10%	0.909	0.826	0.751	0.683	0.621

24. Describe different types of financial statement analysis.

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