(8 pages)

**MAY 2025**

# P/ID 17613/ PCAE3/PCAD1

Time : Three hours Maximum : 80 marks

PART A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. What are the objectives of Accounting?
2. Show the meaning of Cost Concept.
3. What is Trading Account?
4. Who are the users of financial statements?
5. Give the meaning of Quick Ratio.
6. What is Debt Equity Ratio?
7. Define Marginal Costing.
8. What do you understand by Margin of Safety?
9. Define the term Budget.
10. Mention the meaning of Purchase Budget.
11. What is capital investment decision-making?
12. What is Pay Back Period?

PART B — (5 × 6 = 30 marks)

Answer any FIVE questions.

13. Prepare Trial Balance as on 31.3.2012 from the following

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| Reserve for doubtful debts | 7,300 | Sundry creditors | 68,000 |
| Sales | 1,96,000 | Commission | 1,400 |
| Sundry debtors | 16,200 | Car | 68,000 |
| Salaries | 94,000 | Building | 1,15,000 |
| Closing stock | 12,000 | Rates and Taxes | 2,600 |
| Capital | 4,20,000 | General expenses | 800 |
| Machinery | 60,000 | Rent | 48,000 |
| Unearned revenue | 16,000 | Interest received | 5,000 |
| Opening stock | 86,000 | Insurance | 5,600 |
| Furniture | 11,000 | Cash at bank | 84,700 |
| cash in hand | 25,000 | Purchases | 94,000 |
| Bills Payable | 12,000 | Reserve Fund | 10,000 |

14. From the following details find out Operating Ratio and Operating Profit Ratio Sales Rs.10,00,000; Gross Profit Rs.3,00,000; Administrative Expenses Rs.10,000; Selling Expenses Rs.20,000; Loss on sale of plant Rs.2,000; Dividend received Rs.4,000; Depreciation Rs.6,000; Net profit Rs.2,66,000.

15. Calculate Break Even Point from the following: Sales 1,000 units at Rs.10 each Rs.10,000

    Variable Cost Rs.6 per unit

    Fixed Cost Rs.8,000

    Also calculate new break even point if the selling price is reduce to Rs.9 per unit.

16. A Manufacturing Company submits the following figures of Product 'X' for the first quarter of 2021

    Sales (Units): For January — 50,000; February — 40,000; March — 60,000

    Selling price per unit = Rs.100

    Target of first quarter of 2022:

    Sales units increase by 20% and selling price increase by 10%

    Prepare the Sales Budget.

17. A project costs Rs.50,000 and has a scrap value of Rs.10,000. Its stream of income before depreciation and taxes during the first five years is Rs.10,000; Rs.12,000; Rs.14,000; Rs.16,000 and Rs.20,000 respectively. Assume a 50% tax rate and depreciation on straight-line basis. Calculate Accounting Rate of Return.

18. Explain different types of cost of capital

19. Bring out the differences between Trial Balance and Balance Sheet

PART C — ($3 \times 10 = 30$ marks)

Answer any THREE questions.

20. From the following balances of Anand prepare Trading, Profit and Loss Account and Balance Sheet as on 31.12.2013:

| Particulars | Debit Rs. | Credit Rs. |
|---|---|---|
| Capital | | 72,000 |
| Creditors | | 17,440 |
| Bills Payable | | 5,060 |
| Purchases and Sales | 1,24,000 | 1,56,370 |
| Loan | | 24,000 |
| Debtors | 7,770 | |
| Salaries | 8,000 | |

| Particulars | Debit Rs. | Credit Rs. |
|---|---|---|
| Discount | 2,000 | |
| Postage | 730 | |
| Bad debts | 580 | |
| Stock (1.1.2013) | 19,890 | |
| Interest | 2,590 | |
| Insurance | 840 | |
| Machinery | 20,000 | |
| Wages | 8,600 | |
| Buildings | 47,560 | |
| Furniture | 32,310 | |
| Total | 2,74,870 | 2,74,870 |

Value of goods on 31.12.2013 —Rs. 28,600

21. From the following details prepare statement of proprietor's funds with as many details as possible:

(a) Stock Velocity 6

(b) Capital Turnover Ratio 2

(c) Fixed 'Assets Turnover Ratio 4

(d) Gross Profit Turnover Ratio 20%

| | | |
|---|---|---|
| (e) | Debtor's Velocity | 2 months |
| (f) | Creditor's Velocity | 76 days |
| (g) | Gross Profit | Rs.60,000 |
| (h) | Reserves and surplus | Rs.20,000 |
| (i) | Closing stock was Rs.5,000 in excess of opening stock. | |

22. The information about Raj & Co., is given below:

(a) Profit volume ratio = 20%

(b) Fixed cost Rs.36,000

(c) Selling price per unit Rs.150

Calculate:

(i) BEP in Rupees

(ii) BEP in units

(iii) Variable Cost per unit

(iv) Profit on sales of Rs.4,00,000

(v) Sales required to earn a profit of Rs.50,000

23. XYZ Company wishes to arrange Overdraft facilities with its bankers during the period April to June, when it will be manufacturing mostly for stock.

(a) Prepare Cash Budget for the above period from the following data:

| Months | Sales (Rs.) | Purchases (Rs.) | Wages (Rs.) |
|---|---|---|---|
| February | 1,80,000 | 1,28,400 | 12,000 |
| March | 1,92,000 | 1,44,000 | 14,000 |
| 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 |

(b) 50% of credit sales is realized in the month following the sale and the other 50% in the second month following.

(c) Creditors are paid in the month following the month of purchases

(d) Wages are paid at the end of respective month

(e) Cash at Bank on 1st April Rs.25,000

24. A company is considering the purchase of a machine. Two machines are available, M and N, each costing Rs. 50,000. In comparing the profitability of the machines, a discount rate of 10% is to be used. Earnings after tax are expected to be as follows:

| Year | Cash inflows (Rs.) | |
|---|---|---|
| | Machine M | Machine N |
| 1 | 15,000 | 5,000 |
| 2 | 20,000 | 15,000 |
| 3 | 25,000 | 20,000 |
| 4 | 15,000 | 30,000 |
| 5 | 10,000 | 20,000 |

Which Machine would be profitable under:

(a) Payback Period, and

(b) NPV method

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