

Accounting System

P4-Exam.-1st Half-2017-12
Con. 122-17.

AT-4161

(3 Hours)

[Total Marks : 80

- Notes: a) Q.1 is Compulsory.
b) Any 4 Questions from Q.2. to Q. 5.

Q.1. a) Select appropriate answer from alternatives given and rewrite the sentences :- 10

- 1) Omission of paise and showing the round figures in financial statement is based on :-
 - A. Conservatism concept
 - B. Consistency concept
 - C. Materiality concept
 - D. Realization concept
- 2) Accounting does not record non-financial transactions because of :-
 - A. Accrual concept
 - B. Cost concept
 - C. Continuity concept
 - D. Money measurement concept
- 3) Which of these not a fundamental accounting assumption ?
 - A. Going concern
 - B. Consistency
 - C. Conservatism
 - D. Accrual
- 4) Fixed assets and current assets are categorized as per concept of :-
 - A. Separate entity
 - B. Going concern
 - C. Consistency
 - D. Time period
- 5) The obligations of an enterprise other than owner's fund are known as :-
 - A. Assets
 - B. Liabilities
 - C. Capital
 - D. None of these
- 6) Which concept requires that only those transactions which can be expressed in terms of money should be recorded in books of account ?
 - A. Business entity
 - B. Dual aspect
 - C. Money measurement
 - D. None of these



[TURN OVER

- 7) An asset was purchased for Rs. 6,60,000. Cash was paid Rs. 1,20,000 and for the balance Rs. 5,40,000 loan was taken. What will be the effect on fixed assets ? It will go up by :-
- Rs. 1,20,000
 - Rs. 5,40,000
 - Rs. 6,60,000
 - NIL
- 8) Cash of Rs. 2,000 is withdrawn for personal expenses. This will be debited to which account :-
- Drawings A/c
 - Creditor A/c
 - Capital A/c
 - Cash A/c
- 9) Estimated selling price less estimated cost of sales is :-
- Net realizable value
 - Cost of purchase
 - Cost of goods sold
 - None
- 10) Proprietor is treated as creditor of business due to :-
- Periodicity concept
 - Materiality concept
 - Entity concept
 - Consistency concept

Q.1. b) State whether the following statement are **True or False** :-

- Double Entry system is very unscientific.
- Book-keeping and accounting are synonymous terms.
- Sales Account is Nominal Account.
- Accounting is the language of the business.
- Goodwill is a current Asset.

Q.1. c) Match the Following :-

Group A	Group B
1) Related Party Disclosures	a. AS 10
2) Intangible Assets	b. AS 9
3) Impairment of Assets	c. AS 18
4) Revenue Recognition	d. AS 26
5) Accounting for Fixed Assets	e. AS 27
	f. AS 28

0.2. Following is the Trial Balance of M/s Shetty Traders, as on 31st March, 2016. Prepare 20 Trading Profit and Loss Account for the year ended 31st March, 2016 and Balance Sheet as on that date :-

Trial Balance as on 31st March, 2016

Particulars	Debit	Credit
Land & Buildings	50,000	
Machinery	40,000	
Salaries	21,000	
Cash in Bank	50,000	
Cash in Hand	1,100	
Office expenses	1,000	
Motor Van	18,000	
Capital		1,70,000
Carriage	5,000	
Purchase and Sales	2,20,000	2,88,000
Returns	2,000	5,500
Bad debts	1,000	
Sundry Debtors and Creditors	32,800	
Rent	1,100	
Printing and Stationary	1,500	
Bills Payable		32,000
R.D.D.		1,000
Travelling expenses	5,500	
Opening Stock	30,000	
Insurance	1,500	
Discount	6,000	
Advertisement	14,000	
Furniture	30,000	
Total	5,31,500	5,31,500

Adjustments:

- 1) Closing Stock was valued '41,000.
- 2) Goods of '5,000 withdrawn for personal use but were not recorded.
- 3) Goods of '1,000 were distributed as free sample.
- 4) Debtors of '800 were bad and provide R.D.D. at 5% on debtors and make a provision for discount on creditors at 2%.
- 5) Depreciation Machinery by 10% p.a. and Buildings by 50% p.a.

[TURN OVER

Q.3. M/s Sagar Limited purchased a Machinery for Rs. 3,00,000 on 1st April, 2013. Additional 20 machinery was acquired for Rs.3,00,000 on 30th September, 2014 and Rs. 50,000 on 1st April, 2016.

Machinery which was purchased on 30th September, 2014 was sold for Rs.2,55,000 on 30th September, 2016.

You are required to give Machinery Account, Depreciation Account for the year ended 31st March, 2014, 31st March, 2015, 31st March 2016 and 31st March 2017, taking into account depreciation @ 10% on written down value method.

Q.4. A) Journalize the following Transactions during the month of April were as follows:- 10
2016

- April 1 Purchased goods from Meeta worth Rs. 40,000 at 10% T.D. and paid $\frac{1}{4}$ amount in cash and $\frac{1}{4}$ amount by cheque, for which 5% C.D. is allowed.
- 4 Purchased shares of Reliance Company Rs. 12,000 and Rs. 200 paid as brokerage.
- 7 Sold goods to Sunil worth Rs. 60,000 at 10% Trade Discount and 5% Cash Discount. Received $\frac{1}{3}$ amount in cash and $\frac{1}{3}$ amount by cheque and 5% C.D. is allowed.
- 11 Paid Telephone Bill of Proprietor's house Rs.700
- 14 Paid House Rent Rs.1,500
- 20 Received goods as free samples worth Rs. 2,000
- 23 Purchased Furniture of Rs. 30,000
- 23 Paid Carriage Rs. 300 on above furniture

Q.4 B) State with the reasons whether the following are Capital (Expenditure/Receipts), 10
Revenue (Expenditure / Receipts) (Answer any 5) :-

- Rs.1000 was spent on painting the factory.
- Cost of goods purchase for Resale.
- Depreciation on fixed asset.
- Money Raised by issue of equity shares.
- Paid Rs. 70000 for Construction of Railway Sidings.
- Purchased Land Rs. 100,000
- Labour charges of Rs. 1500 paid on purchase of Machinery.

Q.5. Write Short Notes (Any 4) :-

- System of Book Keeping
- Various users of Accounting Information
- Business Entity Concept
- Widely Accepted accounting Concepts
- AS 10

F.Y.P.G.D.F.M. (Sem-I)

March
2017

Con. 123-17

Cost and Management Accounting (3 Hours)

AT-4631

[Total Marks : 80

- N.B. :** (1) Question No. 1 is compulsory.
 (2) Attempt any **three** questions from Question Nos. 2 to 5.
 (3) Working should be part of your answer.

1. (A) Multiple Choice Questions :—

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- (1) Contribution is the difference between _____
 - (a) Sales and Variable Cost
 - (c) Sales and Total Cost
 - (b) Sales and Fixed Cost
 - (d) Factory Cost and Profit
- (2) The classification of fixed and variable cost has a special significance in the preparation of _____
 - (a) Flexible Budget
 - (c) Cash Budget
 - (b) Capital budget
 - (d) Zero based budget
- (3) While evaluating deviations of actual cost from standard cost, the technique used is _____
 - (a) Regression Analysis
 - (c) Variance Analysis
 - (b) Linear Progression
 - (d) Trend Analysis
- (4) Total costs incur in a production process is divided by total number of output units for calculating the _____
 - (a) Cost of indirect labour
 - (c) Cost of direct labour
 - (b) Cost of direct material
 - (d) Unit cost
- (5) Contract Costing is usually applicable in _____
 - (a) Constructional Works
 - (c) Textile mills
 - (b) Cement Industries
 - (d) Chemical Industries

(B) State weather statements are **TRUE** or **FALSE** :—

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- (1) Equivalent Units are computed to assign costs to partially completed units.
- (2) Contract costing is a form of JOB costing.
- (3) Marginal costing is also known as variable costing.
- (4) Flexible budget and Cash budget are part of budgetary control.
- (5) The standard cost per unit of material is used to calculate a material price variance.

(C) Match the following :—

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COLUMN A	COLUMN B
(1) < 25% profit	(a) FIFO method
(2) Variable Cost	(b) Fixed cost/P/V ratio
(3) Process Costing	(c) Standard cost-Actual cost
(4) BEP	(d) 1/3 of notional profit
(5) MCV	(e) Per unit never changes
(6) LRV	(f) Budgetary control
(7) Cash budget	(g) (SR-AR)*AH
(8) Inventory Control	(h) Abnormal Gain Account
(9) Marginal Costing	(i) Amount is constant
(10) Fixed cost	(j) Variable costing

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[TURN OVER

2. The following data relate to process M :

- (1) Opening work-in-progress 6500
 Degree of completion :
 Materials 100%
 Labour 60%
 Overheads 60%
 Total cost 70000
 - (2) Received during the month of April, 2016 from Process L
 60000 units cost 260000
 - (3) Expenses incurred in Process M during the month :
 Materials 118500
 Labour 210000
 Overheads 108000
 - (4) Closing work-in-progress 4500 units
 Degree of completion :
 Materials 100%
 Labour & Overheads 50%
 - (5) Units scrapped 5500 units
 Degree of completion :
 Materials 100%
 Labour & Overheads 80%
 - (6) Normal Loss 5% of current input.
 - (7) Spoiled goods realized 1.50 each on sale.
 - (8) Completed units 56500 are transferred to warehouse.
- Required :
- (a) Equivalent units statement
 - (b) Statement of cost per Equivalent unit and total cost.
 - (c) Process M Account
- Use FIFO method.

3. (A) The Revati Electronics Co. furnishes you the following income information of 10 the year 2015.

Particulars	First half	Second half
Sales	407000	515000
Profit	11000	32600

From the above table you are required to compute the following assuming that the fixed cost remains the same in both the periods.

- (a) P/V RATIO
- (b) FIXED COST
- (c) BREAK EVEN POINT
- (d) VARIABLE COST for both periods
- (e) The amount of sales required to earn a profit of 54000.

- (B) You are supplied with the information relating to sales and cost of sales of a manufacturing company :— 10

Sales (10000 units)	120000
Variable Cost	48000
Fixed Cost	60000

You are required to find out :—

- (a) P/V RATIO
 (b) BREAK EVEN POINT
 (c) MARGIN OF SAFETY
 (d) Profit when sales are 160000
 (e) Sales required to earn a profit of 75000
4. (A) M/s. Jeet Enterprises is currently working at 50% capacity and produces 12000 units. 10
 At 65% working raw material cost increases by 3% and selling price falls by 3%
 At 85% working raw material cost increases by 5% and selling price falls by 5%
 At 50% capacity working the product cost 22 p.u. and sold at 25 per unit

The unit cost of 22 is made up as follows :—

Material	12
Wages	04
Factory Overheads	04 (40% Fixed)
Administrative Overheads	02 (50% Fixed)

Prepare a statement showing the estimated profit of the business when it is operated at 65% and 85% capacity.

- (B) A manufacturing company uses the following standard mix of their compound in one batch of 110 kgs of its production line. 10

55 kgs of material L at the standard price of ₹ 2
 35 kgs of material M at the standard price of ₹ 3
 20 kgs of material N at the standard price of ₹ 4

The actual mix for a batch of 120 kgs was as follows :—

60 kgs of material L at the price of ₹ 3
 40 kgs of material M at the price of ₹ 2.5
 10 kgs of material N at the price of ₹ 4

Calculate the different material variance.

5. Write short notes (any four) :—

- (a) Duties of management Accountant
 (b) Objective of Cost Accounting
 (c) Scope of management Accounting
 (d) Abnormal Loss
 (e) P/V RATIO
 (f) Equivalent production

20

V
 (7)

- N.B.** (1) There will be **Five Questions in all.**
(2) Question No. 1 is **compulsory** which carries **twenty marks.**
(3) Attempt any **three** from the **remaining** questions.
(4) Numbers to the **right-hand-side** indicate **total marks.**
(5) Draw **flow-charts, diagrams, where necessary.**

1. (a) Fill in the blanks :—

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- (i) Bills are _____ assets.
(Liquid, fixed, variable)
- (ii) The financial system or financial sector of any country consists of specialised and non specialised financial institutions, of organised and unorganised financial markets, of financial instruments and services which facilitate _____ of funds.
(Transfer, block, movement)
- (iii) Prof. Sayers characterises _____ as creators of credit.
(Banks, Financial Institutions, Intermediaries)
- (iv) Treasury bills market, call money market and commercial bills market are examples of _____ markets.
(Capital, Money, Debt)
- (v) _____ markets refer to the markets in villages or rural areas.
(Organised, Call Money, Unorganised)

(b) Match the Column A with Column B :—

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Column A	Column B
1. Call Money Market	(a) UTI, GIC, IDBI, NABARD
2. Participants of Indian call money market	(b) ₹ 150 crores
3. The initial paid up capital of DFHI is	(c) Promissory note
4. Treasury Bill	(d) Base currency
5. Euros	(e) Extremely short period loans

(c) Answer in one sentence :—

10

- (i) What is discount market ?
(ii) Name the major participants of secondary market.
(iii) What is meant by Notice Money ?
(iv) Explain the term VOSTRO account.
(v) What is venture capital ?
(vi) What is meant by indirect rate ?
(vii) What is meant by foreign exchange market ?
(viii) A bank in New York quotes: USD/INR 69.2350-69.2360
Find Mean Rate, Spread and Spread Percentage.

[TURN OVER

- 2. State the functions of capital market. 20
- 3. State the advantages and disadvantages of Call Money Market. 20
- 4. "In an accounting sense Balance of Payments always balances." Explain. 20
- 5. State the golden rules of investing principles. 20

<p>1. State the functions of capital market.</p> <p>2. State the advantages and disadvantages of Call Money Market.</p>	<p>3. "In an accounting sense Balance of Payments always balances." Explain.</p> <p>4. State the golden rules of investing principles.</p>
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- N.B. :** (1) Question No. 1 is **compulsory** and Carries 20 marks.
 (2) Answer any **three** questions from **rest** of the questions each carrying **20 marks**.
 (3) Proper presentation & neatness is **essential**. Working notes should form part of your answer.
 (4) Use of **simple calculator** is allowed.

1. (a) Suggest One Word / Phrase :— 5
- (1) Excess of cash inflows over cash outflows _____
 - (2) The economic resources owned by company _____
 - (3) Gross fixed assets minus accumulated depreciation _____
 - (4) The fund deployed by a company in the form of cash, inventories etc. _____
 - (5) Ability of an asset to be converted in to cash without suffering a loss as far as possible _____
- (b) State whether the following statements are **True / False** and Rewrite them. 5
- (1) Maximum capital which can be raised by a company is called Issued Capital
 - (2) Intangible Assets which cannot be converted in to cash are called Fictitious Assets
 - (3) Current assets which are converted in to cash in the normal course of business are called Floating Assets.
 - (4) Excess of Sales over cost of goods sold is Gross Loss.
 - (5) Reserve which is in built and which is not disclosed, is called secret reserve.
- (c) Match the following :— 5
- | | |
|-----------------------------|---|
| (1) Report to the Members | (a) Right to Access Books of Accounts |
| (2) Disclaimer of Opinion | (b) Revenue |
| (3) Inflow of Cash | (c) Auditor does not express an opinion |
| (4) Economic Value Addition | (d) Measure of Corporate Performance |
| (5) Statutory Auditor | (e) Basic duty of an auditor |
- (d) Fill in the Blanks by choosing appropriate alternative 5
- (1) As per _____ cash flow statement is mandatory to all the listed companies
 (i) Accounting Standard (ii) Auditing Standard (iii) Secretarial Standard
 - (2) Ascertaining financial position is the objective of _____
 (i) Profit & Loss Statement (ii) Fund Flow Statement (iii) Balance sheet
 - (3) _____ provides the value of the shareholders equity as of specific date
 (i) Balance Sheet (ii) Cash Flow Analysis (iii) Profit & Loss Statement
 - (4) Disclosure requirements regarding Fixed Assets are mentioned in _____
 (i) Fixed Asset Register (ii) CARO (iii) Auditors Report
 - (5) _____ is an example of external corporate governance control
 (i) Media Pressure (ii) Government Regulations (iii) Both (i) & (ii)
2. (a) Discuss in brief the various components of Profit & Loss Statement. 10
- (b) The standard ratios for the industry and the ratios of "Sardar Limited" are given. 10
 Give your comments on the performance and financial management of the company.

	Industry Standard	Actual of "NH-10 Ltd"
(a) Net Profit Ratio	3.30%	2.10%
(b) Current Ratio	2.4	2.67
(c) Liquid Ratio	1:1	2:1
(d) Proprietary Ratio	0.5:1	0.85:1
(e) Debtors Turnover Ratio	90 Days	60 Days
(f) Gross Profit Ratio	25%	20%

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[TURN OVER

3. (a) What is the utility of cash flow statement to financial management ? **10**
 (b) From the following details prepare Fund Flow Statement & offer your comments in brief. **10**
- | | |
|---------------------------------|--------|
| Redemption of Preference Shares | 50000 |
| Payment of Dividend | 42000 |
| Payment of Interim Dividend | 20000 |
| Payment of Tax | 40000 |
| Purchase of Plant | 142000 |
| Purchase of Investments | 11000 |
| Funds from operations | 183000 |
| Equity share capital raised | 100000 |
| Sale proceeds of land | 50000 |
| Sale of Machine | 10000 |
| Dividends on Investments | 3000 |
| Increase in Working Capital | 41000 |
4. (a) Write a descriptive note on - Management Discussion & Analysis in the Annual Report. **10**
 (b) Write a descriptive note on - Notes on Accounts. **10**
5. (a) From the following particulars prepare the cash flow statement for the year ended 31.03.2015 :— **10**
- Cash Sales Rs.6586000/-.
 - Cash collected from Debtors during the year amounted to Rs.3323400/-.
 - Cash paid to suppliers was Rs.7936810/-.
 - Rs.987500/- was paid to employees towards yearly bonus.
 - Furniture of the book value of Rs.18500/- was sold for Rs.11000 and a new furniture costing Rs.83160/- was purchased.
 - Debentures of face value of Rs.300000/- were redeemed at a premium of 2% interest on debentures. Interest on Debentures of Rs.84000/- was also paid.
 - Dividend of Rs.450000/- for the year ended 31st March, 2015 will be distributed in May 2015.
 - Cash in hand and at bank as on 31st March, 2014 and 31st March, 2015 was Rs.51070/- and Rs.574000/- respectively.

- (b) Calculate the Trends from the following following data & offer your brief comments. **10**

Particulars	31.3.2016	31.03.2015	31.03.2014
Revenue from Operations	26,180	22,279	18,779
Other Income	784	536	336
Total	26,964	22,815	19,115
Cost of Raw Materials Consumed	7,810	7,137	6,637
Employee Benefit Expenses	1,944	1,708	1,458
Power & Fuel	945	709	600
Finance Costs	81	71	61
Depreciation & Amortization	755	700	625
Other Expenses	5,752	5,034	4,334
Total	17,287	15,359	13,715
Profit Before Tax	9,677	7,456	5,400
Less : Tax	3,193	2,461	1,929
Profit After Tax	6,484	4,995	3,471