

Feb 18

P.G.O.F.M P.G.O.F.M Feb-2018

(Sem-I)

Accounting system

Feb
2018

Con. 543-18.

FB-5059

(3 Hours)

[Total Marks : 80

- N.B. :(1) Question No. 1 is compulsory.
(2) Any three Questions from Q. 2 to Q. 5.

1. (a) Choose the most appropriate answer from the following and rewrite the sentence. 10
- (1) The basic function of financial accounting is to:
 - (a) to record the business transaction
 - (b) Assist the management it performing function effectively
 - (c) interpret the financial data
 - (d) None
 - (2) All of the following are fundamental accounting concepts except:
 - (a) Dual Aspect
 - (b) Going Concern
 - (c) Full Discloser
 - (d) Business entity
 - (3) Fundamental accounting assumptions are:
 - (a) Going concern, conservatism, accrual
 - (b) Going concern, consistency, accrual
 - (c) Going concern, matching, consistency
 - (d) Going concern, entity, periodicity
 - (4) GAAP's are-----
 - (a) Generally accepted accounting policies
 - (b) Generally accepted accounting provisions
 - (c) Generally accepted accounting principles
 - (d) None of these
 - (5) Cash of Rs. 2,000 is withdrawn for personal expenses. This will be debited to which account:
 - (a) Drawings A/c
 - (b) Capital A/c
 - (c) Creditor A/c
 - (d) Cash A/c
 - (6) The accounting standards are Mandatory for-----
 - (a) Companies
 - (b) Charitable organizations
 - (c) Partnership concern
 - (d) Sole proprietorship
 - (7) Purchase of machinery is a
 - (a) Deferred revenue expenditure
 - (b) Capital receipt
 - (c) Capital expenditure
 - (d) Revenue expenditure

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(8) The amount realized at the end of the working life of an asset is called -----

- (a) Market price
- (b) Residual value
- (c) Original cost
- (d) Written down value

(9) The purpose of accounting standards is to----

- (a) Harmonies accounting policies
- (b) Improve reliability of financial statements
- (c) Eliminate the non-comparability of financial statements
- (d) All of the above

(10) XYZ Ltd. follows the written down value method for depreciating machinery year after year due to-----

- (a) Consistency
- (b) Comparability
- (c) Convenience
- (d) Conservatism

(b) State whether the following statements are **True** or **False** :—

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- (i) In accounting all business transactions are recorded as having a dual aspect.
- (ii) Expenditure intended to benefit current period is revenue expenditure
- (iii) Depreciation is a non-cash expense
- (iv) Amount paid for acquisition of patents is a capital expenditure
- (v) The convention of disclosure implies that all material information should be disclosed in the accounts.

(c) Match the following Columns :

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Column A

- 1) Sale of goods
- 2) Cash
- 3) IFRS 8
- 4) IFRS 3
- 5) Revenue Recognition

Column B

- a) Real account
- b) Operating Segments
- c) Business Combinations
- d) AS-9
- e) Revenue receipt
- f) Financial Instruments

2. From the given Trial Balance of ABC, prepare Trading, Profit and Loss Account and Balance Sheet for the year ended 31-12-2017. 20

Particulars	Debit Rs.	Credit Rs.
Capital	—	45,000
Drawings	1,800	—
Purchases	1,00,000	—
Bills Receivable	14,000	—
Cash/Bank	6,890	—
Plant	12,500	—
Buildings	23,000	—
Sales	—	1,50,000
Sales Return	1,100	—
Purchase Return	—	1,500
Carriage Inward	1,100	—
Opening Stock	20,000	—
Wages	8,860	—
Investments (Interest 5% p.a.)	10,000	—
Loan to PQR	3,000	—
Bad Debts	450	—
Rent	1,380	—
Lighting	350	—
Salary	4,750	—
Interest on Investments	—	350
Advertisement	2,850	—
Discount Received	—	3,870
Debtors	35,310	—
Creditors	—	39,200
Bills Payable	—	7,420
	2,47,340	2,47,340

Adjustments:

- (1) Closing Stock at the end was Rs. 93,500.
- (2) Depreciate Plant by 5% and Building by 10%
- (3) Bills Payable dishonored Rs. 1,000 but no entry was made in the books of accounts.
- (4) Mr. John is a debtor and a creditor. He shows a debit balance of Rs. 2,000 and a credit balance of Rs. 5,000.
- (5) Goods destroyed by fire Rs. 7,000. Insurance Company admits a claim of Rs. 5,000

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3. On 1st January, 2014: machinery was purchased by VIP Ltd. For Rs. 5,00,000. On 1st July, 2015; additions were made to the extent of Rs. 1, 00,000. On 1st April, 2016; further additions were made to the extent of Rs. 64,000. 20

On 30th June, 2017: machinery original value of which was Rs. 80,000 on 1st January, 2014 was sold for Rs. 60,000.

Depreciation is charged at 10% p.a. on original cost.

Show the Machinery Account and Depreciation Account for the years from 2014 to 2017 in the books of VIP Ltd. VIP Ltd. Closes its books on 31st December.

4. (a) Journalize the following transactions :— 10

January, 1 Anita Started business with cash Rs.50, 00,000

January, 4 Deposited cash into Bank Rs. 40,00,000

January,8 Sold goods to Aditi Rs.22, 00,000

January, 10 Goods returned by Aditi Rs.2, 00,000

January, 13 Goods purchased from Adil Rs.30, 50,000

January, 17 Goods returned to Adil Rs.1, 50,000

January, 20 Bought Furniture & Fixture for office use by cheque Rs.9, 00,000

January, 23 Purchased goods for cash Rs.1, 00,000

January, 29 Paid carriage Rs.5,000

January, 31 Paid interest on loan Rs. 50,000

4. (b) State with reasons whether the following are capital, Revenue or Deferred revenue expenditure (any five) :— 10

(i) Legal expenses in issuing shares and debentures Rs 50,000

(ii) Rs. 70,000 spent on registration of design

(iii) Received Rs. 50,00,000 on the issue of 50% Debentures

(iv) Paid Rs. 1,00,000 underwriting commission on issue of shares

(v) Legal expenses Rs. 6,00,000 paid in connection with purchase of land

(vi) Repairing charges Rs. 5,000 paid for keeping the machinery in working condition

(vii) Paid to the government excise duty Rs. 5,00,000

5. Write short notes on (any four) :— 20

(a) Function of Accounting.

(b) Money Measurement Concept

(c) Advantages of Double Entry System

(d) Capital expenditure

(e) Causes of Depreciation

P.G.D.F.M - (Sem-I)
Cost & Mgt Accounting
Feb - 2018

Feb
2018

Con. 551-18.

FB-5153

(3 Hours)

[Total Marks : 80

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

1. (a) Multiple Choice questions :

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- (i) In accounting, marginal cost per unit-----with increase in production.
 - (a) Increases
 - (b) decreases
 - (c) Remains constant
 - (d) none of these
- (ii) While computing variances from standard costs, the difference between the actual and the standard prices multiplied by the actual quantity yields a
 - (a) Yield variance
 - (b) volume variance
 - (c) Mix variance
 - (d) price variance
- (iii) When a flexible budget is used, then increases in the actual production level within a relevant range would increase
 - (a) Total cost
 - (b) variable cost
 - (c) Fixed cost
 - (d) both (a) and (b) above
- (iv) Which of the following is considered to be a normal loss of material ?
 - (a) Loss due to careless handling of material
 - (b) Pilferage
 - (c) Loss due to accidents
 - (d) Loss due to breaking the bulk
- (v) If % of completion is 47% the transfer amount of P/L is
 - (a) $\frac{1}{2}$ of notional profit
 - (b) $\frac{1}{3}$ of notional profit
 - (c) $\frac{1}{2}$ of work certified
 - (d) $\frac{1}{3}$ of work certified

(b) State whether statements are True or False :

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- (i) The EOQ is not the reorder quantity.
- (ii) Variable cost is those which are not vary directly with production.
- (iii) The standard cost per unit of material is not used to calculate a materials usage variance.
- (iv) Establishing strategic options are purposes of a budget.
- (v) Flexible budget and Cash budget are not part of budgetary control.

(c) Match the columns :

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COLUMN (A)	COLUMN (B)
1. more than 70% but less than 90%	materials
2. % of completion =	EOQ
3. BEP	Material variance
4. marginal costing	Budgetary control
5. MPV	Variable costing
6. EOQ	Work certified/contract price*100
7. Re order quantity	Cash sales
8. Flexible budget	$\frac{2}{3}$ of notional profit
9. cash budget	FC/P /V RATIO
10. standard costing	$(SP-AP)*AQ$

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2. (a) The following information is available in respect materials :

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Re-order quantity = 1500 units
 Re-order period = 4-6 weeks
 Maximum consumption = 400 units per week
 Normal consumption = 300 units per week
 Minimum consumption = 250 units per week
 Emergency re-order period = 2 weeks

Calculate

- (i) Re -order period
 (ii) Minimum level
 (iii) Maximum level
 (iv) Average stock level and
- (b) The Raheja Construction Company undertook the construction of a building at a contract price of ₹ 14, 00,000. The date of commencement of contract was 1st April, 2016. The following cost information is given for the year ended 31st March 2017 :

Particulars	Amount
Materials sent to Site	3,00,000
wages	4,00,000
Architect fees	55,000
Office and Administrative Overheads	1,55,000
Uncertified work	55,000
Material at the site at the end of the year	10,000
Cash received from the contract (Being 90% of the work certified)	9,45,000
Materials destroyed by fire	5,000
Plant and machinery at cost	2,00,000
(Date of purchase - 1 st July 2016. The estimated working life of the plant-10 years and its estimated scrap value at the end Rs 20,000)	
Supervisor salary	60,000

You are required to create a contract account for the year ended 31st March; 2017.

3. (a) You are given the following information of the year :

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Particulars	Amount
Sales (10,000 units)	1,40,000
Variable cost	50,000
Fixed cost	70,000

- (i) Find out the P.V. Ratio, Breakeven point and the margin of safety.
 (ii) Evaluate the effect of P.V.ratio, Breakeven point and the margin of safety
 (1) 5% increase in Variable cost.
 (2) 5% decrease in Fixed cost.

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- (b) Revati LTD. is manufacturing the same product. The Profit & Loss details are as under: 10

Particulars	Revati LTD
Sales	12,00,000
(-) variable cost	7,20,000
	4,80,000
(-) Fixed cost	1,40,000
Profit	3,40,000

You are required to calculate:

- P/V RATIO
- BEP
- Profits of company if sales increases by 20 %
- The amount of sales required to earn a profit of 54,000.

4. The following details relating to a product are made available to you : 20

Standard Cost per unit;

Materials 50 kg @ 4 per kg

Labour 400 hours @ 1 per hour

Actual Cost;

Material 49,000 kg @. 4.2 per kg

Labour 3, 96,000 hours @ 1 per hour

Actual Production 1,000 units.

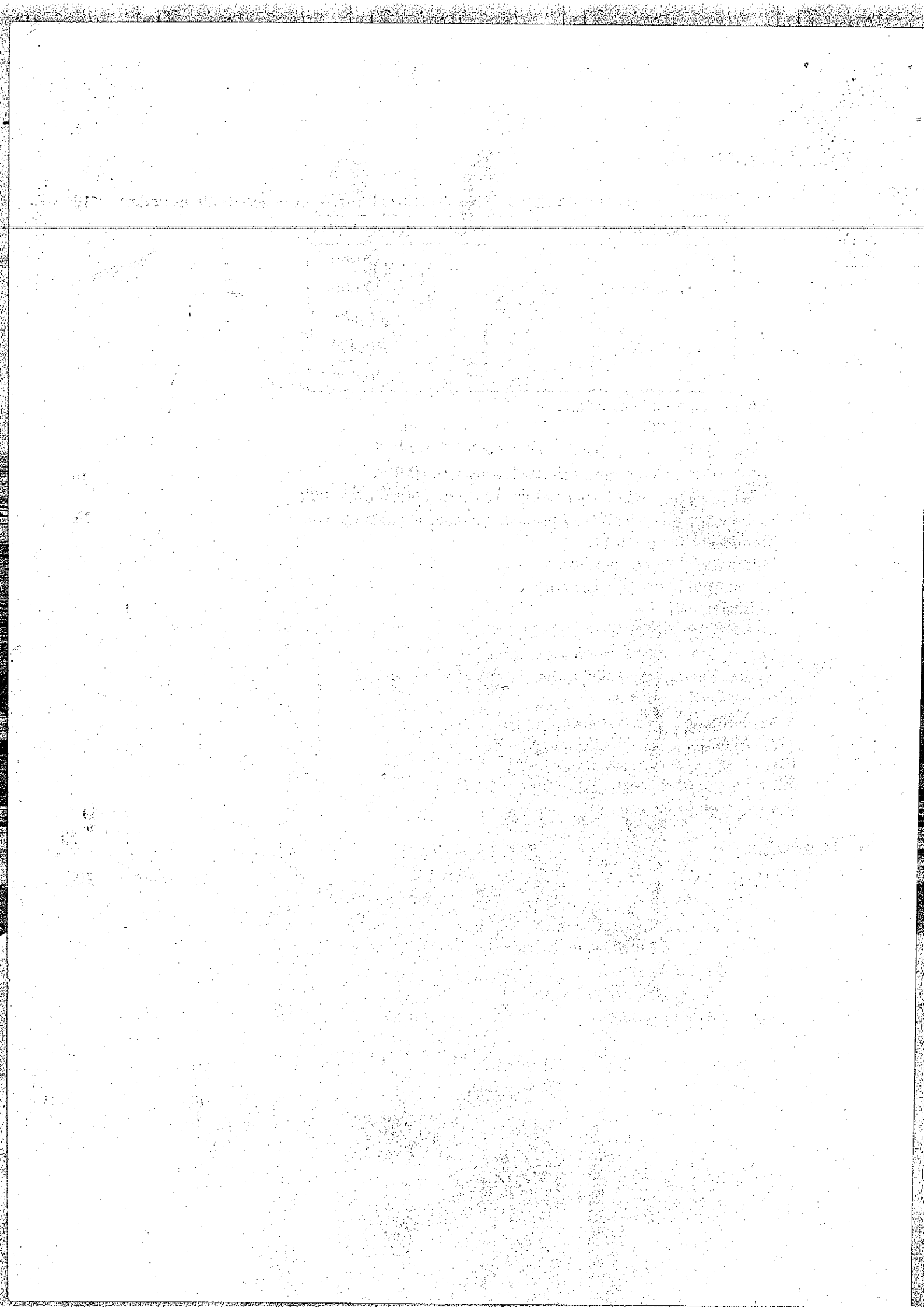
You are required to calculate :

- Material Cost Variance
- Material Price Variance
- Material Usage Variance
- Labour Cost Variance
- Labour Rate Variance
- Labour Efficiency Variance.

5. Write Short Notes (any four) : 20

- Cash budget
- Scope of Cost Accounting
- Tools and technique of management Accounting
- Material variance
- Features of marginal costing
- Breakeven point.

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Feb 18

P.G.D.F.M Financial Statement
(Sem-I) Analysis

Feb
2018

Con. 547-18.

Feb-2018

FB-5994

(3 Hours)

[Total Marks : 80

- N.B. :** (1) Question No.1 is **compulsory** and carries **20** marks.
(2) Answer any **3** questions from rest of the **five** questions **each** carrying **20** marks.
(3) Paper presentation and 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) Working Capital Turnover measures the relationship of Working Capital with:
- (2) Capital Budgeting is a part of:
- (3) The funds flow statement is considered a tool for:
- (4) Cash flow statement is also known as:
- (5) Gross Fixed Assets minus Accumulated depreciation:

(b) State whether the following statements are **True** or **False** and Rewrite them.

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- (1) Reliability of financial analysis depends upon the reliability of financial data.
- (2) Common size income statements represent the various elements as a percentage of the gross profit.
- (3) Interpretation of accounts is the Art and Science of translating the figures.
- (4) Du Pont Analysis looks into the elements of profits.
- (5) Financial statements are an important source of information to shareholders and stakeholders.

(c) Match the following :

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- | | |
|----------------------------|--------------------------------------|
| 1) Right to attend meeting | a) Negative report |
| 2) Adverse opinion | b) Return on Equity |
| 3) Outflow of Cash | c) Measures of Corporate performance |
| 4) Market Value Addition | d) Expense |
| 5) DuPont | e) Statutory Auditor |

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(d) Fill in the blanks by choosing appropriate alternative.

5

- (1) A technique uses in comparative analysis of Financial statement is _____
- (a) Graphical Analysis
(b) Preference Analysis
(c) Common size analysis
(d) Returning analysis
- (2) Low price for earnings ratio is result of _____
- (a) Low risky firms (c) low dividends paid
(b) high risky firms (d) high marginal rate.
- (3) Comparison of financial statements highlights the trend of the _____ of the business.
- (a) Financial position (c) Profitability
(b) Performance (d) all of the above.
- (4) _____ is followed while preparing the financial statements?
- (a) Accounting conventions (c) Accounting concepts
(b) Accounting principles (d) All
- (5) The process of comparing various financial factors of a company over a period of time is known as _____
- (a) Inter-firm comparison (c) Intra-firm comparison
(b) Ratio Analysis (d) Inter-industry comparison

2. (a) Discuss in brief the various components of Balance sheet. 10

(b) The Current ratio of a company is 2.50: 1 10

Current Assets Rs. 5,00,000

Current liabilities Rs. 2,00,000

Which of the following transaction would

- (1) Improve the ratio
(2) Reduce the ratio
(3) Will not affect the ratio?

Consider each transaction separately.

1. Received an amount of Rs. 25,000 from Debtor
2. Bills of Rs. 10,000 drawn by Creditors and accepted by us.
3. Machinery sold for cash Rs. 30,000
4. Purchased goods worth Rs. 10,000 for cash
5. Issued debentures of Rs. 50,000 for cash.
6. Rs. 20,000 is paid to a creditor, as a result whereof there is now a bank overdraft of Rs. 10,000.

3. (a) Discuss Objectives of Financial Statements and its Limitations. 10
 (b) From the following financial statements prepare a fund flow statement of EPABX 10
 for the year ended 31st Dec. 2014.

Balance sheet as on

Liabilities	31.12.2013	31.12.2014	Assets	31.12.2013	31.12.2014
Share Capital	1,35,000	1,35,000	Goodwill	13,950	4,950
Reserves	40,500	54,000	Land & Bldg	32,400	45,000
Loans	45,000	27,000	Plant & Mach	1,13,400	85,050
Fixed Deposits	67,950	62,010	Furniture	---	40,500
Creditors	71,640	43,920	Investments	40,500	49,500
Proposed Div.	13,500	16,200	Debtors	94,500	1,14,120
Prov. for Taxation	10,800	12,600	Bank Bal.	89,640	11,610
	3,84,390	3,50,730		3,84,390	3,50,730

Other Information :

- (a) Depreciation is provided @ 10% on Furniture.
 (b) Depreciation on land & Bldg is Rs. 5,000.
 (c) Investments costing Rs. 8,000 were sold for Rs. 10,000 during the year.
 (d) Tax of Rs. 13,000 was paid for the year ended 31st Dec. 2014.
4. (a) Explain the tools of analyzing the financial statements. 10
 (b) Write a descriptive note on DuPont model. 10
5. (a) Balance Sheets of Sagar Ltd., are as follows :— 10

Balance Sheet as on 31st December

Liabilities	2015 Rs.	2016 Rs.	Assets	2015 Rs.	2016 Rs.
Equity share cap.	150,000	250,000	Goodwill	55,000	45,000
General Reserves	---	30,000	Land & Building	80,000	90,000
Profit & Loss A/c	---	29,000	Plant & Machinery	40,000	100,000
Debentures	100,000	---	Stock	42,000	53,000

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Sundry Creditors	57,000	46,000	Debtors	90,000	98,000
Bills payable	30,000	6,000	Bills Receivable	8,000	12,000
Provision for Tax		25,000	Prepaid exp.	6,000	4,000
Proposed Dividend		20,000	Cash in Hand	10,000	4,000
			Profit & Loss A/c	6,000	—
	337,000	406,000		337,000	406,000

Additional Information :

- (a) During the year 2016 Depreciation of Rs. 8,000 and Rs. 10,000 have been charged on Land and Building and Plant and Machinery respectively.
- (b) An Interim Dividend of Rs. 7,500 was paid during the year 2016.
- (c) During the year 2016 Machinery having a Book value of Rs. 8,000 was sold for Rs. 7,000.

Prepare a Cash Flow statement.

(b) Complete the following trend Statement & Comment on it.

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M/s DRAW LTD. Balance Sheet as at 31st March.

(Rupees are '000')

Particular's	Years						Base Year	
	2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Assets								
Fixed Assets	?	?	?	?	?	?	?	?
Deprcciation at 20% of Original cost	?	?	?	?	?	?	?	?
Written Down value	800	80	?	160	?	100	?	?
Current Assets	?	?	?	100	?	80	?	?
Current Liabilities	?	140	?	?	?	100	500	?
Working Capital	?	?	400	?	?	?	500	?
Capital Employed	1,500	?	?	?	?	?	?	?
Liabilities:								
Share capital	1,000	?	?	110	?	?	?	?
Reserve	?	?	?	?	150	200	?	?
Net Worth	?	110	?	?	?	?	?	?
Debts	?	?	800	?	?	160	300	?
Capital Employed	?	?	?	?	?	?	?	?

(3 Hours)

[Total Marks : 80]

- 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 remaining questions.

1. (a) Fill in the blanks :

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- (1) Financial institutions are divided into banking and _____
 (Non-banking / Money banking)
- (2) Financial Markets are sometimes classified as direct and _____
 Markets (Indirect / Securities)
- (3) Capital market provides _____ sources of finance.
 (Long Term / Short Term)
- (4) Financial intermediaries in the capital market also involves _____
 (Merchant bankers / Companies)
- (5) _____ Agreement between two parties to buy or sell an asset
 at a certain time in future at certain price.
 (Futures / Options)
- (6) Full form of SEBI is _____
 (Securities Exchange Board of India / State Exchange board of Indonesia)
- (7) The primary function of _____ is to discount bills on behalf of
 others.
 (Discount houses / Commercial Banks)
- (8) _____ is mainly used by the banks to meet their temporary requirement
 of cash (Call Money / Treasury bills)
- (9) _____ refers to money lent for 15 days or more in the inter-bank
 market (Term money / Certificate of deposits)
- (10) Stamp duty _____ the use of bills.
 (Encourages / Discourages)

(b) Full forms :

10

- | | |
|------------|---------------|
| (1) NABARD | (7) SIDBI |
| (2) IFCI | (8) EXIM BANK |
| (3) BSE | (9) FIPB |
| (4) CRISIL | (10) FIMMADA. |
| (5) HDFC | |
| (6) IDBI | |

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2. Explain the constituents of financial markets in detail and with suitable diagram. 20
3. Discuss on saving and investment in financial markets. Explain with example. 20
4. Define call money market with its advantages and disadvantages. 20
5. State the functions and characteristics of Stock exchange in detail. 20

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(Feb-18)
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