

- 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 and neatness is essential. Working notes should be part of your answer.
 (4) Use of simple calculator is allowed.

1. (a) Suggest one word / phase : 5
- Authorised capital can be raise as per _____.
 - Excess of current assets over current liability is called as _____.
 - Standard of proprietary ration is _____.
 - Depont corporation developed depont analysis in the year _____.
 - The cash flow available to all investors in the company.
- (b) State wheather the following statements are **True** or **False** and rewrite them. 5
- Quick assets are known as near cash.
 - Increase in current assets and decrease in current Liabilities will increase working capital.
 - Interest paid is a investing activity.
 - WACC are applied in determine value of the firm and of shareholders.
 - In common size balance sheet analysis the fixed assets are taken as cent percent.
- (c) Match the following : 5
- | | |
|---------------------------------|---------------------------------------|
| 1. Highly geared company | i. add to fixed-assets |
| 2. Discounted Bills of exchange | ii. Short term obligation |
| 3. Capital work-in-progress | iii. more debenture then equity funds |
| 4. Test of Profitability | iv. Contingent liability |
| 5. Current Liability | v. ROI |
- (d) Fill in the blanks by choosing appropriate alternative. 5
- Miscelleaus expenditure and losses cover under the head of _____.
 (a) Fictitious assets (c) Loans and advances
 (b) Current assets (d) Quick assets
 - Subscribed capital include _____.
 (a) Called up capital (c) Reserve capital
 (b) Uncalled capital (d) All of above
 - Following ratio is useful for long term creditors
 (a) Current ratio (c) Expenses ratio
 (b) Return on equity capital (d) Debt equity ratio

- (iv) Return on equity = profit margin x total Assets Turnover x _____
 (a) Financial leverage (c) Contributed leverage
 (b) Operating leverage (d) None of above
- (v) Proprietors fund is also known as _____
 (a) Owed fund (c) Fixed Liability
 (b) Net worth (d) Current liability.
2. (a) Discuss in brief tools of analysis. 10
 (b) The current ratio for the company is 2 : 1 which of the following transaction would: 10
 (i) improve the ratio
 (ii) reduce the ratio
 (iii) will not affect the ratio (give your comment)
 (1) Pay a current liability
 (2) Sell machinery for cash
 (3) Borrow money at interest payable at the end of 5 years
 (4) Purchase Stock of goods for cash
 (5) Accept a bill of change drawn by supplier
 (6) Issue of bonus shares.
3. (a) Distinguish between cash flow and fund flow. 10
 (b) Following are the Balance Sheets of Mr. Prakash a sole Trader as at 31st March 10
 2015 and 2016.

Liabilities	2015 ₹	2016 ₹	Assets	2015 ₹	2016 ₹
Capital					
Opening Balance		80,000	Goodwill	10,000	8,000
Add : Capital introduced		10,000	Plant	30,000	46,000
Add : Net profit		7,000	Furniture	7,000	6,000
		97,000	Investment	31,000	57,000
Less : Drawings		6,000	Stock	22,000	17,000
Closing capital	80,000	91,000	Sundry Debtors	15,000	19,500
Bank Loan	45,000	64,000	Bills Receivable	21,000	18,000
Creteritors	12,000	10,000	Bank Balance	18,000	7,500
Bills Payable	17,000	14,000			
	1,54,000	1,79,000		1,54,000	1,79,000

Additional Information :

Depreciation written off against plant ₹ 4000 and furniture ₹ 1,000

Prepare :

(i) The statement showing charges in working capital.

(ii) The statement showing the sources and uses of funds during the year.

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4. (a) Explain hierarchy of free cash flow.
(b) Write a descriptive note on Dupont model.

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5. (a) Following are the Balance sheet of young India Ltd.

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Liabilities	2014 ₹	2015 ₹	Assets	2014 ₹	2015 ₹
Share Capital	7,00,000	6,00,000	Fixed Assets	6,50,000	4,00,000
General Reseve	2,00,000	1,50,000	Debtors	3,50,000	2,00,000
Profit & Loss A/c	2,00,000	1,00,000	Stock	2,50,000	1,50,000
14% Debentures issued for purchase			Cash	1,30,000	1,00,000
of fixed assets	2,00,000	NIL	Underwriting Commission	NIL	70,000
Proposed Dividend	80,000	70,000			
	13,80,000	9,20,000		13,80,000	9,20,000

Other Information :

- (a) Depreciation for the year ₹ 50,000.
(b) Interim dividend paid during the year to be 5% on opening capital.
Prepare cash flow statement.

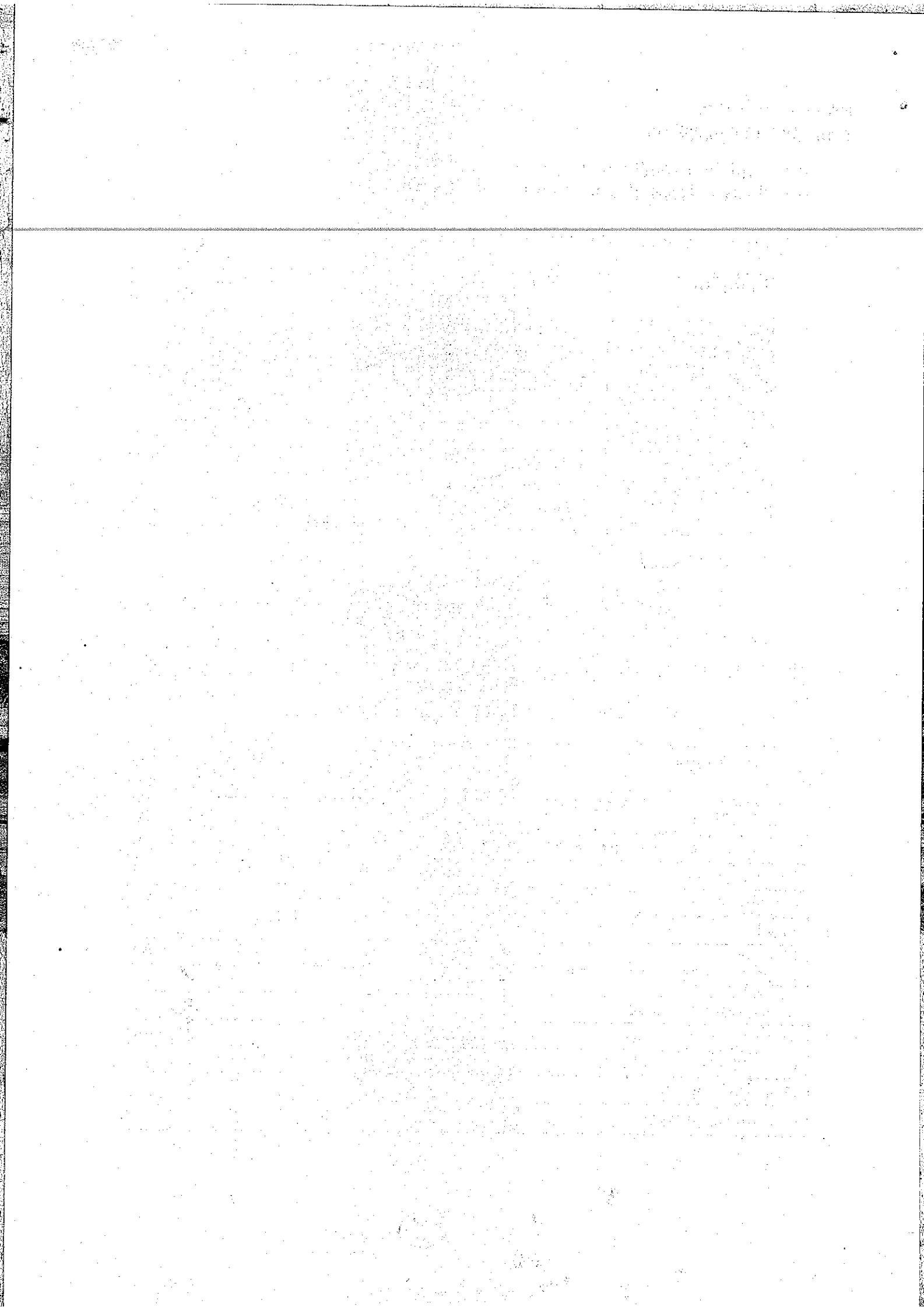
- (b) Complete the following trend statement and comment on it.

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M/s. Alpha Ltd. Balance Sheet as at 31st March

Particulars	2015		2016		2017	
	₹	%	₹	%	₹	%
Fixed Assets :	1,60,000	100	?	150	?	200
Less : Depreciation provision	60,000	100	?	150	?	250
Net fixed Assets	1,00,000	100	?	150	?	170
Current Assets :						
Stock	3,00,000	100	?	120	?	140
Debtors	4,50,000	100	?	120	?	160
Bank Balance	1,00,000	100	?	80	?	110
Short Term Advances	?	?	?	?	?	?
Total Current Assets	10,00,000	100	?	120	?	144
Less : Current Liabilities	3,00,000	100	?	110	?	130
Working Capital	?	?	?	?	?	?
Capital Employed	?	?	?	?	?	?

(3)



N.B. : (1) Q.1 is compulsory.

(2) Attempt any 3 questions from Question numbers Q. 2 to Q. 5.

(3) Working should be part of your answer.

1. (a) Fill in the blanks using appropriate option :

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(1) Work in progress is valued at cost plus profit which has been taken to the _____.

- (a) Contract A/c (c) Contractees A/c
(b) Profit and loss A/c (d) None of the above.

(2) A budget that gives a summary of all the functional budget is known as _____.

- (a) Capital budget (c) Master budget
(b) Flexible budget (d) Fixed budget

(3) Total costs incurred in a production process is divided by total number of output units for calculating—

- (a) the cost of indirect labour (c) cost of direct material
(b) cost of direct labor (d) unit costs

(4) Work Certified is valued at

- (a) Cost price
(b) Market price
(c) Cost or market price whichever is less
(d) Estimate price

(5) The classification of fixed and variable cost has a special significance in the preparation of _____.

- (a) Flexible budget (c) Capital Budget
(b) Cash Budget (d) Zero based budget

(6) While evaluating deviations of actual cost from standard cost, the technique used is, _____.

- (a) Regression analysis (c) Linear Progression
(b) Variance analysis (d) Trend analysis

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- (7) The cost which is directly chargeable to the product is _____.
- (a) Indirect cost (c) Overheads
(b) Direct cost (d) Period cost
- (8) Casual workers work in place of _____.
- (a) Absentees (c) Sincere workers
(b) Retrenched workers (d) None of the above
- (9) Under valuation of opening stock in costing _____.
- (a) Increases costing profit (c) Decreases financial profit
(b) Decreases costing profit (d) Both (A) & (C)
- (10) If the selling price per unit increase then the PV Ratio _____.
- (a) Increases (c) Remain Constant
(b) Decreases (d) None of these
- (b) State whether the following statements are True or False. 10
- (1) A negative Sales Price Variance is said to be favorable.
 - (2) A product which has practically no sales or utility value is scrap.
 - (3) Margin of safety occurs at break-even sales.
 - (4) Marginal Costing is also known as variable costing.
 - (5) Process costing is a technique of costing.
 - (6) Cash received = Value of work certified - Retention money.
 - (7) Abnormal loss is charged to Costing Profit and Loss Account.
 - (8) Labour turnover may be caused due to low wages.
 - (9) Cash discount is completely excluded from the cost.
 - (10) Contribution equals to sales minus variable cost.
2. A manufacturing company is currently working at 50% capacity and produces 10,000 units at a cost of Rs. 180 per unit as per the following details. 20
- Materials : Rs. 100
Labor : Rs. 30
Factory Overheads : Rs. 30 [40% fixed]
Administrative Overheads : Rs. 20 [50% fixed]
Total Cost Per Unit : Rs. 180

The selling price per unit at present is Rs. 200. At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%.

Prepare a Flexible Budget to show the profits/losses at 50%, 60% and 80% capacity utilization.

3. (a) The following information is available in respect of material in ABC Co. Ltd. 12
of Aurangabad.

- (a) Re-order quantity = 2,500 units
- (b) Re-order period = 6 to 8 weeks
- (c) Maximum consumption = 600 units per week
- (d) Normal consumption = 300 units per week
- (e) Minimum consumption = 200 units per week

Calculate (i) Re-order level
(ii) Minimum level
(iii) Maximum level
(iv) Average stock level

- (b) The ratio of variable cost to sales is 70%. The capacity sales are Rs. 5,00,000 8
when fixed costs are Rs. 90,000. Calculate :

- (i) P/V/Ratio
- (ii) Break Even point
- (iii) Profit at 75% of the capacity sales.

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4. Following particulars relate to two houses which a firm of builders has in course of construction under contract. 20

Particulars	House A	House B
Work in progress 1-4-2015	14,80,000	—
Material purchased	23,00,000	16,60,000
Wages	20,00,000	14,00,000
Electrical service and Fittings	1,40,000	30,000
Road making charges	8,00,000	—
Contract price (including road making)	60,00,000	40,00,000
Cash received upto 31-03-2016	60,00,000	24,00,000
Percentage of Cash received to work certified	100%	66 2/3%
Value of materials in hand on 31-03-16	40,000	54,000
Completed work not certified	—	2,50,000
Value of Plant used on sites	12,00,000	6,00,000
Number of months the plants remained on sites during the year	10 months	8 months

The total establishment expenses incurred during the year 2015-16 amounted to Rs. 12,24,000.

These are to be charged to the two contracts in the proportion of wages. Depreciation of Plant is to be taken into account at the rate of 10% per annum.

Prepare the two contract accounts in columnar form showing the profit or loss on each house for the year ending on 31-03-2016 and the sums which you consider appropriately transferable to the profit and loss account.

5. Write short notes on (any four) :—

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- (a) Classification of cost
- (b) ABC Analysis
- (c) Methods of Remuneration
- (d) Difference between Fixed Budget Flexible Budget
- (e) Material Variances.



Accounting systems

(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) Select appropriate answer from alternatives given and rewrite the sentence. 10

(1) Accounting principles are generally based on :

- | | |
|--------------------|------------------------------|
| (a) Practicability | (c) Convenience in recording |
| (b) Subjectivity | (d) None of the above |

(2) Window dressing of accounts means:

- (a) Presenting accounts in a beautiful manner.
 (b) Showing more losses to avoid income tax
 (c) Showing more profits to attract investment.
 (d) None of the above

(3) The accounting standards are mandatory for:

- | | |
|-------------------------|------------------------------|
| (a) Companies | (c) Charitable organizations |
| (b) Sole proprietorship | (d) None of the above |

(4) Purchase of machinery is a :

- | | |
|-------------------------|-----------------------|
| (a) Capital expenditure | (c) Capital receipt |
| (b) Revenue expenditure | (d) None of the above |

(5) Revenue expense is that expense:

- (a) Benefit of which is exhausted in one year
 (b) Which is not recurring in nature
 (c) Which increases life of asset
 (d) None of the above

(6) Depreciation arises because of :

- | | |
|-------------------|-----------------------|
| (a) Wear and tear | (c) Profit |
| (b) Inflation | (d) None of the above |

(7) The amount of depreciation goes on decreasing every year under:

- | | |
|--------------------------|-------------------------------|
| (a) Straight line method | (c) Written down value method |
| (b) Revaluation method | (d) None of the above |

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- (8) Good will is a :
- (a) Tangible asset
 - (b) Intangible asset
 - (c) Current asset
 - (d) None of the above
- (9) Wages paid for installation of machinery is debited to :
- (a) Wages a/c
 - (b) Trading a/c
 - (c) Machinery a/c
 - (d) None of the above
- (10) The profit on sale of asset is debited to :
- (a) Reserve a/c
 - (b) Asset a/c
 - (c) Profit and Loss a/c
 - (d) None of the above

(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) Capital receipt is recurring in nature.
- (iii) Recovery of bad
- (iv) Debts are a revenue receipt.
- (v) Cash is a real account.

(c) Match the following :

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Group A

Group B

- | | |
|--|----------------------------------|
| 1) Heavy advertisement expenses incurred to launch a product | i) Revenue expenditure |
| 2) Term loan from bank | ii) Capital expenditure |
| 3) Renewal of factory licence | iii) Capital receipt |
| 4) Sales of goods | iv) Deferred revenue expenditure |
| 5) Legal expenses incurred in connection with purchase of land | v) Revenue receipt |

2. The following Trial Balance as on 31st March, 2017 is extracted from the books of Yash. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March 2017 and the Balance Sheet as on that date: 20

Particulars	Debit Rs.	Credit Rs.
Drawings and Capital	10,000	1,00,000
Bank of Maharashtra	—	40,000
Debtors and Creditors	72,000	50,000
Opening stock	80,000	—
Purchases and Sales	6,00,000	7,10,000
Buildings	60,000	—
Furniture	3,000	—
Advertisement expenses	4,600	—
Insurance	6,000	—
Sundry Expenses	12,000	—
Salaries	40,000	—
Commission	—	400
Provision for doubtful debts	—	5,600
Bad Debts	4,000	—
Carriage inward	8,000	—
Printing and stationery	1,000	—
Postage, telephone and telegrams	1,000	—
Cash in hand	600	—
Bank of India	3,000	—
Carriage outwards	800	—
Total	9,06,000	9,06,000

Adjustments:

- (1) Closing stock: At cost Rs. 90,000 (At market value Rs. 95,000)
- (2) Purchases worth Rs. 3,000 made on 24th March 2017 was passed through sales day book.
- (3) A cheque for Rs. 5,600 received from a customer was realised by Bank of Maharashtra, on 28th March 2017, but the same was not recorded in the books.
- (4) A sum of Rs. 600 received from a customer, whose account was written off as bad in a previous year, was credited to his account.
- (5) Provision for Doubtful debts to be maintained @ 5%
- (6) Old furniture worth Rs. 800 was sold at Rs. 1200. This entry was recorded in sales book.

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3. M/s Prem and Sons purchased Machinery on 1st October 2007 at Rs. 90,000 and spent Rs. 10,000 on its installation. Another Machinery was purchased for Rs. 1,00,000 on 31st December, 2007. The firm provides depreciation at 10 % p.a under straight line method. Show machinery a/c and depreciation alc for the 3 years 2007-2008, 2008-2009 and 2009-2010 assuming books of accounts are closed on 31st March every year. 20

4. (a) Journalise the following transactions : 10

Date	Transaction	Amt
April 2016		(Rs)
01	Started Business with cash	50,000
03	Deposited cash into Bank	40,000
05	Sold goods to Ramesh	22,000
09	Goods returned by Ramesh	2,000
11	Goods Purchased from Kalpesh	30500
15	Goods Returned from Kalpesh	1,500
18	Bought Furniture & Fixture for office use by cheque	9,000
22	Purchased goods for cash	1,000
22	Paid carriage	50
30	Paid interest on loan	500

- (b) State with reasons whether the following are Capital (Expenditure / Receipts), Revenue (Expenditure / Receipts) (Answer any 5) :— 10
- Carriage paid on purchases Rs. 1,000.
 - Expenditure on advertising campaign Rs. 500
 - Freight and carriage of a new machinery purchased Rs. 2,000
 - Spent Rs. 6,000 as legal expenses for abuse of trademark.
 - Received Rs. 1, 00,000 on issue of equity shares.
 - Paid to the government excise duty Rs. 50,000
 - Paid Rs. 70,000 for construction of railway sidings.

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

- Book - Keeping
- Business Entity Concept
- Depreciation
- Final Account
- AS-1

- N.B. : (1) Question No. 1 is compulsory which carries 20 marks.
(2) Answer any three questions from the remaining Q. 2 to Q. 5.
(3) Figures to the right indicates marks.
(4) Draw flow charts, diagrams wherever necessary.

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1. (a) Fill in the blanks :

- (i) _____ measures the total issues of primary and secondary claims in relation to national income. (Finance Ratio / Intermediation Ratio)
- (ii) Capital Market is a market for long-term finance to the _____ and _____ sectors. (Industrial/banking/retailing/corporate)
- (iii) Long-term capital represents the amount of capital invested in the form of _____. (fixed assets/immovable assets/movable assets/money markets)
- (iv) _____ is that part of secondary market where investors buy and sell debt securities which are mostly in the form of bonds. (Equity Market / Debt Market / Derivative Segment)
- (v) Rates provided by a bank to its customers are called _____. (Merchant rates / Interbank rates / Spot rates)
- (vi) _____ option gives the buyer the right but not the obligation to buy a given quantity of the underlying asset, at a given price on or before a given future date. (Call / Put)
- (vii) _____ are the shares issued by the companies to their shareholders free of cost by capitalisation of accumulated reserves from the profits earned in the earlier years. (Equity / Preference / Bonus)
- (viii) _____ is a stock index in which each stock influences the index in proportion to its price per share. (Equal Weighted / Price-Weighted)
- (ix) A _____ is a promissory note issued by the RBI to meet the short-term requirement of funds. (Call Money / Treasury Bill / Certificate of Deposit / Trade Bill)
- (x) The role of money market is creation of _____ (liquidity, time deposits, term deposits, foreign exchange)

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(b) Match the following :

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1. Merchant Transactions	(a) State Bank of India, Bank of America, LIC, NABARD
2. Forex Market	(b) Current Assets
3. Current Account	(c) International Trade
4. Call Money	(d) IPO (Equity and Preference shares) and NFO (Mutual Funds)
5. FIMMDA	(e) Government dated Securities
6. Short-term Capital	(f) Regulates Securities Markets
7. Primary Market	(g) Over-The-Counter (OTC) Market
8. SEBI	(h) Repaid within 15 days
9. Export Capital	(i) Component of BOP Account
10. DFHI	(j) Transactions are initiated by the customers.

2. (a) What are the different types of pricing ? State the role of Merchant Bankers in Fixing the price. 10
- (b) What is primary market ? Explain the features of primary market, in detail. 10
3. (a) Distinguish between Preference Shares and Equity Shares. 10
- (b) Explain different kinds of Preference Shares, in detail. 10
4. (a) Define call money market with its advantages and disadvantages. 10
- (b) State the objectives and characteristics of Stock Exchange. 10
5. (a) Explain the significance and state the disadvantages of Stock Index. 10
- (b) State and explain in detail the institutions involved in money market. Also, state the different functions of money market. 10

(13)

(Feb-19)
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(13)