

Paper 8 : FINANCIAL MANAGEMENT & ACCOUNTANCY - 2012

Note : Attempt any five questions. All questions carry equal marks.

1. Define Accounting. What are its features ? Explain briefly the accounting concepts.
2. Prepare Trading Account, Profit & Loss Account and Balance Sheet from the following Trial Balance as on 31-12-2004 :

Sl. No.	Heads of Accounts	Debit	Credit
1.	Drawing and Capital	750	15,000
2.	Stock on 1-1-2004	6,920	—
3.	Bills Receivable & Bills Payable	1,000	1,180
4.	Returns	300	320
5.	Wages	70	—
6.	Discount	—	30
7.	Salaries	200	—
8.	Canara Bank Shares	3,000	—
9.	Purchases and Sales	4,500	8,300
10.	Insurance	120	—
11.	Buildings	3,000	—
12.	Furniture	700	—
13.	Debtors & Creditors	6,000	1,300
14.	Cash in hand	470	—
15.	Overdraft at Bank	—	900
		<u>27,030</u>	<u>27,030</u>

Adjustments :

- (i) Closing stock Rs.7,060.
 - (ii) Allow interest on capital at 6% p.a.
 - (iii) Insurance prepaid Rs.60.
 - (iv) Depreciation on Building and Furniture at 10% p.a.
 - (v) Wages due Rs.40.
 - (vi) Provide 10% for RBD and 5% on debtors and creditors.
3. From the following information of ABC Limited at the end of 2004, calculate :
 - (a) Cost of goods sold
 - (b) Gross profit
 - (c) Closing stock
 - (d) Trade debtors
 - (e) Fixed assets
 - (i) Current ratio 1.75
 - (ii) Liquidity ratio 1.24
 - (iii) Stock turnover ratio (Cost of sales/closing stock) 9

- (iv) Gross Profit ratio 25%
- (v) Debt Collection period 1½ months
- (vi) Turnover to fixed assets 1.2
- (vii) Sales Rs.12,00,000

4. What do you mean by Cost Accounting ? What are its objectives ? Explain the difference between financial accounting and cost accounting.
5. Find out :
 - (a) P/V Ratio
 - (b) Fixed cost
 - (c) Sales to earn a profit of Rs.40,000
 - (d) Break-even salesSales 1,00,000; Profit 10,000; Variable cost 70%.
6. Write short notes on the following :
 - (a) Break-even point
 - (b) Margin of safety
 - (c) CVP analysis
7. What is a Cash Budget ? What are its advantages ? How is it prepared ?
8. Write short notes on the following :
 - (a) Budget Manual
 - (b) Master Budget
 - (c) Zero Base budgeting
9. What is Job Costing ? What are the important features of job order costing ? Explain the advantages and disadvantages of job order costing.
10. The are the expenses incurred in case of an Article :

	A	B
Materials (250 units)	5,000	1,000
Labour	4,000	3,000
Other expenses	2,000	1,250
Output : Normal Loss	4%	5%
Sales of normal loss per unit	5	8

Prepare Process Account.

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