QUESTION 2014

Group – A
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any ten of the following:

i) Liquid Ratios comprises
a) CA to CL
✓b) CA – Stock to CL – Bank O/D
c) CA to Liquid Liabilities
d) None of these

ii) Which of the following is known as deferred revenue expenditure?
a) Outstanding salary
✓b) Prepaid advertisement
c) Closing stock
d) Purchase of goods

iii) Which of the following cost is not considered in Make or Buy decision
✓a) Fixed Cost.
b) Variable Cost
c) Semi variable Cost
d) None of these

iv) Prince Earning Ratio is calculated by using the formula
✓a) MPS/EPS
b) EPS/MPS
c) (MPS+EPS)/ No of shares
d) None of these

v) The difference between actual cost and standard cost is known as
✓a) Variance
b) Profit
c) Differential Cost
d) Deviation

vi) If Sales = Rs. 180000, Profit = Rs. 20000, Variable Cost = 60%, then P/V Ratio will be
a) 20%
b) 30%
✓c) 40%
d) 50%

vii) Standard quantity 1000 kgs at the rate of Rs. 2.40 per kg. Actual quantity 1150 kgs at the rate of Rs. 2.60 per kg. Material price variance will be
a) 230(F)
✓b) 230(A)
c) 250(A)
d) 250(F)

viii) Selling Price and Variable Cost per unit are Rs. 20 and Rs. 12 respectively. Total Fixed Cost is Rs. 30000. BEP sales in units will be
a) 3250
b) 3350
c) 3500
✓d) 3750

ix) Sale of building results into a:
✓a) source of fund
b) application of fund
c) absence of flow
d) None of these

x) A flexible budget requires careful study and classification of expenses into:
a) Past and current expenses
✓b) Fixed, semi-variable and variable expenses
c) Administration, selling and factory expenses
d) None of these

xi) Which of the following is not a source of fund?
a) Issue of share capital
b) Sale of fixed assets
✓c) Issue of bonus shares
d) Issue of shares for consideration other than cash

Group – B
(Short Answer Type Questions)

2. Prepare a purchase budget for the year ended 31st December, 2013 from the following particulars, when the estimated price per kilogram of material is: X Rs. 2 and Y Rs. 3.

Materials	Estimated Consumption of Materials (in kg.)	
X	100000	
Y	200000	
Materials	On 1st January, 3013	On 31st December, 2013
X	30000	15000
Y	40000	20000

See Topic: BUDGETING FOR PROFIT PLANNING AND CONTROL, Short Answer Type Question No. 5.

3. Ascertain (a) Contribution (b) Marginal Contribution (c) Profit per unit (d) Fixed Overhead from the following information:
Cost of Material, Labour & Overhead are Rs. 10, Rs. 6 and Rs. 4 per unit respectively. Output 10,000 units. 40% overhead is variable. Selling prices is Rs. 28 per unit.
See Topic: ABSORPTION AND MARGINAL COSTING, Short Answer Type Question No. 6.

4. What is a Key Factor or Limiting Factor? Elucidate with examples.
See Topic: BUDGETING FOR PROFIT PLANNING AND CONTROL, Short Answer Type Question No. 3(or).

5. Enumerate any 5 differences between Management Accounting and Financial Accounting.
See Topic: MANAGEMENT ACCOUNTING, Short Answer Type Question No. 2.

6. Calculate Stock-Turnover Ratio from the following particulars for the year ended 31/03/13:
a) Annual Sales Rs. 64,000.
b) Sales include a profit of 33.33% on cost.
c) The average stock for the year is Rs. 12,000.
See Topic: FINANCIAL STATEMENTS, Short Answer Type Question No. 10.

Group – C
(Long Answer Type Questions)

7. Fill in the blanks:

Situation	P	Q	R
Selling price p.u	?(a)	Rs. 50	Rs. 20
Variable cost as a% of selling price	60	?(c)	75
Number of units sold	10000	4000	?(e)
Contribution	Rs. 20000	Rs.80000	?(f)
Fixed Cost	Rs. 12000	?(d)	Rs.120000
Profit/Loss	?(b)	Rs.20000	30000

See Topic: **ABSORPTION AND MARGINAL COSTING, Long Answer Type Question No. 2.**

8. a) Following are some pertinent details of the trading activities of ABC Ltd.

Stock velocity	8 month
Debtors velocity	3 months
Creditors Velocity	2 months
Gross profit ratio	25%

Gross profit for the year is Rs. 4,00,000. Bills receivable Rs. 25,000 and Bills payable Rs. 10,000. Closing stock for the year is Rs. 10,000 more than opening stock. Find out: a) Sales, b) Debtors.

b) What are the significance of Liquidity ratio.

See Topic: **FINANCIAL STATEMENTS, Long Answer Type Question No. 16 (a) & (b).**

9. The standard cost of a material is
40% material A at Rs. 20 per kg.
60% material B at Rs. 30 per kg.
A standard loss of 10% is expected in production. During a period there is used.
90 kgs material A at a cost of Rs. 18 per kg.
110 kgs material B at a cost of Rs. 34 per kg.
The weight produced is 182 kgs of ideal product:
a) Material cost variance
b) Material price variance
c) Material mix variance
d) Material yield variance

See Topic: **STANDARD COSTING AND VARIANCE ANALYSIS, Long Answer Type Question No. 1.**

10. a) The Balance Sheets of BB&A Company as on 31st Dec, 2012 & 31st Dec, 2013 are as follows:

Liabilities	2012 Rs.	2013 Rs.	Assets	2012 Rs.	2013 Rs.
Share Capital	500000	700000	Land & Buildings	80000	120000
Profit & Loss A/C	100000	160000	Plants & Machinery	500000	800000
General Reserve	50000	70000	Stocks	100000	75000
Creditors	153000	190000	Debtors	150000	160000
Bills Payable	40000	50000	Cash	20000	20000
Expenses O/S	7000	5000			
Total	850000	117500		850000	1175000

Additional information:
1) Depreciation has been charge on plant & machinery of Rs. 50000.
2) Divided paid during the year of Rs. 10000.
3) Tax paid during the year of Rs. 5000.
4) A part of Machine Costing Rs. 70000 book value Rs. 40000 was disposed off for Rs. 25000.
Prepare the Funds-Flow Statement for the year 2012-2013.

See Topic: **FINANCIAL STATEMENTS, Long Answer Type Question No. 1(same type).**

11. Write the short notes any three of the following:
a) Responsibility Accounting
b) Planning and Performance Budget (PPB)
c) Dynamic Pricing

d) Causes of shut-down decisions
e) Importance of RONW (return on Net Worth)

a) See Topic: BUDGETING FOR PROFIT PLANNING AND CONTROL, Long Answer Type Question No. 11 (a).
b) See Topic: BUDGETING FOR PROFIT PLANNING AND CONTROL, Long Answer Type Question No. 11 (b).
c) See Topic: ABSORPTION AND MARGINAL COSTING, Long Answer Type Question No. 5(d).
d) See Topic: ABSORPTION AND MARGINAL COSTING, Long Answer Type Question No. 5(e).
e) See Topic: FINANCIAL STATEMENTS, Long Answer Type Question No. 22 (i).