(7 pages)

MAY 2024

P/ID 17613/PCAE3/PCAD1

Time : Three hours Maximum : 80 marks

PART A — $(10 \times 2 = 20$ marks)

Answer any TEN questions.

1. Define Book Keeping?

2. State the meaning of Business Entity Concept.

3. What is Trial Balance?

4. What do you mean by Financial Statement Analysis?

5. What is Operating Ratio?

6. What is Capital Gearing Ratio?

7. State any two demerits of marginal costing.

8. What do you understand by Break-even Point?

9. What is Sales Budget?

10. What is Master Budget?

11. Write down the meaning of internal rate of return.

12. Define Sensitivity Analysis?

PART B — $(5 \times 6 = 30$ marks)

Answer any FIVE questions.

13. What are the various accounting conventions? Explain.

14. The following balances are extracted from the books of Thiru Maran prepare trial balance as on 31.3.2020.

Particulars	Rs.	Particulars	Rs.
Discount earned	11,000	Purchases	16,50,000
Telephone charges	64,500	Commission	7,500
Loan from Sridhar	5,10,000	Bad debts	13,500
Bills payable	60,000	Stock	3,30,000
Owners Equity	47,00,000	Account receivable	4,80,000
Sales	29,00,000	Bills receivable	86,000

Particulars	Rs.	Particulars	Rs.
Rent and Taxes	63,000	Salaries	7,06,000
Account payable	2,60,000	Repairs	54,000
Machinery	15,88,000	Furniture	1,10,000
Insurance premium	33,000	Discount allowed	6,500
Reserve fund	59,000	Building	32,00,000
Drawings	50,000		

15. From the following figures calculate the debtors turnover ratio and debt collection period:

    Credit Sales for the year Rs. 60,000

    Debtors Rs. 5,000

    Bills Receivable Rs. 5,000.

16. From the following information find out:

    (a) P/V Ratio (b) Sales and (c) Margin of safety

    Given : Fixed Cost: Rs. 40,000

    Profit : Rs. 20,000

    B.E.P : Rs. 80,000.

17. The following information regarding the stock of materials required for the production by Ramesh Limited, is available:

Materials	Estimated consumption during 2003-04 (in Kg)	Estimated stocks (in Kg)	
		on 1.7.2003	on 30.6.2004
A	9,03,000	20,000	17,000
B	6,90,000	10,000	20,000
C	5,47,000	30,000	33,000

Prepare a Purchase Budget of Ramesh Limited.

18. What are the managerial uses of marginal costing? Explain.

19. State the importance of Capital Budgeting.

PART C — $(3 \times 10 = 30$ marks)

Answer any THREE questions.

20. From the following Trial Balance of Mr. Rahim, prepare his Final Accounts as on 31.12.2016.

Particulars	Debt		Credit
	Rs.		Rs.
Capital			60,000

Particulars	Debt		Credit
Sales (net)			2,70,000
Adjusted Purchases	1,83,000		
Salaries	24,000		
Salaries outstanding			2,000
Carriage inwards	2,500		
Carriage Outwards	1,400		
Lighting	1,200		
Rates and Insurance	1,600		
Prepaid Insurance	200		
Building	39,000		
Furniture	9,500		
Depreciation	1,500		
Sundry creditors			21,000
Petty cash	90		
Cash at bank	3,010		
Stock on 31.12.2016	26,000		
Sundry debtors	30,000		
Sales Van	30,000		
Total	3,53,000		3,53,000

21. ABC Company produces a single product. Cost data of the product is given below:

Selling price per unit Rs. 40

Marginal cost per unit Rs. 24

Fixed cost per annum Rs. 16,000

Calculate:

(a) P/V Ratio

(b) Break-Even Sales

(c) Sales to earn a profit of Rs. 2,000

(d) Profit at sales of Rs. 60,000

(e) New Break-Even Sales, if price is reduced by 10%.

22. A company at present operating at 80% capacity produces and sells 40,000 units. Given below are the expenses per unit:

	Per unit Rs.
Direct material	15
Direct labour	10
Factory overhead (30% fixed)	5
Office overhead (60% variable)	3
Selling and distribution overhead (50% fixed)	2
Selling price	45

Prepare a budget at 60% capacity and 90% capacity.

23. A Company is considering the purchase of a machine. Two machines are 'A' and 'B' are available for Rs. 80,000 each. Annual Cash Inflows are as follows:

Year	Cash Flows	
	Machine A	Machine B
1	24,000	8,000
2	32,000	24,000
3	40,000	32,000
4	24,000	48,000
5	16,000	32,000

Evaluate the two alternatives according to

(a) Payback Method

(b) Net Present Value Method. (A discount rate of 10% is to be used).

Year:	1	2	3	4	5
PV factor @ 10%	0.909	0.826	0.751	0.683	0.621

24. Describe the managerial uses of accounting ratios.