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MMS/D-12 **13573**

FINANCIAL ACCOUNTING

Paper : CP-106

Time : Three Hours] [Maximum marks :70

PART-A

Note: Attempt any *eight* questions in all. Each question carries *five* marks.

1. What is the scope of Financial Accounting?

2. Discuss the need and importance of IFRS.

3. "Without accounting concepts and conventions objective, reliable, consistent and comparable accounts cannot be maintained." Comment.

4. Is it correct to say that Cost Accounting is unnecessary? Explain.

5. Distinguish between Marginal Costing and Absorption Costing.

6. What is meant by Responsibility Accounting? What are its objectives?

7. Discuss the objectives and limitations of Zero Base Budgeting

8. What is the impact of inflation on corporate financial statements? Explain and illustrate.

9. "Human resource accounting is the process of identifying and measuring the value of human resources." Discuss.

10. Distinguish between Direct Cost and Indirect Costs. What types of costs are included in direct costs?

PART-B

Note: Attempt any *three* questions. Each question carries *ten* marks.

11. Why do net profits and funds from operations disgree? Also differentiate between Funds flow statement and Cash flow statement.

12. "The basic variances are price and usage variances." Discuss the statement in relation to materials, labour and overheads indicating the reasons for variations of actual costs as compared to standard costs.

13. Sikka Co. Ltd. has a capacity to produce 5,000 articles but actually produces only 2,000 articles for home market as follows:

	R.s
Materials	40,000
Wages	36,000
Factory overheads:	
Fixed	12,000
Variable	20,000
Administrative overheads (fixed)	18,000
Selling and Distribution overhead:	
Fixed	10,000
Variable	16,000
	1,52,000

The home market can consume only 2,000 articles at a selling price of R.s 80 per article. An additional order for the supply of 3000 articles is received from a foreign consumer at R.s 65 per article.

Should this order be accepted or not?

14. Following ratios are related to the activities of Kothari Ltd. :

Debtors turnover	3 Months
Stock Velocity	8 Months
Creditor Velocity	2 Months
Gross Profit Ratio	25%

Gross Profit for the current year ended March 31,2012 amounts to Rs. 4,00,000. Closing stock of the year is 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and bills payable to Rs. 10,000. Find out (a) Sales, (b) Sundry debtors (c) Closing Stock, and (d) Sundry creditors.

15. Prepare a Flexible Budget from the following data:

Capacity	40%
Volume	12,000 units
Selling price per unit	Rs. 300
Material per unit	Rs. 150
Labour per unit	Rs. 45

Factory overhead per unit	R.s 45 (Rs. 18 fixed)
Office overhead per unit	Rs. 30 (Rs. 15 fixed)

At 70% working, material cost per unit decreases by 2% and selling price per unit falls by 2%. At 90% working, selling price per unit falls by 5% and material cost per unit decreases by 5%.

Estimate the profits at 70% and 90% working.