

MMS/D-15
FINANCIAL ACCOUNTING
PAPER-CP-106

Time Allowed: 3 Hours

Maximum Marks: 70

Note: Attempt any eight questions from Part-A of 5 marks each and three questions of 10 mark each from Part B.

PART-A

1. What do you mean by Generally Accepted Accounting principles?
2. State the importance of IFRS.
3. Enumerate the objectives of Human Resource Accounting.
4. What are the limitations of Zero-base budgeting?
5. Why Balance-sheet is prepared?
6. State the advantages of Funds Flow statement.
7. Enumerate the limitations of Cash flow statement.
8. Differentiate between Marginal costing and Absorption costing.
9. Prepare a Cash sheet with imaginary figures.
10. What are the objectives of Responsibility Accounting?

PART-B

11. "Calculation of variances in standard costing is not an end in itself, but a means to an end." Discuss.
12. Define Cost accounting. State its nature and scope.
13. From the following information you are required to calculate ; (i) Sales; (ii) Sundry Debtors; (iii) Sundry Creditors. (iv) Closing stock'

Debtor's velocity ratio	3 months
Stock velocity ratio	6 months
Creditor's velocity ratio	2 months
Gross profit ratio	25%

The gross profit for the year ended 31st March, 2013 was \$5, 00,000. Stock for the some period was \$20,000 more then it was in the beginning of the year. Bills receivable and bills payable were \$1, 50,000 and \$83,333 respectively.

14. A firm at present operates at 60% of its capacity. At this level and at the level of 50% utilisation of capacity, the figures relating to its operations could be summarized as stated below :

	50%	60%
Materials	10,00,000	12,00,000
Labour	8,00,000	9,00,000
Manufacturing overheads	6,00,000	6,60,000
Selling and distribution overheads	4,50,000	5,00,000
Research and development	1,50,000	2,00,000
Total	33,50,000	38,10,000
Profit	1,50,000	3,90,000
Sales	35, 00,000	42, 00,000

Draw up the budget at 80% utilization of capacity assuming that;

- (i) Sales at this level can be maintained only by a flat 5% reduction in the selling price;
- (ii) Economy in purchase of material will equal to 2-1/2% of the current amounts;
- (iii) The research and development expenditure will be pegged at \$2,50,000 per annum; and
- (iv) Administrative overheads will require 10% increase.

15 Merry Manufactures Ltd., has supplied you the following information in respect of one of its product:

Total fixed costs	18,000
Total variable costs	30,000
Total sales	60,000
Unit sold	20,000

find out;

- (a) Contribution per unit
- (b) Break-even point
- (c) Margin of safety
- (d) Profit and
- (e) Volume of sales to earn a profit of \$24,000