

1)Section –A is compulsory

2)Attempt any Nine questions from section –B

**Section-B**

- a) Write accounting equation .what does it signify.  
 b) Write three principles of accounting.  
 c) Explain the convention of conservatism.
- d) what are cost drivers?  
 e) How are outstanding expenses treated in final accounts?  
 f) What are common size statements?
- G )Explain the term 'fund'.  
 h) What is human resource cost accounting?  
 i) What is the significance of P/E ratio?
- j) Differentiate between social cost and social benefits.  
 k) Explain the term 'cost object'.  
 l) What is opportunity cost?
- m) Differentiate between period costs and product costs?  
 n) What are flexible budgets?  
 o) Differentiate between a 'profit center ' and a cost center.

**Section – B**

- 2)Is accounting an information system? Discuss its components.
- 3) Discuss how activity based costing is different from traditional costing.
- 4) Explain three most significant concepts of accounting.
- 5) From the following balances drawn from the ledger of a merchant,prepare trading profit and loss account of the year ended on 31st march 2006 and a balance sheet on that date:
- | Particulars       | Amount(rs) | Particular                   | Amount(rs) |
|-------------------|------------|------------------------------|------------|
| Sundry creditors  | 19000      | Bad debts                    | 100        |
| Buildings         | 15000      | Loan from ram                | 2500       |
| Income tax        | 1025       | Sundry debtors               | 9500       |
| Loose tools       | 1000       | Investments                  | 6500       |
| Cash at bank      | 16200      | Provision for doubtful debts | 1600       |
| Sundry expenses   | 1990       | Rent and rates               | 850        |
| Bank interest(Cr) | 75         | Furniture                    | 3000       |
| Purchases         | 157000     | Opening stock                | 27350      |
| Wages             | 10000      | Capital                      | 47390      |
| Carriage inwards  | 1120       | Discount allowed             | 630        |
| Sales             | 185000     | Dividend received            | 535        |
| Motor van         |            |                              |            |
| Cash in hand      | 12500      |                              |            |
| 335 Drawings      |            |                              |            |
| Bills payable     | 2000       |                              |            |
| 10000             |            |                              |            |

The following adjustments need to be made

- a) Write off further Rs.300 as bad debts and create a provision for doubtful debts at 2%
- b) Closing stock was valued at Rs.15000
- c) Write off 55 for depreciation on buildings and 40% on motor van
- d) Provide for interest @12% p.a. due on loan taken from ram on 1-6-2005
- 6) Who are the users of financial statements? What type of information do they seek from the financial statements?
- 7) What is the objective of preparing the cash flow statement? Give the format of a cash flow statement.
- 8) What is the limitation of historical cost accounting? In what way is price level accounting an improvement over historical cost accounting?
- 9) What is the objective of social accounting? What type of information is given in social accounts?
- 10) A company sells its product at Rs.15 per unit. In a period, if it produces and sells 8000 units ,it incurs a loss of Rs.5per unit. If the volume is raised to 2000 units, it earns a profit of Rs.4per unit. Calculate Break Even point both in terms of rupees and units.
- 11) differentiate between standard costing and budgetary control.
- 12) Discuss the rationale and advantages of Zero Base Budgeting.
- 13)A company has provided you the following information:
- | Products | Sales(rs) | P/V Ratio% |
|----------|-----------|------------|
| A        | 600000    | 40         |
| B        |           |            |
| C        | 90000     |            |
|          | 1000000   | 30         |
|          | 25        |            |

The fixed costs amount to Rs. 800000

You are required to revise the sales mix to ensure a profit of Rs. 10000 in such a way that not more than Rs.800000 of sales of Product A is Possible and that the present total value of sales should not be altered.