

ISLAMIAH COLLEGE (Autonomous)
VANIYAMBADI

CIA TEST - II – March 2020

Time: 3hours

Max. Marks: 75

Class: III B.Com. & III B. Com. SF Semester: VI Sub. Code: U5CO6001

COST ACCOUNTING –II

Section A – (10X 2 = 20 Marks)

Answer ALL Questions

1. Define job costing.
2. What is batch costing?
3. What do you understand by 'Incomplete Contract'?
4. What is meant by contract costing?
5. Prepare process X account from the following information:
Input 100 units at Rs. 20 each; wages Rs. 3,300; overheads Rs.1,000.
Normal loss expected 10% which has no scrap value.
6. A company produces 300 units of product R, 200 units of product S and 100 units of product J from a single process. The cost up to the point of separation amount to Rs. 30,000. You are required to apportion the joint cost of production among the products, using the average unit cost method.
7. What is operating costing?
8. What is transport costing?
9. Calculate material cost variance for the flowing:

	Standard	Actual
Quantity	400 kg	460 kg
Price	Rs. 2 per kg	Rs.1.50 per kg

10. What is standard costing?

Section B – (5X 5 = 25 Marks)

Answer ALL Questions

- 11 (a) State the Features of Job Costing.
(OR)

- (b) Modern Printers undertook two jobs during the 1st week of June 2007. The following details are available:

	Job 110 Rs.	Job 120 Rs.
Materials supplied	4,000	2,000
Wages paid	900	600
Direct expenses	200	100
Material transfer from 120 to 110	200	200
Material returned to stores	-	100

Find the cost of each job and profit or loss if any, assuming that job 120 is completed and invoiced to the customers at Rs. 3,000.

- 12 (a) Explain the features of contract costing.

(or)

- (b))The following was the expenditure on a contract for Rs. 6,00,000
Commenced in February 2004.

Materials – Rs. 1,20,000; wages – Rs. 164,400; plant – Rs.20,000;
Business charges Rs. 8,600

Cash received on account up to 31st December 2004 amounted to Rs. 2,40,000 being 80% of work certified. The value of materials on hand at 31.12.2004 was Rs.10,000. Prepare contract account for 2004 showing the profit to be credited to the year's profit and loss account. Plant is to be depreciated at 10%.

13. (a) From the following figures show the cost of the three processes manufacture. The production of each process is passed on to the next till completion.

	Process A Rs	Process B Rs.	Process C Rs,
Wages and materials	60,800	24,000	58,500
Works on cost	11,200	10,500	12,000
Production (in units)	72,000	75,000	96,000
Stock (units from preceding process 1 st July 2007	-	8,000	33,000
Stock (units from preceding process 31 st July 2007	-	2,000	11,000

(OR)

- (b) The following information relates to the main product A and its by Product B. B is sold at a profit of 20% on selling price.

	Joint Expenses Rs.	Separate Expenses	
		A Rs.	B Rs.
Material	20,000	5,000	4,000
Labour	15,000	3,000	2,000
Expenses	10,000	2,000	2,000

Total amount realized by sale of product B was Rs. 20,000. Find out the cost of A and B.

14. (a) From the following data, calculate the cost per mile of a vehicle:

	Rs.
Value of vehicle	15,000
Road license for the year	500
Insurance charge per year	100
Garage rent per year	600
Driver's wage per month	200
Cost of petrol per litre	0.80
Miles per litre	8
Proportionate charge for tyre and maintenance per mile	0.20
Estimated life	1,50,000 miles
Estimated annual mileage	6,000 miles
Ignore interest on capital	

(OR)

- (b) Mention any demerits of Operating Costing.

15. (a) from the details given, calculate:

- Material cost variance
- Material price variance

Quantity of material purchased – 3000 units

Value of materials purchased – Rs. 9,000

Standard quantity of material required per ton of output – 30 units

Standard rate of materials – Rs. 2.50 per unit

Opening stock of materials – Nil

Closing stock of materials – 500 units

Output during the period – 80 tons

(OR)

- (b) Standard time and rate for unit component are given below:

Standard hours – 20

Standard rate – Rs. 5 per hour

Actual production 1,000 units

Actual hours 20,500

Actual rate per hour Rs. 4.80

Calculate (a) Labour cost variance and (b) Labour rate variance

Section C – (3X 10 = 30 Marks)

Answer any Three Questions

16. From the details given below, calculate:

- ❖ Material cost variance
- ❖ Material price variance and
- ❖ Material mix variance

Materials	Standard		Actual	
	Units	Price per unit	Units	Price per unit
A	200	8	210	7.50
B	300	6	350	6.50

17. A particular brand of scent passed through three important processes. During the week ended 15th January 2007, 600 bottles were produced. The cost of bottles show the following information

	Process A Rs	Process B Rs.	Process C Rs,
Materials	4,000	2,000	1,500
Labour	3,000	2,500	2,300
Direct expenses	600	200	500
Cost of bottles	-	2,030	-
Cost of corks	-	-	325

The indirect expenses for the period were Rs. 1,600 (Indirect expenses are charged on labour basis)

The by-products were sold for Rs. 240 (Process B)

The residue was sold for Rs. 125.50 (Process C)

Prepare the account in respect of each of the processes, showing its cost and cost of production of finished product per bottle.

18. A transport company is running four buses between tow towns which are 50 kms apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for April 2008.

particulars	Rs.
Wages of drivers and conductors	2,400
Salaries to office staff	1,000
Diesel and other oils	4,000
Repairs and maintenance	800
Taxes and insurance	1,600
Depreciation	2,600
Interest and other charges	2,000

Actual passengers carried were 75% of the seating capacity. All the four buses run on all days of the month. Each bus made one round trip per day. Find out eh cost per passenger k.m.

19. A contractor makes up his accounts to December 31 in each year. You are given the following particulars in respect of a contract.

Materials sent to contract site – Rs. 2,150

Labour – Rs. 5,011

Foremen's Salary – Rs. 631

A machine costing Rs. 1,500 has been on the site for 73 days. Its working life is estimated at 5 years and its final scrap value is estimated to be Rs. 100. An accountant who is paid Rs. 1,200 p.a. has spent one half of his time on this contract. All other expenses are Rs. 1,261. Materials on hand Rs. 248. The contract price is Rs. 20,000. Cash received was Rs. 8,000 being 80% of work certified. Cost of work uncertified was Rs. 2,328. You are required to prepare contract account.

20. From the following information relating to the manufacturing of a product in a cost centre, prepare a cost sheet showing both production and setting up costs, total and per unit, when the batch consist of 200 units:

Cost of materials 12 paise per unit

Operator's wages Rs. 1.44 an hour

Machine hour rate Rs. 3.00

Setting up time of the machine 4 hours and 40 minutes
Manufacturing time 20 minutes per unit.

ISLAMIAH COLLEGE [AUTONOMOUS]

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CIA TEST II – MARCH 2020

TIME : 3 Hrs.

MAX. MARKS: 75

Class: III B.Com./ III B. Com. SF Semester: VI Sub. Code: U5CO6003

ENTREPRENEURIAL DEVELOPMENT

PART - A (10 X 2 = 20 MARKS)

Answer ALL Questions.

1. Define the term Entrepreneurship.
2. Who is a Social Entrepreneur?
3. Give the meaning of Idea Generation.
4. Define Project.
5. Write a short note on SIDO.
6. Mention any two objectives of SIDCO.
7. What do you mean by EDP?
8. Expand the acronym NSDC.
9. State the meaning of Incentive.
10. What do you mean by Subsidies?

PART - B (5 X 5 = 25 MARKS)

Answer ALL Questions

11. (a) What are the kinds of Entrepreneurs?
(Or)
(b) What are the factors influencing Entrepreneurship?
12. (a) Discuss in detail any two sources of Business Idea Generation.

(Or)

(b) Bring out the significance of a Business Plan.

13. (a) What are the functions of IFCI in Entrepreneurial Development?

(Or)

(b) How does NSIC assist Entrepreneurs?

14. (a) Briefly explain the content of EDP.

(Or)

(b) Explain the need for developing Rural Entrepreneurship.

15. (a) Why should subsidy be given to new Entrepreneurs?

(Or)

(b) Mention any five incentives given by Government of Tamil Nadu to Entrepreneurs.

PART - C (3 X 10 = 30 MARKS)

Answer any THREE Questions

16. Explain in detail the various functions of an Entrepreneur.
17. What is meant by Project Appraisal? Explain the methods of Project Appraisal.
18. Describe the functions of IDBI in promoting Entrepreneurship.
19. Discuss the main activities of National Skill Development Corporation.
20. What are the taxation benefits available to MSME?

(Dr. VV, Dr. VMH, Prof. SAB & Prof. NMT)

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ISLAMIAH COLLEGE [AUTONOMOUS]**VANIYAMBADI****CIA TEST II – MARCH 2020****TIME : 3 Hrs.****MAX. MARKS: 75****Class: III B.Com./III B. Com. SF Semester: VI Sub. Code: U5CO6006****FINANCIAL MANAGEMENT****PART - A (10 X 2 = 20 MARKS)****Answer ALL Questions**

1. Define Financial Management.
2. What is Profit Maximization?
3. What is meant by 'Floating Cost'?
4. Write a note on Cost of Capital.
5. What do you understand by 'Capital Structure'?
6. What is Optimum Capital Structure?
7. Mention any two Objectives of Dividend Policy.
8. What is Operating Leverage?
9. What is Combined Leverage?
10. Define Dividend Policy.

PART - B (5 X 5 = 25 MARKS)**Answer ALL Questions**

11. (a) Explain the scope of Financial Management.

(Or)

- (b) What is the role of Financial Manager?

12. (a) What are the factors affecting Cost of Capital?

(Or)

- (b) Following information is available with regards to the capital structure of EM Ltd. Calculate WACC.

Particulars	Amount (in Rs.)	After tax cost of capital
11% Pref. Share Capital	1,00,000	11%
Equity Share Capital	4,50,000	18%
Retained Earnings	1,50,000	18%
16% Debt	3,00,000	8%

13. (a) The Following is the details of Company X and Company Y:

Particulars	Alternative X	Alternative Y
Equity Share Capital (Rs. 10 each)	6,00,000	3,00,000
12% Debentures	-	2,00,000
15% Loan from Financial Institutions	-	1,00,000

Expected rate of return before tax is 20%. The rate of dividend on the company is not less than 18%. The company at present has low debt. Corporate tax is 35%. You are required to choose the better alternative based on EPS.

(Or)

- (b) Two firms R and S are identical except in the method of financing. Firm R has no debt, while firm S has Rs. 3,00,000, 8% debentures in financing. Both the firms have a Net Operating Income (EBIT) of Rs. 1,20,000 and equity capitalization rate of 12%. The Corporate tax rate is 35%. Calculate the value of the firms using MM approach.

14. (a) Bell Ltd. has a choice of the following three financial plans:

Particulars	Plan 1 Rs.	Plan 2 Rs.	Plan 3 Rs.
Equity Share Capital	6 lakh	5 lakh	2 lakh
10% Debentures	4 lakh	5 lakh	8 lakh
EBIT	2.5 lakh	2.5 lakh	2.5 lakh

You are required to ascertain the financial leverage in each case and interpret it.

(Or)

- (b) Ascertain the Financial Leverage from the information given below:

Net worth: Rs. 20,00,000

Debt/Equity ratio: 3: 1

Interest rate = 10%

Operating Profit = Rs. 18,00,000

15. (a) Mention the objectives of Dividend Policy.

(Or)

(b) The following data relates to Yamina Ltd:

Earnings per share Rs. 14

Capitalization Rate = 15%

Rate of Return = 20%

Determine the market price per share under Gordon model if the retention is 40%.

PART - C (3X 10 = 30 MARKS)

Answer any THREE Question

16. Elaborate objectives and significance of Financial Management.

17. Sakthi Ltd. issued 20,000, 8% debentures of Rs. 100 each on 1st April 2015. The cost of issue was Rs. 50,000. The company's tax rate is 35% determine the cost of debentures (before as well as after tax) if they were issued at par and at a premium of 10%

18. Company A and Company B are in the same risk class and identical. In all respects except that Company A uses debt. While company B does not. Levered Company has Rs. 20 lakh debentures carrying interest rate of 12%. Both companies earn 20% before interest and taxes on their total assets of Rs. 50 lakh. Assume Perfect Capital Markets, tax rate of 50% and Capitalization rate of 10% for an equity company. Compute the value of both companies under (a) Net Income (NI) Approach and (b) Net Operating Income Approach.

19. The earnings per share of Wicky Ltd. are Rs. 12. The rate of capitalization is 15% and the rate of return on investment is 9%.

Compute the market price per share using Walter's formula if the dividend payout is (a) 25% (b) 50% and (c) 100%. Which is the ideal payout?

20. Calculate Operating Leverage, Financial Leverage and Combined Leverage for the following firms and interpret the results.

	P	Q	R
Output (units)	3,00,000	75,000	5,00,000
Fixed Cost (Rs.)	3,50,000	7,00,000	75,000
Variable Cost per unit (Rs.)	1	7.50	0.10
Interest Expenses (Rs.)	25,000	40,000	-
Unit Selling Price (Rs.)	3	25	0.50

**ISLAMIAH COLLEGE [AUTONOMOUS]
VANIYAMBADI
CIA TEST II – MARCH 2020**

TIME : 3 Hrs.

MAX. MARKS: 75

Class: III B.Com./III B. Com. SF Semester: VI Sub. Code: U5CO6005

INCOME TAX LAW & PRACTICE - II

PART - A (10 X 2 = 20 MARKS)

Answer ALL Questions

1. What is Capital Asset?
2. What is meant by TDS?
3. What is meant by Aggregation of Income?
4. What is meant by Casual Income?
5. What is meant by Transfer?
6. Write short notes on Assessment of Individuals.
7. What do you mean by Book Profit?
8. What do you mean by PAN?
9. What do you mean by Total Income?
10. Write short notes on deduction u/s 80G.

PART - B (5 X 5 = 25 MARKS)

Answer ALL Questions

11. (a) What is Capital Asset? List out various assets which are not included in Capital assets.

(Or)

(b) Mr. A purchased a piece of land for Rs. 500000 during the PY 2001-2002. In 2006-2007 he agreed to sell it to Mr. B for Rs. 900000 and accepted advance money of Rs. 50000. Mr. B however failed to honour his promise and could not get the sale deed executed in his favour within stipulated time. As a result the advance money was forfeited by Mr. A. Now, Mr. A has sold this land during 2018-19 for Rs. 3000000. Determine the amount of capital gains chargeable to tax in the hand of Mr. A. (CII 2001-2002: 100, 2006-07: 122, 2018-19: 280)

12. (a) Enlist the different deductions available to an Individual's GTI with section numbers.

(Or)

(b) Gunasekaran furnishes the following particulars of his income for the PY 2018-19. Compute his Income from Other Sources for the AY 2019-20.

	Rs.
Dividend (Gross) from Ashok Leyland Ltd.	25000
Dividend from Co-operative Society	5000
Interim Dividend from Rane (Madras) Ltd.	6000
Dividend from a Foreign Company	26000
Dividend from UTI	3000

13. (a) Mr. Raj Singh sold a plot of land at Jaipur on 1.6.2018 (CII= 280) for Rs. 46,40,000. He paid Rs. 40,000 as selling expenses. The plot was received by him on death of his father on 15.03.2006 (C.I.I. = 117). His father had acquired it on 1-4-1980 for Rs. 100000 and its FMV on 1.4.2001 (CII-100) was Rs. 10,40,000. On 1.10.2018 he invested Rs. 3,00,000 in bonds issued by REC Ltd. and Rs. 200000 on 1-3-2019 in bonds of NHAI. Compute his taxable capital gain.

(Or)

(b) From the following particulars for the year ended 31st March 2019, compute the income under the head Income from Other Sources.

	Rs.
Equity Dividends (Indian Company)	25,200
Dividends (Preference)	12,000
Collection charges in respect of Dividend	1% of dividend
Rent from letting out of a building along with plant	30,000
Depreciation on buildings	4,000
Insurance of buildings	1,600
Office expenses relating to buildings	1,600
Repairs, rates, etc.	1,600

14. (a) Briefly state about the Regular Assessment.

(Or)

(b) The following are the particulars of income and loss of an individual under different heads of income. Set-off losses in the AY 2019-20 and find out the net result:

	Rs.
Income from House Property A	5000
Income from House Property B	(8000)

Interest on Securities	20000
Loss from a Cycle Business	20000
Profit from Speculative Business	20000
Loss from STC Asset	6000
LTCL	(25000)
LTCG (Investments)	21000

15. (a) Shri. Anil earned gross total income of Rs.5,00,000 in the previous year 2018-19 and made the following donations during the year.

1. Rs.10, 000 to Chief Minister's Earthquake Relief Fund Gujarat.
2. Rs. 15,000 to National foundation for Communal Harmony.
3. Rs.20,000 to Municipal Corporation approved for promotion of family planning.
4. Rs.45,000 to approved institutions.

Compute the amount of deduction U/S 80G for the AY 2019-20.

(Or)

(b) Write a short note on Assessment of Individuals.

PART - C (3 X 10 = 30 MARKS)

Answer any THREE Questions

16. State about the rates of taxes applicable to an Individuals for the A.Y. 2019-20. Also, mention the steps in the taxability of individuals.

17. Mr. Prasad is a resident of India. He submits before you the following incomes for computing his income under the head 'income from other sources' for the AY 2019-20:

He received:

i) Director's fee from a company	Rs. 10000
ii) Interest on Bank deposits	Rs. 3000
iii) Income from Undisclosed Sources	Rs. 12000
iv) Winnings from Lotteries (net)	Rs. 82200
v) Royalty on a book written by him	Rs. 8000
vi) By giving lectures in functions	Rs. 5000
vii) Interest on loan given to a relative	Rs. 7000
viii) Interest on tax free debentures of a company (net)	Rs. 3560
ix) Dividend on shares	Rs. 6400
x) Interest on Post Office Savings Bank A/c	Rs. 500

xi) Interest on Govt. securities	Rs. 2000
xii) Cash gift received from his non-resident friend	Rs. 26000
xiii) Cash gift from his sister	Rs. 50000

He paid Rs. 20 for collection of dividend and Rs. 1000 for typing the manuscript of book written by him.

18. Shri. John, a resident individual, submits the following information relevant to the PY ending March 31, 2019:

Income from salary (computed)	Rs. 72000
Income from house property (computed):	
House I	24000
House II	- 60000
House III (self-occupied)	- 20000
Profits and gains of business or profession	
Business I	25000
Business II	- 20000
Business III (speculative)	40000
Business IV (speculative)	- 75000
Capital Gains	
STCL	-13000
LTCG	7000
Income from other sources (computed)	
Income from securities	(20000)
Bank interest	10000
Income from card games	30000
Income from betting	30000
Loss from gambling	- 60000
Income on maintenance of race horses:	
at Chennai	- 40000
at Bangalore (stake money received)	30000

19. Mr. I. M. Verma is the Manager of Punjab Cotton Mills Ltd. He draws a salary of Rs. 20,000 p.m. His other items of income are:

- i) Interest on Fixed Deposits with Andhra Bank Rs.10800 and interest credited in the savings account in the Bank Rs. 2000.
- ii) Winning from lottery Rs 60000
- iii) Dividends from an Indian Company Rs 3600.

- iv) Long term capital gains from the sale of his residential house, occupied for the last 20 years Rs.115000. He purchased another house for his residence for Rs.105000 within four months.
- v) Short term capital loss Rs.10000.
- vi) Long term capital loss from Gold brought forward from the assessment year 2017-18 Rs.20000.

The following deductions are claimed:

- a) Life Insurance Premium (Policy for Rs 100000) Rs 14500.
- b) Donation to Punjab University Rs 10000.
- c) Education of his children Rs 4500.

Compute his total income and tax payable for the assessment year 2019-20.

20. Write about any two of the following:

- a) E-Filing of Return
- b) Due Date of Filing of Return
- c) Self Assessment
- d) Best Judgement Assessment

ISLAMIAH COLLEGE (AUTONOMOUS) VANIYAMBADI

CIA TEST – II MARCH 2020

Time: 3 Hours

Max. Marks: 75

Class: III B.Com./III B. Com. SF Semester: VI Sub. Code: U5CO6004

INDUSTRIAL LEGISLATIONS

PART – A (10 X 2 = 20 MARKS)

Answer ALL Questions

1. Define the term 'Factory'.
2. What is meant by 'Adolescent'?
3. What are the terms 'Employer' u/s 2(g) of the Industrial Disputes Act, 1947.
4. Mention any two scopes of Disputes of Settlement.
5. Define the term 'Workmen's Compensation'.
6. Who is a 'Qualified Medical Practitioner' u/s 2(1) (i) of the Workmen's Compensation Act, 1923.
7. Define the term 'Gratuity'.
8. What is EPF
9. What is Trade Union?
10. Define the term 'Executive' u/s 2(a) of the Trade Unions Act, 1926.

PART – B (5 X 5 = 25 MARKS)

Answer ALL Questions

11. (a) State about the provisions of 'Welfare' under the Factories Act, 1948.
(Or)
(b) List out the objectives of Factories Act, 1948.
12. (a) Who is an Arbitrator?
(Or)
(b) Differentiate between Lay-Off and Lock-Out.
13. (a) List out the different Occupational Diseases.
(Or)
(b) Give the scope and applicability of the Workmen's Compensation Act, 1923.

14. (a) List out the obligation and rights of Employee under the Payment of Gratuity Act, 1972.

(Or)

- (b) Write about Employees' Deposit-Linked Insurance Scheme.

15. (a) Write about the provisions of Registration of Trade Unions.

(Or)

- (b) State about the Scope and Coverage of the Trade Unions Act, 1926.

PART – C (3 X 10 = 30 MARKS)

Answer ANY THREE Questions

16. Explain Special Provisions for Young Children' under the Factories Act, 1948.
17. Mention about the Dispute Settlement Machineries as per Industrial Disputes Act 1947
18. Explain in detail about the provisions of 'Disablement' under Workmen's Compensation Act, 1923.
19. Explain in detail about the 'Employees' Provident Fund Scheme'.
20. Explain in detail about the Role and Functions of Trade Unions.

[Prof. SMN, Dr. MS, Prof. ZH & Prof. HAR]

(130 Copies)

ISLAMIAH COLLEGE (AUTONOMOUS), VANIYAMBADI
CIA TEST II - March 2020

Time: 3 hours

Max. Marks: 75

Class: III B.Com. & B.Com. (SF) Sem.: VI Subject Code: U5CO6002

MANAGEMENT ACCOUNTING – II

PART - A (10X2=20 Marks)

Answer ALL questions

1. What can you say about Budget
2. Write short note on material budget?
3. What is your opinion about Cash Budget?
4. What is the theme of Break- even point?
5. Can you define Cost-Volume-Profit Analysis?
6. How can you define the term Capital Budgeting?
7. What can you say about Net present Value?
8. What idea show about internal rate of return?
9. What can you say about working capital?
10. List out the need for Management Audit?

PART - B (5X5=25 Marks)

Answer ALL questions

11. (a) How would you categories the Objectives of Budgetary Control.
 (or)
 (b) Can you identify the advantages and limitations of Marginal Costing?
12. (a). Can you list out the advantages and disadvantages of Pay- back period.
 (or)
 (b)Would you briefly explain the various Sources of Working capital?

13. (a) You are required to prepare a Production budget for the year ending on March 31, 2000 from following information:

Product	Estimated Stock On Jan.1, 2000	Estimated Sales during Jan. to March 2000	Desired closing on March 31, 2000
	Units	Units	Units
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

(or)

- (b) With the following data for 60% activity, prepare a budget for 80% activity.

Materials	Rs. 10 per unit
Wages	Rs.6
Factory overheads	Rs.6, 000 (20% Fixed)
Administration overheads	Rs.2, 400(10% Variable)

Assume that Production at 60% activity is 240 units.

- 14.(a) From the following data calculate:

1. P/V Ratio 2. Variable cost 3. Profit.
 Sales Rs.80, 000, Fixed expenses Rs.15, 000
 Break -even point Rs. 50,000.

(or)

- (b) Calculate Break- even Point from the following particulars:

	Rs.
Fixed expenses	1, 50,000
Variable cost per unit	10
Selling price per unit	15

- 15.(a) A project costs Rs.15,60,000 and yields annually profit of Rs.2,70,000 after depreciation of 12% p.a. but before tax at 25%.
 Calculate pay – back period.

(or)

- (b) Calculate payback period for a project which requires a cash outlay of Rs.10,000 and generate cash inflows of Rs.2,000, Rs.4,000, Rs.3,000 and Rs.2,000 in the first ,second, third, and fourth year respectively.

PART - C (3X10=30 Marks)

Answer any THREE questions

16. Can you identify the steps involved in Responsibility Accounting?

17. Prepare cash budget for the above period form the following data.

Months	Sales	Purchases	Wages
February	180,000	124,800	12,000
March	192,000	144,000	14,000
April	108,000	243,000	11,000
May	174,000	246,000	10,000
June	126,000	268,000	15,000

ii) 50% of credit sales is realized the month following the sale and the other 50% in the second month following. Creditors are paid in the month following the month of purchase.

iii) Wages are paid at the end of the respective month.

iv) Cash at bank - 1st April – Rs. 25,000.

18. Prepare a Flexible budget for overheads on the basis of the following data.

Ascertain overhead rates at 50%, 60% and 70% capacity.

Variable Overheads: @60%Capacity
(Rs.)

Indirect Material 6,000

Indirect Labour 18,000

Semi-variable Overheads:

Electricity (40% Fixed 60% variable) 30,000

Repairs (80% fixed 20% Variable) 3,000

Fixed Overheads:

Depreciation 16,500

Insurance 4,500

Salaries 15,000

Total Overheads 93000

Estimated director labour hours 1, 86,000

19. The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
2007	1, 40,000	15,000
2008	1, 60,000	20,000

Calculate:

1. P/V Ratio 2. Break even point 3. Sales required to earn a profit of Rs. 40,000 4. Profit when sales are Rs. 1,20,000

20. A Payoff Ltd. is producing articles mostly by manual labour and is considering replacing it by a new machine. There are two alternative models M and N of the new machine. Prepare a statement of profitability showing the pay-back period from the following information.

	Machine M	Machine N
Estimated life of the machine	4 Years	5 Years
	(Rs.)	(Rs.)
Cost of the Machine	9,000	18, 000
Estimated saving in scrap	500	800
Estimated savings in direct wages	6,000	8,000
Additional cost of maintenance	800	1,000
Additional cost of supervision	1,200	1,800

(Dr. GAB & Prof MMA)

(130Copies)