

Con. 6012-09.

SP-6815

(3 Hours)

[ Total Marks : 100

- N.B. : (1) Question No. 1 is compulsory.  
 (2) Attempt any four questions out of remaining six questions.  
 (3) Assume suitable data if required.  
 (4) **Figures to the right** indicate full marks.  
 (5) Answers written by **pencil** will not be assessed.

1. Answer following questions any four :- 20
- (a) Explain how economics has relevance to welfare of a society.  
 (b) Describe the areas of work of the Finance Manager.  
 (c) What are the broad outlines of the Annual Report of the organisation ?  
 (d) Explain with example the terms : Direct cost and Indirect cost.  
 (e) What is Law of diminishing returns ? Explain the Law and its practical aspects.
2. (a) Explain with relevant illustrations the characteristics of supply, demand and price. 10  
 (b) What is the role of Commercial banks and the Reserve bank ? What are general anti-inflation measures ? 10
3. (a) What is a Stores Ledger ? How does it serve its role in cost accounting functions ? Describe typical features of the Stores Ledger. 10  
 (b) A plastic glass manufacturer has under consideration two machines CEL and DEL which cost Rs. 5 Lakh and Rs. 6 Lakh each respectively. The income details of envisaged life of 5 year are as hereunder - 10

	CEL Rs.	DEL Rs.
<i>Income at end of year</i> 1	2,20,000	2,88,000
2	2,90,000	3,24,000
3	3,50,000	4,00,000
4	4,00,000	4,80,000
5	4,40,000	5,04,000
<i>Salvage value</i>	Nil	Nil

Considering nine percent discount rate, calculate following decision criteria :  
 (i) Benefit cost ratio (ii) Payback period.

4. (a) Write briefly on :- 6
- (i) Book-keeping rules  
 (ii) Depreciation and Salvage value.

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Con. 6012-SP-6815-09.

2

- (b) Prepare Profit and Loss Statement and Balance Sheet for Hico Company 14  
from following details :

**Trial Balance as on 31.03.09**

Particular	Dr. Rs	Cr. Rs.
Plant Machinery and Capital	3,60,000	6,00,000
Wages	1,05,000	—
Salaries	76,000	—
Cash and Bank	74,000	—
Sundry Debtors and Creditors	3,30,000	1,44,000
Bank Overdraft	—	1,40,000
Opening Stock	95,000	—
Insurance	10,000	—
Purchases and Sales	8,05,000	12,10,000
Sales and Purchases Returns	14,000	7,000
Miscellaneous Assets	1,32,000	—
Manufacturing Expenses	42,000	—
Bills Receivable and Payable	1,80,000	2,03,000
Carriage Inwards	14,000	—
Carriage Outwards	17,000	—
Office Expenses	50,000	—
<b>Total</b>	<b>23,04,000</b>	<b>23,04,000</b>

**Notes :**

- (a) Depreciation to be charged at 14 percent on plant and machinery, and miscellaneous assets.
- (b) Closing stock on 31st March, Rs. 2,75,000.
- (c) Insurance Rs. 4,268 is prepaid.
- (d) Bank charge of 15 percent per annum on overdraft is due.
5. (a) A company manufacturing gauges has listed as below the account of expenses 10  
and other transactions for a batch of 7000 units :-

Particular	Rs.
Plant repair and depreciation	51,000
Administrative expenses	1,47,000
Direct wages	2,64,000
Power and consumable stores	51,000
Factory indirect wages	66,000
Light bill of factory	24,000
Material costs	3,96,000
Sales proceed of scrap	9,000
Rectification expenses	13,000
Selling expenses	24,040

Prepare a cost-sheet for the Batch and for each gauge.

Con. 6012-SP-6815-09.

3

- (b) A factory manufactures BS agent from ingredients B and S. The standard mix and manufacturing records are as stated hereunder :- 10

Standard BS output (kg)	Ingradients	Usage (kg)	Price (Rs./kg)
100	B	79	14
	S	28	40

Manufacturing record of October, 2009 is as hereunder :

Actual BS output (kg)	Ingradients	Usage (kg)	Price (Rs./kg)
6400	B	5200	15
	S	1800	38

Find various material cost variances.

6. (a) Following are the details of Delco Company : 10

2007-08,	Total Sales	Rs. 22,50,000
2008-09,	Total Sales	Rs. 64,18,000
2007-08,	Total Costs	Rs. 28,31,000
2008-09	Total Costs	Rs. 49,65,000

Find –

- (i) Break-even point
  - (ii) PV Ratio
  - (iii) Sales required to earn profit of Rs. 20,00,000
  - (iv) Fixed costs.
- (b) Explain the following with application – 10
- (i) Transport costing
  - (ii) Machine hour cost.

7. Write short notes on any **four** of the following :- 20

- (a) Liquidity and related ratios
- (b) Labour cost control and reporting
- (c) Make or buy decisions
- (d) Accounting concepts
- (e) Overheads and its accounting.