PART A

Q) 1. Choose the right answers from choice given below:-

1. A cost is  a) a sacrifice  b) measure of consumption
2. Cost of sale is  a) works plus administration cost  
   b) cost incurred in production, administration and manufacturing functions
3. The Guiding Factors for stores requisitioning are:
   a) maximum stock level  b) minimum stock level  c) reorder level
4. Advantage of ABC analysis include the following except:
   a) low stock turnover  b) optimum investment
5. LIFO assumption of cost flow when applied in period of rising prices:
   a) overstates profit and closing stock  b) understates profit and closing stock
6. BE analysis may be described as:
   a) Comparison between production and cost  
   b) Comparison between sales and cost
7. Fixed cost per unit decreases when:
   a) Production volume increases  
   b) Prime cost per unit decreases
8. Prime cost includes: a) factory overhead only  
   b) direct material, direct labor and direct expenses.
Q 2 PART –A - Fill in the blanks with appropriate words:-

1. Straight line method of depreciation in also known as _________________.
2. Wages paid to instal a new machine should be debited to ___________ Account.
3. Employees provident fund is a _____________ Account.
4. Prepaid insurance is a ______________ Account.
5. SLR cannot be less than ___________% of demand and time liabilities of a bank.
6. Currency of India refers to ______________.
7. The situation with increasing unemployment and inflection is termed as ________.
8. Indian economy is very much dependant on _____________.

Q 3 PART A

Expand the following abbreviation:

Q 4 PART A  State whether the following statements are true or false.

1. It is not necessary to depreciate building if it is not in use.
2. “Capital” and “Campitalisation” are synonymous terms.
3. Net working capital is that portion of a Firm’s current assets which is financed by the long terms funds.
4. A high breakeven point would include a high operating leverage.
5. The Cost of converting raw material to finished product is known as conversion cost.
6. The perpetual inventory system means a continues stocking system.
7. Financial accounting provide information for fixing prices
8. Salaries paid to sales man come under direct cost.

PART- B

Answer any three questions  each question carries 16 marks (3 x 16)=48 marks.

Q 5.  Mr. X took a loan of Rs. 2,00,000 from Mr. Y on 1.5.2009@ 10% P.A interest. He repaid Rs. 50,000 on 1.10.2009. the rate of TDS on interest is 10% P.A. Pass Necessary entries in the books of X & Y. The interest was paid on 5.4.2010

Q 6.  Mr. A, a proprietor, furnished the following Trial balance as on 31 March 2008, and additional information. Prepare trading & profit & loss Account for the year ended on 31.3.2008
**Additional information :-**

- a) Rent has been paid for 11 months and has been received for 13 months
- b) Write off further bad debts Rs. 6000
- c) Additional discount of Rs. 2000 given to creditors.
- d) Additional Discount of Rs.4000 given to debtors.
- e) Maintain a provision for doubtful debt @ 10%
- f) Maintain a provision for discount on debtors @ 2%
- g) Plant and machinery figure of Rs. 50,000 includes a machine Rs. 20,000 was purchased on 1.7.2008. wages Rs. 1,000 for its erection have been debited to general expenses account. Provide depreciation on plant & Machinery @ 10%
- h) A furniture costing Rs. 20,000 was purchased on 1.4.2008 but it was not recorded as no payment was made. Wages Rs. 1000 paid for its erection have been debited to general expenses account. Depreciate furniture @ 10% P.A.
- i) General expenses include a sum of Rs. 4000 spent on the erection of a cycle stand on 1.4.2007. Provided 5% depreciation on building.
- j) A fire broke out on 1.4.2008 destroying goods costing Rs. 200.

**Q.7.** On 1.4.2007 M/s. ABC Ltd. Purchased a second hand machine for Rs. 80,000 and spent Rs. 20,000 on its cartage, repairs and installation The Residual value at the end of its expended useful live of 4 year is estimated at Rs. 40,000. on 30.9.2009 the machine was sold for Rs. 50,000 Depreciation is to be provided according to SLM. Prepare Machinery account and Depreciation account for the first 3 years assuming that accounts are closed on 31st March each year.

**Q.8.** What are the different Sectors of economy? Comment.

**Q.9.** What does the law of demand state? What are the factors affecting demands?
Q 10.

From the following Particulars of a Manufacturing firm.
Prepare a statement showing (a) Cost of material used. (b) works cost (c) Cost of production and (d) cost of goods sold.

<table>
<thead>
<tr>
<th>Stock of material on 1.1.08</th>
<th>40,000</th>
<th>Finished good sold</th>
<th>24,00,000</th>
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<tbody>
<tr>
<td>Purchase of raw material</td>
<td>11,00,000</td>
<td>Works overhead charges</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Stock of finished goods as on 1.1.08</td>
<td>50,000</td>
<td>Office &amp; general expenses</td>
<td>1,00,000</td>
</tr>
<tr>
<td>Productive Wages</td>
<td>50,000</td>
<td>Stock of Raw material on 31.1.08</td>
<td>1,40,000</td>
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<tr>
<td></td>
<td></td>
<td>Stock of finished goods as on 31.1.08</td>
<td>60,000</td>
</tr>
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