

Financial Accounting - 2012

Section-A (Objective Type Questions)

Note: Attempt any five questions. Each question carries 1 mark.

Q.1. Choose the correct answer:

- (i) PE Ratio stands for:
 - (a) Profit Earning Ratio
 - (b) Price Earning Ratio
 - (c) Prime Earning Ratio
 - (d) Present Earning Ratio
- (ii) Which type of Activities are recorded in a cash flow statement:
 - (a) Investing Activity
 - (b) Financing Activity
 - (c) Operating Activity
 - (d) None of the above
- (iii) HIFO stands for:
 - (a) Highest in first out
 - (b) Highest in full out
 - (c) Highest in fifth out
 - (d) None of the above
- (iv) Which of the following is the formula for calculating current ratio:
 - (a) Current liabilities/Current Assets
 - (b) Liquid Assets/Current Liabilities
 - (c) Cash/Current Liabilities
 - (d) None of the above
- (v) Prime cost is calculated using the formula:
 - (a) Factory cost + Office Overheads
 - (b) Direct material + Factory Overheads
 - (c) Direct Labour + Office Overheads
 - (d) Direct Material + Direct Labour
- (vi) Which of the following is a tool of financial analysis:
 - (a) Comparative statement
 - (b) Common size statement
 - (c) Both (a) & (b)
 - (d) None of the above
- (vii) BEP of a firm is 10,000 units contribution for unit of the firm is Rs. 2. The Fixed cost of the firm will be:
 - (a) Rs. 5,000
 - (b) Rs. 9,998
 - (c) Rs. 20,000
 - (d) None of the above
- (viii) Cost Reconciliation statement is Prepared to reconcile cost Accounting with:
 - (a) Management Accounting
 - (b) Cost Accounting
 - (c) Financial Accounting
 - (d) Inflation Accounting

Section-B (Short Answer Type Questions)

Note: Attempt any three questions. Each question carries 3 marks.

- Q.1. What do you understand by liquidity ratios? Explain atleast 2 liquidity ratios?
- Q.2. What is common size statement? Explain with the help of an example?
- Q.3. What are the limitations of single entry system?
- Q.4. Explain any three methods of Inventory valuation?
- Q.5. Explain what is BEP analysis with the help of appropriate example?

Section - C (Long Answer Type Questions)

Note: Attempt any three questions out of five. Each question carries 7 marks.

Q.1. Prepare a cash flow statement from the following balance sheet of M/s Ram & Co.

Liabilities	2011	2012	Assets	2011	2012
Share Capital	2,40,000	2,55,000	Land	1,50,000	150,000
P&LA/c	43,500	73,500	Plant	75,000	1,05,000
Creditors	27,000	15,000	Stock	24,000	18,000
Mortgage		15,000	Debtors	48,000	57,000
			Cash	13,500	28,500
	3,10,500	3,58,500		3,10,500	3,58,500

- Q.2. The following information of a company is given:
 - (i) Current Ratio:- 2.5 : 1
 - (ii) Acid test Ratio :- 1:5 : 1
 - (iii) Current Liabilities = Rs. 50,000
 Find out:
 - (a) Current Assets.
 - (b) Liquid Assets.
 - (c) Inventory.
- Q.3. ABC Ltd. sold in two successive years 7000 and 9000 units and incurred a loss of Rs. 10,000 and earned Rs. 10,000 as profit respectively. The selling price per unit is Rs. 100. Calculate:
 - (a) Fixed Cost.
 - (b) Break Even point.
 - (c) Number of units to be sold to earn a profit of Rs. 50,000.
- Q.4. What is a Cost Sheet? Explain with the help of a specimen cost sheet?
- Q.5. What do you understand by a Hire purchase system? What are its objectives?