

Financial Accounting - 2011

Section-A

Objective Type Questions

Note: Attempt any five questions out of 8. Each question carry one mark.

Q.I Choose the correct answer

(i) Debt equity ratio is-

(a) $\frac{\text{Debts}}{\text{Equity}}$

(b) $\frac{\text{Equity}}{\text{Debts}}$

(c) $\frac{\text{Assets}}{\text{Proprietor's fund}}$

(d) $\frac{\text{Liabilities}}{\text{Proprietor's fund}}$

(ii) Formula of quick ratio is

(a) $\frac{\text{Current Assets}}{\text{Current Laibilities}}$

(b) $\frac{\text{Current Laibilities}}{\text{Current Assets}}$

(c) $\frac{\text{Quick Assets}}{\text{Current Laibilities}}$

(d) $\frac{\text{Liquid Assets}}{\text{Current Laibilities}}$

(iii) Formula of margin of safety is-

(a) $\frac{\text{Profit}}{\text{P / V ratio}}$

(b) $\frac{\text{Fixed Cost}}{\text{P / V ratio}}$

(c) $\frac{\text{Variable Cost}}{\text{P / V ratio}}$

(d) $\frac{\text{Sales}}{\text{P / V ratio}}$

- (iv) (Current assets - current liabilities) is equal to-
 (a) Fixed capital (b) Working capital
 (c) Long term capital (d) None of these
- (v) Cash Price is equal to-
 (a) Cash price + Interest
 (b) Hire purchase price + Interest
 (c) Hire purchase price + Interest
 (d) Cash price - Interest
- (vi) HIFO means-
 (a) High quality in first out (b) High level in first out.
 (c) Heavy in first out (d) Highest in first out
- (vii) Cost of goods sold is equal to-
 (a) Sales - gross profit (b) Sales + gross profit
 (c) Purchase + closing stock
 (d) Opening stock - Purchase + Closing stock
- (viii) Material price variance is-
 (a) (SP - AP) SG (b) (SP - AP) AQ
 (c) (SC - AC) SP (d) None of these

Section-B

Short Answer Type Questions.

Note: Attempt any three questions out of 5. Each questions carry 3 marks.

Q.II What do you understand by trend analysis?

Q.III What do you mean by cash flow statement?

Q.IV What do you understand by hire purchase accounting.

Q.V What do you understand by inventory valuation?

Q.VI What do you understand by cost sheet?

Section-C

Long Answer Type Questions

Note: Attempt any three questions out of 5. Each question carry 7 marks.

Q.VII Balance sheet of AB company as at the end of march 2010 is given below

Balance sheet of AB company Ltd.

(As on 31st March, 2011)

Liabilities	Amount	Assets	Amount
Share capital	2,50,000	Fixed assets	3,00,000
Long term loan	1,25,000	Current assets	2,00,000
Current liabilities	1,25,000	including inventory of 50,000	
	5,00,000		5,00,000

on the basis of the above data compute the following ratios-

- (a) Solvency ratio (b) Current ratio
(c) Quick ratio

Q.VIII The position of a company for the year 2009 was as under-

	Rs.
Sales	4,00,000
Variable Cost	3,00,000
Contribution	1,00,000
Fixed Costs	30,000
Net Profit	70,000

Calculate from the above data

- (a) Profit volume ratio
(b) Sales at break-even point
(c) Margin of safety
(d) Sales to earn profit of Rs. 1,00,000

Q. IX Explain single entry system? Describe its objects?

Q.X Explain with example the following methods of valuation of inventories of issued material-

- (a) First in first out
(b) Average cost method

Q. XI The net profit of the Avant Engineering Co. appeared as Rs. 1,25,755 per financial records for the year ended 31st December, 2009. The cost books however showed a net profit of Rs. 1,72,400 for the same period. A scrutiny of the figure from both the sets of accounts revealed the following facts

(a) Works overheads under recovered in cost	Rs. 3,120
(b) Administration overhead recovered in excess	Rs. 1,700
(c) Depreciation recovered in cost	Rs. 12500
(d) Depreciation charged in financial accounts	Rs. 11200
(e) Interest on investment not included in cost	Rs. 8000
(f) Loss due to obsolescence in financial accounts	Rs. 5700
(g) Income tax provided in financial accounts	Rs. 40300
(h) Bank interest and transfer fees (in financial books)	Rs. 750
(i) Stores adjustment (credit in financial books)	Rs. 475
(j) Loss due to depreciation in stock values	Rs. 6750

(changed in financial account)

You are required to prepare a profit and loss account (reconciliation) statement to reconcile both the figure of net profit. <http://www.onlineBU.com>