



PART B — (5 × 16 = 80 marks)

14.

- 11 (a) What is meant by accounting? Explain the accounting and economic concept of income with the help of an example.

Or

- I (b) A generally accepted concept in accounting is that revenue is considered on realisation basis. Discuss.

- 12 (a) A mine was acquired at a cost of Rs. 40,00,000 on 1st July 2002. It was expected it would yield 4,00,000 tonnes of minerals in all. The actual output was 2002 — 20,000 tonnes, 2003 — 60,000 tonnes, and 2004 — 50,000 tonnes. Write up the mine account for the above period using the Depletion method of charging depreciation.

Or

- 111 (b) What is the purpose of preparing a cash flow statement? How is it prepared? Explain with illustration.

- 111 (a) What do you understand by financial statements? Discuss the different methods used for the analysis and interpretation of financial statements.

Or

- (b) From the following Balance sheet you are required to prepare a Cash Flow Statement :

Liabilities	31-12-05	31-12-06	Assets	31-12-05	31-12-06
Capital	1,50,000	1,75,000	Land & Building	1,10,000	1,50,000
Loan from bank	1,60,000	1,00,000	Machinery	2,00,000	1,40,000
Creditors	90,000	1,00,000	Stock	50,000	45,000
Bills payable	50,000	40,000	Debtors	70,000	80,000
Loan	---	25,000	Cash	20,000	25,000
	<u>4,50,000</u>	<u>4,40,000</u>		<u>4,50,000</u>	<u>4,40,000</u>

Additional information:

- (i) Net profit for the year 2005 amounted to Rs. 60,000.
- (ii) During the year a machine costing Rs. 25,000 (accumulated depreciation Rs. 10,000) was sold for Rs. 13,000. The provision for depreciation against machinery as on 31-12-05 was Rs. 50,000 and on 31-12-06 Rs. 85,000.

14. (a) What is meant by Budgetary control system? Describe the essential steps of a budgetary control system.

Or

- (b) Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity.

	At 70% capacity	At 80% capacity	At 90% capacity
Variable overheads :			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi-variable overheads :			
Power (60% fixed, 40% variable)	-	20,000	-
Repairs & maintenance (60% fixed, 40% variable)	-	2,000	-
Fixed overheads :			
Depreciation	-	11,000	-
Insurance	-	3,000	-
Salaries	-	10,000	-
Estimated direct labour hours — 1,24,000 hours.			

15. (a) X Ltd has furnished the following information for the month of June 2006.

		Budget	Actual
Output	Units	30,000	32,500
Hours		30,000	33,000
Fixed overhead	Rs.	45,000	50,000
Variable overhead		60,000	68,000
Working days		25	26

Calculate the variance.

Or

- (b) What is the difference between ideal standard and expected standard? Give the basis used in building up standard costs within the divisions of materials, labour and overheads.

