



B.E/B.TECH DEGREE EXAMINATIONS: MAY 2018

(Regulation 2015)

Sixth Semester

P15MBOE16: ACCOUNTANCY FOR FIRST GENERATION ENTREPRENEUR

(Common to all Branches)

COURSE OUTCOMES

- CO1:** Understand the balance sheet preparation and do analysis.
CO2: Decide about the state of affairs of a particular firm / company.
CO3: Ensure the preparation of fiscal policies of the organization.
CO4: Ensure factors to be considered in investment policies.

Time: Three Hours

Maximum Marks: 100

**Answer all the Questions:-
PART A (10 x 1 = 10 Marks)**

1. Statement 1: Accounting is the language of the business. CO1 [K₂]
 Statement 2: Accounting can be useful only for recording business transactions.
 Considering the above statements which statement is / are true?
 a) 1 only b) 2 only
 c) 1 & 2 d) Neither 1 nor 2

2. The term Current liability includes: CO1 [K₂]
 a) Sundry creditors b) Long term debt
 c) Payments in advance d) Loose Tools

3. Match the List I with List II and select the correct answer using the codes given CO1 [K₂]
 below:

List I	List II
A. Solvency (stability)	1. Earnings per share ratio
B. Profitability	2. Capital turnover
C. Activity (performance)	3. Gross profit ratio
D. Earnings	4. Current ratio

- a) A-1, B-2, C-3, D-4 b) A-4, B-2, C-3, D-1
 c) A-1, B-3, C-2, D-4 d) A-4, B-3, C-2, D-1
4. _____ ratio is used to measure the long term financial condition of the firm. CO1 [K₂]
 a) Solvency b) Capital Gearing
 c) Liquidity d) Stock Turnover
5. Cost accounting mainly helps the management in : CO2 [K₂]
 a) Earning extra profits b) Providing information to the management for decision making
 c) Fixing price of the products d) Pay roll preparation

6. The Preparation of Cost sheet includes the following stages : CO2 [K₂]
 (i) Total cost
 (ii) Prime cost
 (iii) Works cost or Factory cost
 (iv) Office cost or total cost of production
 The correct sequence in which the cost sheet prepared is
 a) (i), (ii), (iii), (iv) b) (i), (iv), (ii), (iii)
 c) (ii), (iii), (iv), (i) d) (i), (iv), (iii), (ii)
7. Assertion (A): Accounting Rate of Return is calculated based on the accounting profit (earn after interest and tax) rather than cash inflow. CO4 [K₃]
 Reason (R): Rate of return at which the present value of cash flows and cash outflows are equal.
 a) Both A and R are individually true and R is the correct explanation of A b) Both A and R are individually true and R is not the correct explanation of A
 c) A is true but R is false d) A is false but R is true
8. _____ is the length of time required to recover the initial cash outlay on the project. CO4 [K₂]
 a) Internal Rate of Return b) Payback period
 c) Profitability Index d) Accounting Rate of Return
9. Which are the two versions of goals of the financial management of the firm? CO3 [K₂]
 a) Profit maximization, Wealth maximization b) Production maximization, Sales maximization
 c) Sales maximization, Profit maximization d) Value maximization, Wealth maximization
10. _____ refer to that portion of a firm's net earnings which are paid out to the shareholders. CO3 [K₂]
 a) Loans b) Deposits
 c) Commissions d) Dividends

PART B (10 x 2 = 20 Marks)

11. Define the term Accountancy. CO1 [K₂]
 12. Differentiate between trial balance and balance sheet. CO1 [K₃]
 13. Mention the various merits of ratio analysis. CO1 [K₂]
 14. From the following details find out a) current assets and b) current liabilities. CO1 [K₄]
 Current ratio = 2.5 and Working capital = Rs. 60,000
 15. What is meant by variable cost? Also mention any two examples of it. CO2 [K₂]
 16. Determine the amount of fixed cost from the following particulars: CO2 [K₅]
 Sales Rs. 6,00,000 Variable cost Rs. 3,20,000 Profit Rs. 1,60,000
 17. Find out any two limitations of payback period method. CO3 [K₃]
 18. What is meant by cost of capital? CO3 [K₂]
 19. What are the various functions of financial management? CO4 [K₂]
 20. List any four benefits of GST. CO4 [K₄]

PART C (6 x 5 = 30 Marks)

21. Explain any five accounting concepts with suitable examples. CO1 [K₂]

22. What is meant by ratio analysis? Also bring out various steps involved in ratio analysis. CO1 [K₃]
23. From the following particulars calculate Break Even Point in units and rupees. CO3 [K₅]
 (i) Variable cost per unit = Rs. 24/-
 (ii) Fixed cost = Rs. 1,20,000
 (iii) Selling price per unit = Rs.36/-
24. Explain the various factors determine capital budgeting techniques. CO3 [K₂]
25. Mention the any five determinants of dividend policy. CO4 [K₂]
26. Identify income, expenses, current assets and current liabilities from the list given below: CO2 [K₂]

Telephone rent	Furniture
Sales	Cash
Sundry creditors	Purchases
Carriage inwards	Sundry Debtors

PART D (4 x 10 = 40 Marks)

Answer any four questions

27. From the following trail balance of BPL Ltd., Prepare trading, profit and loss account and balance sheet as on 31.12.2016. CO1 [K₅]

Particulars	Debit Rs.	Particulars	Credit Rs.
Building	1,80,000	Capital	3,60,000
Plant & machinery	30,000	Sales	3,00,000
Stock (01.01.2016)	70,000	S.Crs	48,000
Purchase	2,40,000	Bills Payable	44,000
Cash in Hand	2,400	Purchase return	2,000
Sales return	500	Commission	6,000
Rent and Tax	1,500		
Salaries	37,600		
Wages	32,000		
Insurance premium	20,000		
S.Drs	1,00,000		
Bills Receivable	40,000		
Carriage inwards	2,000		
Carriage outwards	1,000		
Bad Debts	3,000		
TOTAL	7,60,000	TOTAL	7,60,000

Additional Information's:

- (i) Stock as on 31st Dec, 2016 was Rs.50,000.
 (ii) Salaries Rs.3,000 and Wages Rs.2,500 are outstanding
 (iii) Depreciation on building 10% and plant & machinery 5%

28.	Prepare a cost sheet from the following data to find out profit and cost per unit during the month of May 2015:-	CO2	[K ₅]
	Raw Material Consumed	Rs.2,00,000/-	
	Direct Wages	Rs.80,000/-	
	Direct Expenses	Rs.50,000/-	
	Factory Overheads	Rs.20,000/-	
	Office Overheads	10% on Factory Cost	
	Selling Overheads	Rs.5/- per unit	
	Units produced	4000 units	
	Selling price	Rs.120/- per unit	
	Unit Sold	3600 units	

29. Discuss the various methods used for evaluating and ranking of investment proposals under capital budgeting techniques. Also state the merits and demerits associated with each method. CO3 [K₂]
30. What are the factors that determine the working capital needs of a firm? Explain with suitable examples. CO4 [K₂]
31. Define the term costing. Also brief various elements of costing with suitable examples. CO2 [K₂]
