Q.1. Differentiate between:
(a) Financial accounting and cost accounting  
(b) Marginal costing and absorption costing  
(c) Cash flow statement and funds flow statement

Q: 2. (a) "Everything has two aspects to it. Justify in case of a business with suitable illustrations."  
(b) "Cost control is the ultimate goal of any business." Comment

Q: 3. S Ltd. is a power generation company. They expect an increase in demand by 35,000 units next year. They wish to ascertain the total cost at this level in order to devise suitable cost strategy.

Compute the total cost at 1,90,000 units, identify the fixed and variable component and advise on the necessary budgeting technique.

<table>
<thead>
<tr>
<th>Volume of production (in units)</th>
<th>1,00,000</th>
<th>1,50,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses (in Rs.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Material</td>
<td>2,24,000</td>
<td>3,00,000</td>
</tr>
<tr>
<td>Indirect Work Charges</td>
<td>1,40,000</td>
<td>1,70,000</td>
</tr>
<tr>
<td>Technical Staff</td>
<td>50,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>78,000</td>
<td>98,000</td>
</tr>
<tr>
<td>Supervision</td>
<td>1,98,000</td>
<td>2,20,000</td>
</tr>
<tr>
<td>Traveler Expenses</td>
<td>40,000</td>
<td>40,000</td>
</tr>
</tbody>
</table>

Q: 4. Following are the income statements of W Ltd. for 2008 and 2009

<table>
<thead>
<tr>
<th>Income</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>20,00,000</td>
<td>25,00,000</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>60,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Total Income</td>
<td>20,60,000</td>
<td>25,35,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>6,00,000</td>
<td>7,00,000</td>
</tr>
<tr>
<td>Manufacturing expense</td>
<td>3,00,000</td>
<td>4,00,000</td>
</tr>
<tr>
<td>Office expenses</td>
<td>2,50,000</td>
<td>2,10,000</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>2,00,000</td>
<td>3,50,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>50,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Interest paid</td>
<td>25,000</td>
<td>30,000</td>
</tr>
<tr>
<td>PBT</td>
<td>6,35,000</td>
<td>7,85,000</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td>1,20,000</td>
<td>1,50,000</td>
</tr>
<tr>
<td>PAT</td>
<td>5,15,000</td>
<td>6,35,000</td>
</tr>
<tr>
<td>Proposed Dividend</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Reserves and surplus</td>
<td>4,65,000</td>
<td>5,75,000</td>
</tr>
</tbody>
</table>

P.T.O.
Additional information:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>25,00,00</td>
<td>35,00,00</td>
</tr>
<tr>
<td>Secured Loans</td>
<td>8,00,000</td>
<td>10,00,000</td>
</tr>
<tr>
<td>Creditors</td>
<td>2,50,000</td>
<td>2,40,000</td>
</tr>
<tr>
<td>Inventory</td>
<td>10,00,000</td>
<td>11,00,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>12,00,000</td>
<td>14,00,000</td>
</tr>
</tbody>
</table>

Comment upon:
(i) profitability
(ii) return generation
(iii) liquidity

Q.5. From the following data of AB Ltd., calculate

(a) P/V Ratio
(b) Break-even sales
(c) Sales required to earn profit of Rs. 8,00,000

Fixed Expenses = Rs. 1,00,000

Variable Cost per unit:
- Direct Material = Rs. 7
- Direct Labour = Rs. 2
- Direct Overheads = 100% of Direct Labour
- Selling price per unit = Rs. 15

Q.6. Comment upon:
(a) Dupont Analysis
(b) Utility of Cash Flow Statement
(c) Budgetary control