

MCom HPP (FFS) Sem.-1 Examination

CC-5

Accounting for Finance

January-2024

Time : 2-30 Hours]

[Max. Marks : 70

Q.1

(A) Explain the advantages and disadvantages of Accounting Standards. 7

(B) Explain the meaning and functions of IFRS. 7

OR

Q.1

(A) Explain the types of financial statements. 7

(B) Explain the concept of corporate financial statements. 7

Q.2

(A) The following information is related to Sara Ltd. for the year ended 31-03-2023:

Net Working Capital	₹ 18,00,000
Fixed Assets to Proprietor's Fund Ratio	0.75
Working Capital Turnover Ratio	5 Times

There is no long-term Debt. You are required to calculate:

(i) Proprietor's Fund,

(ii) Fixed Assets,

(iii) Turnover. 7

(B) Rahul Ltd. has made plan for the coming year. It is estimated that the company will employ total assets of ₹25,00,000. 40% of assets are expected to be financed by debt at an interest cost of 10% p.a. The operating variable and fixed expenses are estimated at ₹14,00,000. The sales revenue is estimated at ₹24,00,000. Tax rate is assumed to be 30%.

Required to calculate:

(i) Interest Coverage ratio;

(ii) Return on Assets;

(iii) Asset turnover;

(iv) Return on Equity. 7

OR

Q.2

The following are the Balance Sheet of Bhajan Ltd. as on 31st March 2022 and 2023:

Equities & Liabilities	31.3.2022	31.3.2023	Assets	31.3.2022	31.3.2023
	₹	₹		₹	₹
Share Capital	16,00,000	16,00,000	Goodwill	30,000	30,000
Free Reserve	2,80,000	3,60,000	Plant & Machinery	15,00,000	18,00,000
Profit & Loss A/c	3,20,000	5,90,000	Investment	3,00,000	4,50,000
Sundry Creditors	70,000	60,000	(Long-term)		
Bills Payable	40,000	60,000	Inventories	2,60,000	1,60,000

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Provision for Tax	60,000	80,000	Receivables	1,60,000	1,30,000
			Cash & cash equivalents	1,20,000	1,80,000
	23,70,000	27,50,000		23,70,000	27,50,000

Additional Information:

- (1) Depreciation charged during the year 2022-23:
On Plant & Machinery ₹ 2,90,000
 - (2) Provision for tax of ₹90,000 was made during the year 2022-23.
 - (3) Interim dividend paid during the year 2022-23 was ₹50,000.
 - (4) During the year one plant was sold for ₹1,00,000 (book value ₹90,000).
- Prepare: Prepare a Cash Flow Statement as per AS-3.

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Q.3

- (A) Explain the need for Human Resource Accounting.
- (B) State the Characteristics of Forensic Accounting.

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OR

Q.3

From the following information of Shami Ltd. and Rahi Ltd., compute the economic value added of both the companies:

	Shami Ltd.	Rahi Ltd.
Share capital	₹ 20,000	₹ 40,000
Reserve and surplus	₹ 40,000	₹ 40,000
Long-term debt	₹ 4,000	₹ 24,000
Tax rate	30%	30%
Risk free rate	9%	9%
Market rate of return	16%	16%
Interest	₹ 400	₹ 2,400
Beta factor	1.05	1.25
Profit before interest and tax	₹ 20,000	₹ 30,000

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Q.4

- (A) What is Cost Accounting? Explain the disadvantages of Cost Accounting?
- (B) Explain the features of Management Accounting.

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OR

Q.4

- (A) From the following particulars of Shreyas Ltd., you are required to calculate:
 - (i) P/V Ratio for the year 2023.
 - (ii) Breakeven point sales (in ₹) and Margin of safety (in ₹) for 2023.
 - (iii) Profit where sales are ₹20,00,000/-
 - (iv) Sales (in ₹) required to earn net profit of ₹4,00,000/-

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Year	Sales	Profit
2022	₹24,00,000	₹1,80,000
2023	₹28,00,000	₹ 2,60,000

- (B) Explain BEP and Cash BEP.

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Q.5

Select the appropriate alternative: (Attempt any Seven out of given)

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- (1) The difference between Total sales and Break-even sales is called _____
 (a) Fixed expense
 (b) Margin of safety
 (c) Variable cost
 (d) Contribution
- (2) Redemption of Preference share is
 (a) a financing activity
 (b) an investing activity
 (c) an operating activity
 (d) None of the above
- (3) 8,00,000 equity shares of ₹5 each ₹4 paid up and 10% is the interim dividend then the amount of dividend will be -
 (a) ₹3,20,000
 (b) ₹1,60,000
 (c) ₹4,00,000
 (d) ₹3,60,000
- (4) The full form of IFRS is:
 (a) Indian Financial record standard
 (b) International Financial reporting standard
 (c) Indian Financial reporting standard
 (d) None of the above
- (5) Accounting for amalgamation is dealt with by:
 (a) AS-14
 (b) AS-15
 (c) AS-16
 (d) AS-18
- (6) Calculate Gearing Ratio from the following information:
 Equity share capital 40,000 equity shares of ₹10 each.
 15% Debentures ₹ 6,00,000
 12% Preference Share Capital 2000 shares of ₹100 each.
 (a) 1
 (b) 5
 (c) 2
 (d) None of the above
- (7) Working capital ratio is also known as:
 (a) Current ratio
 (b) Financial ratio
 (c) Collection ratio
 (d) Profitability
- (8) Interest received on Investment is:

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- (a) Investing cashflows
 - (b) Financing cash flows
 - (c) Operating cash flows
 - (d) None of the above
- (9) Which cost accounting method is used in Construction industry?
- (a) Job costing
 - (b) Operating costing
 - (c) Batch costing
 - (d) Contract costing
- (10) Which of the following is not a cost accounting technique?
- (a) Marginal costing
 - (b) Standard costing
 - (c) Budgetary control
 - (d) Process costing
- (11) What can we derive by using the following formula?
- $$\frac{\text{Total Fixed Costs}}{\text{Contribution Per Unit}}$$
- (a) Margin of safety
 - (b) Budgeted output
 - (c) Budgeted profit
 - (d) Break-Even output
- (12) EVA is _____
- (a) Economic variation asset
 - (b) Economic value added
 - (c) Economic violation analysis
 - (d) None of the above

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