

## MCom HPP (AAA) Sem.-1 Examination

## CC-5

## Accounting for Managers

January-2024

Time : 2-30 Hours]

[Max. Marks : 70

## Q.1

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

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(B) Explain the meaning and functions of IFRS.

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## OR

## Q.1

(A) Explain the types of financial statements.

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(B) Explain the concept of corporate financial statements.

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## 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.

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(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.

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## 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

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

**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:

- (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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