

2023

M.Com.

4th Semester Examination

COMMERCE

PAPER : COM-404.1 & 404.2

Full Marks : 50

Time : 2 hours

The figures in the right hand margin indicate marks.

*Candidates are required to give their answers
in their own words as far as practicable.*

Illustrate the answers wherever necessary.

COM-404.1

**(OPTIONAL GROUP I : ACCOUNTING AND
FINANCE)**

1. Answer **any two** questions from the following :
2×2=4

(a) What are the objectives of receivables
management?

(2)

- (b) There can be no such ratio which may be treated as 'ideal'. Explain.
- (c) What are the potential implications of a significant disparity between cash flows from operating activities and net income?
- (d) What is the significance of a negative cash flow from investing activities?

2. Answer *any two* questions from the following :
4×2=8

- (a) How would you address the difference between a company's operating profit margin and net profit margin?
- (b) What are the potential drawbacks of relying solely on ratio analysis to evaluate the financial performance of a company?
- (c) State the limitation of the net increase/decrease in cash and cash equivalents figure in the cash flow statement in evaluating company's financial performance.
- (d) How does the use of credit terms and credit policies affect a company's receivables management?

(3)

3. Answer *any one* question from the following :

8×1=8

(a) The standard ratios for the industry and the ratios of ABC Company are given below :

	Industry Standard	ABC Company
Current Ratio	2.2	2.48
Quick ratio	1.2	0.70
Debtors Turnover Ratio	8.0	10.0
Stock Turnover Ratio	9.8	3.33
Assets Turnover Ratio	2.0	1.43
Working Capital Turnover Ratio	1.94	2.7
Net Profit Ratio	3.3%	2.1%
Net Profit on Total Assets Ratio	6.6%	3.0%
Net Profit on Net Worth	10.7%	4.8%
Total Debts on Total Assets	63.5%	37.7%

Comment on the performance of ABC company in the light of the industry standard.

8

(4)

(b) The Balance Sheet of Sinha Bros. Pvt. Ltd. as at March 31, 2022 and 2023 are presented as follows :

	<u>2022</u>	<u>2023</u>
	(₹)	(₹)
Assets :		
Fixed Assets	70,000	88,000
Investment	40,000	40,000
Cash	6,000	8,000
Debtors	7,000	12,000
Prepaid Rent	3,600	2,400
Stock	<u>32,000</u>	<u>28,000</u>
	<u>158,600</u>	<u>1,78,400</u>
Liabilities :		
Equity Capital	50,000	60,000
Profit and Loss Account	26,400	20,900
Debentures	35,000	35,000
Accumulated Depreciation	20,000	21,500
Creditors	7,200	9,000
Taxes Payable	6,000	6,000
Bills Payable	<u>14,000</u>	<u>26,000</u>
	<u>1,58,600</u>	<u>1,78,400</u>

Additional Information :

- (i) Purchased a new fixed asset costing ₹25,000

(5)

- (ii) Disposed of a fully depreciated asset having original cost of ₹7,000 and no salvage value.
- (iii) Net profit during the year amounted to ₹2,000
- (iv) Income tax paid during the year was ₹6,000

Prepare a statement of changes in financial position (cash basis). 8

COM-404.2

(FINANCIAL STATEMENT ANALYSIS)

4. Answer *any two* questions from the following :
2×2=4
- (a) What are the major contents of Financial Statements?
 - (b) Write the full form of the acronyms: FASB, IFRIC, AICPA, and OECD.
 - (c) Who is a major customer in case of segment reporting?
 - (d) What do you understand by social profit?
5. Answer *any two* questions from the following :
4×2=8
- (a) Write the titles of latest eight IFRSs issued by IASB.

- (b) Briefly state the changes that are required to be made in the financial statements of lessee, in respect of operating lease, on the introduction of IFRS 16.
- (c) State the objectives of IASB.
- (d) Write a brief note on economic value added (EVA).

6. Answer **any one** question from the following :

8×1=8

- (a) (i) What is Operating Segment? State the aggregation criteria for operating segments.
- (ii) A company has eight segments: A, B, C, D, E, F, G and H. The operating results of the segments are presented below (in ₹ Lakh) :

Segments :	A	B	C	D	E	F	G	H
Segment Revenue :								
External sales	65	25	125	12	210	8	55	145
Inter-segment transfer	—	10	60	—	75	—	—	25
Segment Profit/Loss	12	(8)	50	2	(40)	4	(10)	35

Identify the reportable segments of the company as per Ind AS 108.

4+4

(7)

- (b) State the main provisions of Indian Accounting Standard 2 (Ind AS 2) regarding inventories. State also the main disclosures required to be made in the Financial Statements as per Ind AS 2. 5+3

[Internal Assessment : 10 Marks]

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