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2018

M.Com. 4th Semester Examination

FINANCIAL STATEMENT ANALYSIS

PAPER—COM-404

Subject Code—03

Full Marks : 50

Time : 2 Hours

The figures in the margin indicate full marks.

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

Illustrate the answers wherever necessary.

Unit - I

(Marks : 20)

1. Answer any two questions from the following : 2×5

(a) What are the objectives of maintaining receivable. Explain the various costs of maintaining receivables in a firm.

2+3

(b) Briefly discuss the concept of Market Value Added (MVA).

5

(Turn Over)

(c) What are the objectives of Cash Flow Statement Analysis ? Distinguish between a Cash Book and a Cash Flow Statement. 2+3

(d) As ratios are insensitive as to negative numbers, mechanical calculation and interpretation may give wrong signals. — Discuss the statement with an example. 5

2. Answer any *one* question from the following : 1×10

(a) (i) The standard ratios for the industry and the ratios of Xenos Ltd. are given below. Indicate the strength and weakness of the firm.

	Industry Standard	Xenos Ltd
Current Ratio	2.4	2.67
Debtors Turnover Ratio	8.0	10.0
Stock Turnover Ratio	9.8	3.33
Assets Turnover Ratio	2.0	1.43
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%

(ii) Discuss the limitations of Ratio Analysis. 7+3

(b) From the Balance Sheet of Ghosh and Brothers Company Ltd. as on March 31, 2017 and 2018 and other information presented below prepare a cash flow statement for the year ended 31st March, 2018.

	2016-17	2017-18
	<i>(Rs. in thousands)</i>	<i>(Rs. in thousands)</i>
Assets :		
Cash	10,000	5,000
Bills Receivable	5,000	7,000
Debtors	30,000	40,000
Stock-in-trade	15,000	20,000
Plant and Machinery	45,000	69,000
Land and Building	80,000	95,500
	<u>1,85,000</u>	<u>2,36,500</u>
Liabilities :		
Equity Capital	1,00,000	1,30,000
Creditors	17,000	17,000
Outstanding liabilities for wages	1,000	1,500
Bills Payable	7,000	8,000
Bank Overdraft	60,000	80,000
	<u>1,85,000</u>	<u>2,36,500</u>

Additional Information :

- (i) Net profit earned for the year 2017-18 Rs. 40,000 ;
- (ii) Plant and Machinery purchased in the earlier years for Rs. 10,000 was sold for Rs. 7,000 in the year 2017-18. Up to the point of sales of the machinery, depreciation was charged for Rs. 2,000. Accumulated balance of depreciation on plant and machinery on 31st March, 2017 and 31st March, 2018 were Rs. 15,000 and Rs. 20,000 respectively ;
- (iii) No depreciation was charged on land and building. 10

Unit - II

(Marks : 20)

3. Answer any *two* of the following questions : 2×5
- (a) What Is IFRS ? List up the latest six IFRSs issued by the IASB. 2+3
- (b) What do you understand by 'social costs' and 'social benefits' in the context of corporate social accounting ? Mention some major heads of activities where corporate can discharge its social responsibility. 2+3

(c) State the benefits to a corporate for its social accounting and reporting. 5

(d) Write brief notes on :

(i) International Financial Reporting Interpretations Committee (IFRIC)

(ii) Standards Interpretations Committee (SIC).

2½+2½

4. Answer any *one* of the following questions : 1×10

(a) State the important provisions of Ind AS -2 regarding valuation of Inventories. State the information that is required to be disclosed in the financial statement regarding inventories. 6+4

(b) What is 'operating segment'? On what conditions an operating segment can be considered as reportable segment? State the disclosures that are required for segment reporting as per Ind AS 108. 2+3+5

[Internal Assessment — 10 marks]

OLD**2018****M.Com. 4th Semester Examination****ADVANCED COST ACCOUNTING****PAPER—COM-405****Subject Code—03***Full Marks : 50**Time : 2 Hours**The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.**Illustrate the answers wherever necessary.***Unit - I****(Marks : 20)****1. Answer any two questions of the following : 2×5**

- (a) A company's net profit as per cost book was ₹ 23,063, whereas the audited final accounts showed a net profit of ₹ 16,624. with the help of the following data, you are

(Turn Over)

required to prepare a reconciliation statement explaining the reasons for the difference between the two figures.

*Profit and Loss statement
for the year ended 31.3.2018*

Sales	₹	₹	
			3,46,500
Less : Raw materials consumption :			
Opening Stock	2,47,179		
Purchases	<u>82,154</u>		
	3,29,333		
Less: closing stock	<u>75,121</u>	2,54,212	
Direct wages		23,133	
Factory O/H		<u>20,826</u>	<u>2,98,171</u>
Gross Profit		₹	₹
Add: Miscellaneous			48,329
Income			<u>316</u>
			48,645
Less: Administration Expenses	9,845		
" Selling Expenses	<u>22,176</u>		<u>32,021</u>
Net Profit			<u>16,624</u>

The costing records show :

- (i) Stock balance of ₹ 78,197.
- (ii) Direct wages absorbed during the year ₹ 24,867.
- (iii) Factory overhead absorbed ₹ 19714.
- (iv) Administration expenses charged at 3% of sales value.
- (v) Selling expenses charged of 5% of sales value.
- (vi) No mention of Miscellaneous income.

(b) Explain the Break Even chart. 5

(c) Illustrate Joint Product, By-Product and Co-Product.
What is depth of Processing? 3+2

(d) From the following figures ascertained from costing records and financial book of a factory you are required to pass the necessary entries in the cost book under integrated system of book keeping :

	₹
Purchases (Stores)	4,00,000
Carriage inward	5,000

Stores issued	3,50,000
Production wages	3,00,000
Unproductive wages	1,00,000
Production overhead incurred	3,45,000
Materials used in repairs in the factory	3,000
Cost of finished goods	12,00,000
	5

2. Answer any *one* of the following questions : 1×10

- (a) The Product of a manufacturing company passes through two processes—Process X and Process Y – before being passed to finished stock. The output of process—X is transferred to Process Y at a price which gives process X a profit of 25% on transfer price and the output of Process—Y is transferred to finished stock at a price which gives process Y a profit of 20% on transfer price . Process stocks are valued at prime cost to the process concerned sales during the period was ₹ 60,000.

The following data relate to April, 2018

Opening stock	3,000	3,600	9,000
Direct Material	6,000	6,300	
Direct wages	4,480	4,500	
Factory overhead	4,200	1,800	
Closing stock	1,480	1,800	4,500
Inter-Process			
Profit included in opening stock	—	600	3,300

Required : Prepare Process Cost Accounts.

(a) and Finished Stock Account showing the profit element at each stage. 10

(b) Write the significance of Profit-volume (P/V) ratio in Marginal Costing.

Illustrate the impact of change in cost and selling price on the profit element under cost-volume profit analysis of Marginal Costing. 2+8

Unit - II

(Marks : 20)

3. Answer any *two* questions from the following : 2×5

(a) X Ltd. produces a standard product. The estimated costs per unit are given below :

	₹
Raw Material	10
Direct wages	8
Direct Expenses	2
Variable overhead	3
	23

Semi-variable overhead at 100% activity level (10,000 units) are expected to ₹ 40,000 and these overheads vary in steps of ₹ 2000 for each change in amount of 1000 units. Fixed overheads are estimated at ₹ 50,000. Selling price per unit is expected to be ₹ 40.

Prepare a flexible budget at 50%, 70% and 90% level of activity. 5

(b) Define Budget. Write the objectives of Budgetary control.

2+3

(c) The standard cost of a certain chemical mixture is

200 ton Material I at ₹ 30 per ton 100 ton Material II at
₹ 20 per ton Actual data for a period are :

180 ton Material I at ₹ 34 per ton 150 ton Material II at
₹ 18 per ton.

Calculate all possible Material variances. Assume that
standard loss is 10% of input and actual production is
290 tons.

5

(d) Write the various reasons of labour cost variances. 5

4. Answer any *one* from the following questions : 1×10

From the following information calculate all the overhead
variances.

(a) The standard variable rate per unit has been set at ₹ 2.

Actual variable overhead for the month was ₹ 11,500.

Budgeted Fixed Overhead ₹ 2,18,750 p.a.

Budgeted Production for the year	62,500 units
Budgeted number of weeks in the year	50
Actual production of April, 2018	6,000 units
Actual Overhead for April, 2018	₹ 22,000

Assume there was 5 working days in a week. There were 21 working days in April, 2018, but one of them was a national holiday, leaving 20 working days. But actual results revealed that 21 days were in fact worked. Failure of Power result in 120 idle hours. 10

- (b) (i) Write the significance of production budget.
- (ii) What are the factors to be considered in preparation of Production budget ?
- (iii) Write notes on Zero Based Budgeting. 3+2+5

[Internal Assessment — 10 Marks]
