

M.Com (Final) ABST
Management Accounting & Financial Reporting
Model Paper I

Max. Marks – 100

Time Allowed – 3 Hrs.

Attempt all the questions. All Questions are compulsory, each question carry 20 marks.

Unit I

1. From the following information presented by Tejesvi Ltd. Prepare the Balance Sheet :

Sales to Net Worth	4 times
Current Liabilities to Net Worth	50%
Total Debts to Net Worth	60%
Fixed Assets to Net Worth	60%
Current Ratio	2
Sales to Stock	10 times
Debtor's Velocity	8 times
Annual Sales	Rs. 8,00,000
Cash Sales	40% of Sales

OR

“Management Accounting is concerned with accounting information that is useful to management”. Comment and define management accounting. How does it differ from financial accounting?

Unit II

2. The details regarding three companies are given below :

<u>A Ltd</u>	<u>B Ltd</u>	<u>C Ltd</u>
$r = 12\%$	$r = 6\%$	$r = 8\%$
$K_e = 8\%$	$K_e = 8\%$	$K_e = 8\%$
$E = \text{Rs. } 10$	$E = \text{Rs. } 10$	$E = \text{Rs. } 10$

Compute the value of an equity share if each of these companies applying walter's formula when dividend pay-out ratio is (a) 20% (b) 60% (c) 0%, and (d) 100% Comment on the conclusions drawn.

OR

Shyam Deo. Ltd. Has an annual sale of Rs. 50 lacs and extending 30 days credit to the dealers. It has a plan to increase the sales as dealers are ready to increase their stock, but the dealers have difficulty in financing their inventory. Shyam Deo. Ltd. Therefore considering to revise its credit policy. The following information is available :

Present average collection period	30 days	
Variable Cost	80%	
Fixed Cost	Rs. 6 lacs per annum	
Average Rate of return	20%	
Proposed Credit Policy	Average collection	Annual sales
A	45 days	Rs. 56 lacs
B	60 days	Rs. 60 lacs
C	75 days	Rs. 62 lacs
D	90 days	Rs. 63 lacs

Determine which policy the firm should adopt.

Unit III

3. What do you understand by Financial Statements? Discuss the utility and significance of financial statements to various Parties interested in the Business Concern.

OR

Explain international financial reporting standards in detail.

Unit IV

4. What is the meaning of Market value Added? State the relationship between Economic Value Added and Market Value Added.

OR

The following information is available from vivek Ltd. Calculate the amount of EVA :

12% Debt Capital	Rs. 2,000 Crores
Equity Capital	Rs. 500 Crores
Reserves and Surplus	Rs 7,500 Crores
Total Capital Employed	Rs. 10,000 Crores
Risk Free Rate	9%
Beta Factor	1.05%
Market Rate of Return	19%
Equity (Market) Risk Premium	10%
Tax Rate	30%
Operating Profit After Tax	Rs. 2,100 Crores

Unit V

5. There are 100 skilled Employees in the age Group of 25-34. The future earning per year per employee average as follow . Average age is 25 years.
Rs. 20,000 per year for the next 10 year.
Rs. 25,000 per year for the next 11-20 year.
Rs. 30,000 per year for the next 21-30 year.
Rs. 25,000 per year for the next 31-40 year.

The discount rate is 10% and Present value factor is as follows.

Years	Present Value Factor
1 to 10	6.145
11 to 20	2.369
21 to 30	0.913
31 to 40	0.352

Calculate the value of Human Assets of this Group.

OR

Discuss the statement, "Inflation accounting is required or not in present scenario."

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Model Paper II

Max. Marks – 100

Time Allowed – 3 Hrs.

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Unit I

1. The Balance Sheets of M/s Shivraj Ltd. as on 31.3.2015 and 31.3.2015 were as follows :-
Balance Sheets As at 31.3.2014 and 31.3.2015

Particulars	2015 Rs.	2014 Rs.
I. EQUITY AND LIABILITIES		
(1) Shareholder's Fund		
(a) Paid up Share Capital	1,25,000	1,25,000
(b) Reserves and Surplus : Profit & Loss a/c	30,000	-
(2) Non-Current Liabilities		
(a) Loan from A	-	25,000
(b) Loan from Bank	50,000	40,000
(3) Current Liabilities		
(a) Trade Payables	55,000	40,000
Total	2,60,000	2,30,000
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed Assets		
Tangible : Land	50,000	40,000
Building	60,000	35,000
Machinery	55,000	80,000
(2) Current Assets		
(a) Inventories	25,000	35,000
(b) Trade Receivables	50,000	30,000
(c) Cash and cash Equivalents	20,000	10,000
Total	2,60,000	2,30,000

Additional Information:

- (1) During the year a Machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5000.
 - (2) The provision for depreciation against machinery as on 1st April, 2014 and 31st March, 2015 were of Rs. 25,000 and Rs. 40,000 respectively.
 - (3) Net Profit for the year amounted to Rs. 45,000.
 - (4) Dividend paid during the year Rs. 15,000
- Prepare Cast Flow statement.

OR

What is meant by capital structure ? Explain the theories of capital structure in brief.

Unit II

2. Calculate the operating cycle and the working capital requirements from the following figure –

Particulars	Balance on 1st April 2014 Rs.	Balance on 31st March 2015 Rs.
Stock of :		
Raw Material	21,750	26,250
Work-in-Progress	18,500	20,000
Finished Goods	21,000	27,000
Sunday Debtors	25,000	35,000
Creditors	17,350	20,000

Wages & Manufacturing Expenses	-	1,12,500
Administrative Expenses	-	10,000
Selling and Distribution Expenses	-	5,000
Purchase of Material (All Credit)	-	1,24,500
Total Sales (All Credit)	-	3,00,000

OR

Explain the Various ways of improving efficiency in cash collection & disbursement. In this connection explain clearly the importance of cash cycle.

Unit III

3. What are the Objectives of Financial Statements? Explain the essential qualities of Financial Statements.

OR

Explain the Meaning, Scope and Applicability of Accounting Standards in India.

Unit IV

4. Prepare a Value Added Statement for the year ended on 31.3.2015 and Reconciliation Total Value Added with Profit Before Taxation, from the profit and loss Account of A Ltd. for the year ended on 31.3.2015

Particulars	Amt.(Rs.in '000)
Income :-	
Sales	24,400
Other Income	508
Total Income	24,908
Less:- Operating Cost	21,250
Less:- Excise Duty	1,110
Less:- Interest On Bank Overdraft	75
Less:- Interest on 9% Debenture	1,200
Profit Before Depreciation	1,273
Less:- Depreciation	405
Profit Before Tax	868
Less:- Provision for Tax	320
Profit After Tax	548
Less:- Proposed Dividend	48
Retained Profit	500

The following Additional information Are given :-

- Sales represents Net sales after adjusting Discounts, Returns and Sales Tax.
- Operating Cost includes Rs. 82,50,000 as wages, Salaries and Other benefits.
- Bank Overdraft is Temporary.

OR

What are the types of Environment Accounting? Explain suggested framework for improvement in Environment Accounting.

Unit V

5. What is the Lev Schwartz model of valuing human resources ? How does it differ from Hermanson's model ? Give their comparative Merits and Demerits.

OR

Comment on following:-

- Triple Bottom Line Reporting
- Value Reporting
- Financial Reporting on Internet
- Future of corporate reporting on internet