

B3.E7-R5 : ACCOUNTING AND FINANCIAL MANAGEMENT

DURATION : 03 Hours

MAXIMUM MARKS : 100

Roll No. :

Answer Sheet No. :

Name of Candidate : _____ ; **Signature of Candidate :** _____

INSTRUCTIONS FOR CANDIDATES :

- Carefully read the instructions given on Question Paper, Answer Sheet.
- Question Paper is in English language. Candidate has to answer in English Language only.
- Question paper contains Seven questions. The Question No. 1 is compulsory. Attempt any FOUR Questions from Question No. 2 to 7.
- Parts of the same question should be answered together and in the same sequence.
- Questions are to be answered in the ANSWER SHEET only, supplied with the Question Paper.
- Candidate cannot leave the examination hall/ room without signing on the attendance sheet and handing over his/her Answer Sheet to the Invigilator. Failing in doing so, will amount to disqualification of Candidate in this Module/Paper.
- After receiving the instruction to open the booklet and before answering the questions, the candidate should ensure that the Question Booklet is complete in all respects.

DO NOT OPEN THE QUESTION BOOKLET UNTIL YOU ARE TOLD TO DO SO.

1. (a) Explain the accounting concepts and conventions.
 (b) How do you prepare a Balance Sheet? Elaborate.
 (c) Differentiate between Systematic Risk and Unsystematic Risk.
 (d) Examine the dimensions of disaster management.
 (e) What is ethical decision making?
 (f) What is meant by the term time value of money? Which capital budgeting methods take into consideration this concept?
 (g) Explain different branches of accounting. (7x4)

2. (a) Briefly explain the Generally Accepted Accounting Principles (GAAP).
 (b) Explain the purpose of preparing final accounts and furnish their formats. (9+9)

3. (a) A company has seasonal sales peaks, resulting in uneven cash flows. Explain how a rolling cash flow forecast can help manage liquidity. What are the two key challenges in maintaining an accurate cash forecast, and how can a treasury team mitigate them ?
 (b) A firm has excess cash of Rs. 500 crores for 90 days and wants to minimize risk while earning a return. Compare money market funds, commercial paper, and Treasury bills as investment options. Which would you recommend, and why ? (9+9)

4. (a) A firm has two departments - Raw Materials and Manufacturing. The finished goods are produced by the Manufacturing Department with raw materials supplied by the Raw Materials Department at selling price. Prepare Departmental Trading and Profit and Loss Account by using the following information for the year ended on 31st March 2024.

Particulars	Raw Materials Dept. (₹)	Manufacturing Dept. (₹)
Opening Stock	1,20,000	20,000
Purchases	8,00,000	6,000
Sales	8,80,000	1,80,000
Manufacturing Expenses	--	24,000
Selling Expenses	1,600	800
Raw Materials transferred to Manufacturing Dept.	1,20,000	--
Closing Stock	80,000	24,000

Cost of the closing stock of the manufacturing department consists of 25% for manufacturing expenses and 75% for raw materials. In the preceding year Raw Materials Department earned gross profit at the rate of 10%. Salaries of ₹ 5,000 and Insurance Premium of ₹ 1,600 are allocated between the two departments on the basis of sales ratio. Calculate the Net Profit of the firm as a whole.

(b) Describe trend analysis with a suitable example. (14+4)

5. (a) A Ltd. and B Ltd. have the following expected risk and return inputs for the following years.

Year	Return %	Variance σ^2 %
A Ltd. Iyr	15	16
B Ltd. Ilyr	18	25

Portfolio risk (standard deviation) for a portfolio of 50% in each asset is 4.03. Determine the correlation coefficient that will be necessary to reduce the level of portfolio risk by 75%. What is the expected return of the equally weighted portfolio [50% of A Ltd. and 50% of B Ltd.] ?

(b) Discuss the role of portfolio management and the benefits of diversification. (14+4)

6. (a) From the following comparative balance sheet of Sri Ram Traders Ltd for the year ending 2011 and 2012 prepare cash flow statement:

Liabilities	2011	2012	Assets	2011	2012
Equity share capital	3,50,000	3,70,000	Cash	45,000	39,000
10% debentures	60,000	30,000	Debtors	71,000	84,500
Creditors	51,800	59,200	Stock	2,46,000	2,13,500
Profit and Loss Account	50,200	52,800	Land	1,00,000	1,50,000
			Goodwill	50,000	25,000
Total	5,12,000	5,12,000		5,12,000	5,12,000

(b) Compose a brief statement regarding financial accounting software, whether it is licensed or open source. (14+4)

7. (a) A firm sold goods worth of rupees 5,00,000 and its gross profit is 20% sales value, the inventory at the beginning of the year was Rs 16,000 and at the end of the year was 14,000. Compute inventory turnover ratio and also inventory holding period.

(b) Write short notes on the following:

(i) Technology Trends and Ethical Issues
(ii) Ethical Principle and Dilemma

(9+9)

SPACE FOR ROUGH WORK