

**Ph.D Course Work Examinations, July-2023**

**COMMERCE**

**Course IV: 4.3 Accounting and Taxation**

**Time: 3 Hours**

**Max. Marks: 70**

Answer any **Seven** of the following Questions. Each question carries **Ten Marks (7X10=70)**

1. Explain the role of ICAI in developing accounting standards in India. Is accounting standards needed for the economy and academia, elaborate your views in research perspectives.
2. What is the impact of IFRS on financial reporting of companies? Enumerate the significance of IFRS in Indian corporate sector.
3. What is the role of Customs Authorities in India? Explain the import procedure in India.
4. What is CENVAT Scheme? Explain its advantages.
5. Explain the purposes and uses of trend analysis and ratio analysis in business research.
6. Explain the shipping bills and baggage rules in India.
7. Differentiate between IFRS and IND AS. How IND AS are beneficial to Accountants and auditors of the companies.
8. The following data relate to the financial statements of HRI Limited for the year ended December 31-2021
  - Current ratio 3:1
  - Acid test ratio 1.5:1
  - Quick Assets Rs. 30000
  - Inventory turnover 10 times
  - Fixed Assets: Shareholder equity 0.875:1
  - Total operating expenses to sales 90%
  - Number of shares of Rs.10 each 25000
  - Earnings per share Rs.2
  - Gross Profit to Sales 20%
  - Creditors velocity 27 times
  - Debt collection period 12 days
  - Earning for the year as percentage of share capital 25%

Closing stock is Rs.6000 lower than opening stock. There are no prepaid expenses, long-term liabilities and intangible assets. **Prepare company's Profit and Loss Account for the year ended December 31 2021 and Balance sheet on that date. Assume year to be of 360 days.**

9. Infosys company limited manufacturing three products A, B and C. The directors of the company are worried about the profit of the organization and purpose discontinue product A which is incurring loss. The following information is available regarding the three products A, B and C.

<b>Particulars</b>	<b>A</b>	<b>B</b>	<b>C</b>
Sales (Units)	2,000	5,000	12,000
Price per unit Rs	5	4	2.5
Direct Materials per unit Rs	1.50	0.6	0.75
Direct Labour per unit Rs	1.00	0.6	0.25
Variable Overheads (% age of direct labour)	300	200	300
Direct Fixed cost per unit	0.50	0.5	0.375
Profit/Loss	-3,000	3,500	1,500
Fixed costs : 6000			

Fixed costs are apportioned to the product A, B and C in the ratio of 1:2:3 respectively.

- a. What suggestions would you give if you find that the direct fixed costs are directly involved with each product line and that they would be avoided if a particular product line is dropped?
  - b. If the direct fixed costs are such that no portion of this expenditure can be saved by dropping a product, what would be your advice?
10. ABC Company has currently all equity share capital structure consisting of 15,000 Equity Shares of Rs. 100 each. The management is planning to raise another Rs. 25 Lakhs rupee to finance a major programme of expansion and is considering the following 3 alternatives of financing.
- a) To issue 25,000 Equity Shares of Rs. 100 each
  - b) To issue 25,000, 8% Debentures of Rs. 100 each
  - c) To issue 25,000, 8% Preference Shares of Rs. 100 each

The company's EBIT is expected at Rs. 8,00,000. The corporate tax rate is 31.2%. Determine EPS in each alternative and comment which alternative is best.

\*\*\*\*\*