

SOUTHERN RAILWAY

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LIMITED DEPARTMENTAL COMPETITIVE EXAMINATION FOR THE
POST OF ASSISTANT FINANCIAL ADVISER (AFA) – GROUP
'B'SERVICES

PAPER-II

DATE : 31.01.2020

TIME : 3 HOURS

MAXIMUM MARKS : 150

IMPORANT

TOTAL OF 6 (SIX) QUESTIONS HAVE TO BE ANSWERED.

- TWO FROM PART-I , TWO FROM PART-II AND TWO FROM EITHER PART- III (A) OR PART-III(B) AS PER OPTIONS ALREADY GIVEN.
- ALL QUESTIONS CARRY EQUAL MARKS OF 25 EACH.

PART -I

(50 MARKS)

FINANCIAL JUSTIFICATION FOR EXPENDITURE, TRAFFIC COSTING

ANSWER ANY TWO

(2 X 25= 50 MARKS)

1. What is Traffic costing? What are the purposes of Traffic Costing?

How is traffic costing data used in evaluation of the following proposals, also indicate shortcomings, if any, in the present method of traffic costing while applying the same **(any two of the following)**;

- (a) New lines
- (b) Electrification Projects
- (c) Station to Station Rates
- (d) Running premium trains by private operators $(5+10+(2 \times 5)=25)$

.....2/-

2. (a) What is the Test of remunerativeness? Explain briefly the projects which are undertaken on consideration other than financial remunerativeness?

(b) Explain what is Economic Evaluation of Railway Investments? Are they still relevant? (10+5+10=25)

3. Write Short Notes (any 5):

- a. Fully distributed costs.
- b. Marginal Costing
- c. Terminal costs
- d. Specific Fuel Consumption
- e. Proforma Oncost
- f. Viability Gap Funding
- g. Make or Buy decisions
- h. Joint Costs

(5 x 5=25)

4. Railways have been financing its Rolling Stock requirements through lease financing. Recently Railways have resorted to financing Railway projects through market borrowing, Describe the Railways experience of market borrowing through EBR (IF) and the way forward. (25)

PART – II

MANAGEMENT ACCOUNTING

ANSWER ANY TWO:

(2 X 25 =50 MARKS)

5. (a) What is Management Accounting, What are the functions of a Management Accountant? Discuss how a finance officer is working as Management Accountant on Indian Railways?

(b) A firm normally sells 20,000 units of a product at the rate of Rs.150/ per unit each and makes a profit of Rs.3,00,000 after meeting fixed expenses of Rs.8,00,000.

.....3/-

From the above data find

- i. Variable cost per unit
- ii. Profit /Loss if the sale is 15000 units @ Rs.200/ per unit
- iii. Profit/Loss if the sale is 15000 units @ Rs.120/ per unit
(5+5+(3 x 5)=25)

6. A choice is to be made between two competing projects, X and Y, which require an equal investment of Rs.1,00,000/- and are expected to generate net cash inflows as under:

Year end inflows	Project X	Project Y
End of 1 st year	50000	20000
End of 2 nd year	30000	24000
End of 3 rd year	20000	36000
End of 4 th year	Nil	50000
End of 5 th year	24000	16000
End of 6 th year	12000	8000

The cost of capital of the company is 10%. Which project proposal should be chosen and why by evaluating the projects under

- a. Payback period
- b. DCF

The Present value factors @10% is as follows:

Year	PV factors @10%
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621
6	0.564

(10+15=25)

.....4/-

7. Explain what is Budget and what is Budgetary control? What are the various types of Budgetary control techniques adopted? (25)

8. The financial efficiency of operating an enterprise can best be seen from the ' financial ratios ' which are worked out from the Statement of Profit and Loss for the year and the Balance Sheet (of Assets and Liabilities) as at the end of the year. What are the important financial Ratios applicable to Indian Railways. Explain about how the following are worked out on IR?

- a. Operating Ratio
- b. Return on Capital
- c. Current Assets and Liabilities, explain the compilation of these after implementation of Accrual accounting on Railways.

(10+3 x 5=25)

PART – III – (A)

TRAFFIC ACCOUNTS, STATISTICS & ESTABLISHMENT

ANSWER ANY TWO:

(2 X 25= 50 MARKS)

9. With the advent computer applications viz., PRS, UTS, FOIS which practically cover all earnings in the stations, explain the relevance of station Inspection by TIAs, Check of station returns at Traffic Accounts Office. Also suggest how these applications can help to improve the station inspections. (10+10+5=25)

10. What are all the checks exercised in the Traffic Accounts office in the following cases:

1. Checks to be conducted in UTS/PRS collected tickets
2. Check of Wharfage and Demurrage returns
3. Check of Siding Statements
4. Check of Handling Bills
5. Check of Not Issued Tickets

(5 x 5=25)

.....5/-

11. Pension outgo on our Railway is as high as the entire Passenger earnings. Pensions are paid by banks and we exercise post-check of pension paid. Given that the data of all pensioners has now been sanitised and available on ARPAN and the fact that many of the Public Sector banks are now sending the pension payment scrolls through Electronic mode,

It may be explained how the internal check mechanisms of payment of pension can be re-invented to guard against irregular/overpayment and at the same time ensuring redressing the grievances of pensioners? (25)

12. 'Statistics, however comprehensive, will not run the Railways, but, will supply necessary data with the help of which various problems that arise on a day to day basis can be assessed and solved'. It is useful to know the significance of various figures arrived in statistics.

In this context, explain the following statistics and their usefulness. Also indicate the caution to be exercised while comparing these statistics between two Zonal railways:

- a. Engines available for use
- b. NetTonne Kilometres per wagon day
- c. Average haul
- d. Turn round of Wagon
- e. Average speed of Goods train

(5 X 5= 25)

....6/-

PART – III – (B)

GENERAL EXPENDITURE, STORES AND WORKSHOP ACCOUNTS

ANSWER ANY TWO:

(2 X 25= 50 MARKS)

13. Describe the various stages in planning and execution of the work starting from sanction to work based on the Abstract estimate upto the closure of the work.

Why do you think large number of projects linger on despite physical completion and fail to attain financial closure, what could be the role of a Finance Officer in remedying this? (10+15= 25)

14. (a) What is Stores Suspense?

(b) What are the different components of Stores Suspense and how are they operated and cleared. (10+15= 25)

15. What is Payment by results? What is the method of incentive payments adopted on S. Railway workshops? What are all the recent Railway Board orders on payment of incentive bonus? (10+5+10 = 25)

16. What are the powers of Direct acceptance of Works Tenders? What are all the conditions laid down for direct acceptance of Tenders?

Define the changed role of finance in the direct acceptance of Tenders by Executives up to certain value where the finance function begins at vetting of Letters of Acceptance ?

(5+10+10 = 25)
