# CCE(M)/COM–I/10/2024

# COMMERCE AND ACCOUNTANCY

# ( PAPER—I )

Time : 3 hours ] [ Full Marks : 250

**Please read each of the following instructions carefully before attempting the questions :**

*(i)* There are **eight** questions divided in **two Sections**.

*(ii)* Candidate has to attempt **five** questions in all.

*(iii)* Question Nos. **1** and **5** are compulsory and out of the remaining, **three** are to be attempted choosing at least **one** question from each Section.

*(iv)* The number of marks carried by a question/part is indicated against it.

*(v)* Word limit in questions, wherever specified, should be adhered to.

*(vi)* Attempts of questions shall be counted in sequential order. Unless struck off, attempt of a question shall be counted even if attempted partly. Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.

## SECTION—A

**1.** Answer *any* **five** of the following questions : 10×5=50

*(a)* What are the exceptions to the previous year?

*(b)* Explain the Deductions u/s 16 under the head salaries.

*(c)* Discuss the provisions of Indian Accounting Standard on Accounting for Inventories.

*(d)* How would you categorise the different elements and items of cost for the purposes of disclosing them in a 'Cost-sheet'?

*(e)* Distinguish between cost control and cost reduction. Also briefly mention their techniques.

*(f)* What are the main provisions of Companies Act, 2013 with respect to the audit related to dividends?

(g) The following figures are related to XYZ Limited for the year ending 31st March, 2024 :

Sales - 24000 units @ ₹ 200 per unit

P/V Ratio - 25%

Break - even point - 50% of sales

You are required to calculate the following :

(i) Fixed cost for the year

(ii) Profit earned for the year

(iii) Units to be sold to earn a target net profit of ₹ 11,00,000 for a year

(iv) Number of units to be sold to earn a net income of 25% on cost

**2.** Answer the following questions :

(a) ABC Co. Ltd. issued 30000 equity shares of ₹ 10 each payable as ₹ 3 per share on Application, ₹ 5 per share (including ₹ 2 as premium) on Allotment and ₹ 4 per share on Call. All the shares were subscribed. Money due on all shares was fully received except from Ram, holding 500 shares, who failed to pay the Allotment and Call money and Shyam, holding 1000 shares, who failed to pay the Call Money. All those 1500 shares were forfeited. Of the shares forfeited, 1250 shares (including whole of Ram's shares) were subsequently reissued to Ghanshyam as fully paid up at a discount of ₹ 2 per share.

Pass the necessary entries in the Journal of the company to record the forfeiture and reissue of the share. Also prepare the Balance Sheet of the company. 20

(b) GST would help in reducing the prices of the goods. How? Explain with the help of an illustration. 15

(c) What special steps will you take into consideration in auditing the receipts from entry fees of an amusement park? Mention any four points specific to the issue. 15

**3.** Answer the following questions :

(a) Vikas owns a house property whose Municipal value, fair rent and standard rent are ₹ 96,000, ₹ 1,26,000 and ₹ 1,80,000 per annum respectively. During the financial year 2023-24, one-third of the portion of the house was let out for residential purpose at a monthly rent of ₹ 5,000, the remaining two-third portion was self-occupied by him. Municipal Tax at the rate of 11% of municipal value was paid during the year. The construction of the house began in June 2016 and was completed on 31st May, 2019. Vikas took a loan of ₹ 1,00,000 on 1st July, 2016 for the construction of the building. He paid interest on loan at the rate of 12% per annum and every month such interest was paid. Compute income from house property of Mr. Vikas for the assessment year 2024-25, if he has exercised the option of shifting out of the default tax regime provided under Section 115BAC(1A). 20

(b) "Business firms rarely operate at the break-even points. Therefore, the break-even analysis is of very limited use to management." Do you agree with this statement? 15

(c) "An auditor is a watch-dog, not a blood-hound." Explain fully the implications of this statement by identifying the case law. 15

**4.** Answer the following questions :

(a) M Ltd. furnishes the following summarized Balance Sheet as on 31st March, 2021 :

| Equity and Liabilities | ₹ in '000 | ₹ in '000 |
|---|---|---|
| **Share Capital :**<br>**Authorized Capital :** | | 5,000 |
| **Issued and Subscribed Capital :**<br>300000 Equity Shares of ₹ 10 each fully paid up<br>20000, 9% Preference Shares of ₹ 100 each (issued two months back for the purpose of buyback) | 3,000<br><br>2,000 | <br><br>5,000 |
| **Reserve and Surplus :**<br>Capital reserve<br>Revenue reserve<br>Securities premium<br>Profit and Loss Account | <br>10<br>4,000<br>500<br>1,800 | <br><br><br><br>6,310 |
| Non-current liabilities - 10% Debentures | | 400 |
| Current liabilities and provisions | | 40 |
| | | **11,750** |
| **Assets** | | |
| Fixed Assets : Cost | 3,000 | |
| Less : Provision for depreciation | 250 | 2,750 |
| Non-current investments at cost | | 5,000 |
| Current assets, loans and advance (including cash and bank balances) | | 4,000 |
| | | **11,750** |

The company passed a resolution to buyback 20% of its equity capital @ ₹ 15 per share. For this purpose, it sold its investments of ₹ 30 lakhs for ₹ 25 lakhs. You are required to pass necessary Journal entries. 20

(b) Agricultural income under Income Tax Act, 1961 is not an income in true sense nor it is left out altogether. Elucidate with the help of an illustration. 15

(c) Discuss the rights and duties of a Company Auditor. 15

## SECTION—B

5. Answer *any* **five** of the following questions : 10×5=50

(a) "Current Assets are inferior to Current Liabilities." Do you agree? Explain this statement with reference to working capital management.

(b) Differentiate between risk adjusted discounting rate based NPV and certainty equivalent coefficient based NPV.

(c) What are the objectives of Financial Management?

(d) Explain the role of IRDA in regulated insurance business in India.

(e) "Retained Earnings is the cost free source of finance". Comment.

(f) Discuss the role of SEBI as a regulator.

(g) What do you mean by responsibility centres? What are the different types of responsibility centres?

6. Answer the following questions :

(a) Management of X Ltd. have sought your advice regarding ascertaining the amount of working capital that will be financed from non-current liabilities. The following information is available for your reference : 20

(i) Production during the previous year was 180000 units. It is planned that the level of activity should be maintained during the present year as well.

(ii) The cost structure is as follows :

| | |
|---|---|
| Raw Materials | ₹ 20 per unit |
| Direct Labour | ₹ 5 per unit |
| Overheads (including depreciation of ₹ 5 per unit) | ₹ 15 per unit |
| Profit | ₹ 10 per unit |
| Selling price | ₹ 50 per unit |

Additional information :

[A] Minimum desired cash balance is ₹ 20,000.

[B] Raw materials are held in stock on an average for two months.

[C] Work in progress will approximate to half month's production (assume 50% completion stage).

[D] Finished goods remain in warehouse on an average for a month.

[E] Suppliers of raw materials extend a month's credit and debtors are provided two month's credit. Cash sales are 25% of total sales.

[F] There is a time lag in payment of wages of a month; and half-a-month in the case of overheads.

*(b)* What are the limitations of Payback period and IRR method? How can they be improved upon? Explain with the help of illustrations. 15

*(c)* Discuss Walter's model of share valuation with the help of an illustration. 15

**7.** Answer the following questions :

*(a)* Explain the difference between the following ratios with the help of illustrations : 20

*(i)* Debt equity ratio and Capital gearing ratio

*(ii)* Proprietary ratio and Debt to total funds ratio

*(iii)* Current Ratio and Liquidity Ratio

*(iv)* Stock Turnover Ratio and Debtors Turnover Ratio

*(b)* "The central decision in the evaluation of credit management involves balancing of bad debt losses against sales losses." Amplify this statement and discuss the criteria that you would adopt to evaluate credit management. 15

*(c)* Discuss the reforms in Indian capital market. 15

**8.** Answer the following questions :

(a) Critically examine MM-Propositions of capital structure with the help of an illustration. 20

(b) Discuss the salient features of venture capital in the Indian context. 15

(c) Write a short note on recent financial sector reforms. 15

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## SPACE FOR ROUGH WORK

# CCE(M)/COM–II/10/2024

# COMMERCE AND ACCOUNTANCY

## ( PAPER—II )

Time : 3 hours ] [ Full Marks : 250

**Please read each of the following instructions carefully before attempting the questions :**

*(i)* There are **eight** questions divided in **two Sections**.

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*(iii)* Question Nos. **1** and **5** are compulsory and out of the remaining, **three** are to be attempted choosing at least **one** question from each Section.

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### SECTION—A

**1.** Answer *any* **five** of the following questions : 10×5=50

*(a)* "Democratic leadership is always better than authoritative leadership." Do you agree? Critically evaluate the statement.

*(b)* What do you mean by hygiene factors and motivating factors as per Frederick Herzberg? In India, which factors are more important?

*(c)* Explain the Classical Conditioning theory of Learning with an example of its application in organisations.

*(d)* What is the difference between Id, Ego and Super Ego as per Sigmund Freud?

*(e)* What are the different factors of external environment which affect the organisation?

*(f)* What is the criteria of quality of work life in an organisation as per R.E. Walton?

*(g)* What are the different bases of power? Give examples.

2. Answer the following questions :

(a) "Power in itself doesn't mean much, it needs to be operationalised." Explain the statement by highlighting the tactics that people may use to strengthen their power. 20

(b) "There is nothing like the 'best' type of leader. Instead, a proper match between the leader and the situation will result in leadership effectiveness." Evaluate the above statement in the light of different leadership styles. 15

(c) "Weber suggested that to be effective and efficient as an organisational instrument, modern organisations require bureaucratic authority". Do you agree with this statement? Give reasons. 15

3. Answer the following questions :

(a) "Politics is an inevitable part of organizational life". Give suggestions. How can politics be used constructively in the interest of the organization? 20

(b) Critically analyse Abraham Maslow's hierarchy of needs. 15

(c) Explain Myers-Briggs Type Indicator theory of personality with examples. 15

4. Answer the following questions :

(a) "Beneath the cloak of formal relationships in every institution, there exists a more complex system of social relationships called the informal organisation." Discuss the nature and significance of informal organisation in the light of this statement. 20

(b) "A successful business needs a strategy to tackle changes both expected and unexpected." Comment. How, do you think, resistance to change can be overcome? 15

(c) "Merely calling a group a team doesn't automatically increase its performance." Do you agree? Comment. 15

## SECTION—B

5. Answer *any* **five** of the following questions : 10×5=50

(a) What are the conditions to be fulfilled to call a strike, a legal strike?

(b) Discuss the role of an outside leader in a trade union.

(c) Explain the Grievance Handling Procedure as per Industrial Relations Code, 2020.

(d) What are the four components of 360 degree appraisal?

(e) Discuss Perlman's theory of Trade Union.

(f) Differentiate between performance appraisal and job appraisal.

(g) What are Negotiating Unions and Negotiating Councils?

**6.** Answer the following questions :

(a) "Collective bargaining by its very nature is a mechanism of reluctant exchange of commitments where both the parties want to give less and get more." In the context of this statement, examine the hindrances in the effective collective bargaining. 20

(b) "Training programs are more elaborate in the Government organizations as compared to the private; still the private organizations are more efficient." Discuss. 15

(c) Discuss the reforms recently introduced by the Government in the labour laws in India. 15

**7.** Answer the following questions :

(a) What are the available preventive and settlement measures of industrial disputes in India? Discuss the major hindrances in their effectiveness. 20

(b) "The workforce in the present scenario has transformed into qualitative, mature and skilled". Bring out the innovative HR practices to manage and optimally utilize the capabilities of such workforce. 15

(c) "Choose a job you love and you will never have to work a day in your life." Explain the above statement with the help of examples. 15

**8.** Answer the following questions :

(a) "Union free organizations can achieve their goals more rationally." Do you agree? Give suggestions to the organizational managers to make their organizations Union free. 20

(b) "Orientation is required when selection is defective. When employees are selected properly, they do not need to be oriented." Do you agree with this statement? What orientation activities do you recommend for the newly selected employees? 15

(c) "The objective of arbitration is not compromise but adjudication." In the light of the above statement, highlight the problems in arbitration in India. 15

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