

ARUNACHAL PRADESH PUBLIC SERVICE COMMISSION

SUBJECT: - COMMERCE

Time: 3 (Three) hours

Full marks: 100

Q.1. Attempt any ten questions.

10 x 3 =30

- a) What is depreciation?
- b) Explain the term 'contribution'?
- c) What is variance?
- d) What is finance function?
- e) Explain the term 'audit'?
- f) What is income as per Income Tax Act?
- g) What are different types of share capital?
- h) What is job costing?
- i) Explain the term 'Break Even Point'?
- j) What are main deductions u/s 80 C of Income Tax Act?
- k) Explain different components of salary .
- l) Explain the term 'working capital'.
- m) Distinguish between valuation and verification.
- n) Explain the terms 'previous year' and 'assessment year'.

Q. 2. Attempt any five questions.

5 x 8=40

- a) Find out Contribution and P/V Ratio from the following:
 - a. Sales – Rs. 5,00,000
 - b. Fixed cost – Rs. 2,00,000
 - c. Variable cost – Rs. 2,50,000
- b) Explain different techniques of inventory control.
- c) Mr. A owns a house which has two flats. One flat is let out for a monthly rent of Rs. 9,500 and other one is used by A for his residential purpose. The fair rental value of the house is Rs. 95,000 and municipal value is Rs. 1,20,000. A pays Municipal tax @10% of M.V. of the house. Find out the income from House Property for the Assessment year 2014-15.

- d) What is Variance? Explain various types of variances used in standard costing technique.
- e) What is flexible budget? How does it help the budgeting of a business concern?
- f) Who can be appointed as an auditor of a joint stock company? What are rights of such auditor?
- g) Monthly salary of Mr. Joy is Rs. 55,000 which includes dearness allowance of Rs. 5,000. In addition, he gets H.R.A @30% of basic salary. He lives in rented flat in Delhi and pays rent of Rs. 6,000 p.m. Find out taxable HRA to be added in his income.

Q.3. Attempt any two questions.

2 x 15 = 30

- a) M/s Bharat Builders undertook a contract to construct a bridge within a period of five years on 1st March 2013 from Lalita Developers. The contract price was Rs. 1crore 20 lakhs which was to be paid in instalments on the basis of architect's certificate. Under the terms of contract contractee will pay cash to the contractor equal to 75% of work certified. You are required to prepare Contract Account, Contractee's Account in the books of M/s Bharat Builders. Also show relevant items in the Balance sheet of the contractor. The details about contract are as under :

	Rs.
Materials sent to site	25,00,000
Plant installed at site	5,00,000
Wages paid	2,00,000
Administrative Expenses paid	1,30,000
Wages outstanding	50,000
Plant returned to store	50,000
Materials lost at site	20,000
Materials returned to store	15,000
Materials at site	45,000
Plant shifted to other contract	80,000
Work certified	50,00,000
Work not certified	10,000
Depreciation on plant	10%

- b) What do you mean by capital budgeting ? Explain various methods of project appraisal used in capital budgeting.

c) The Balance Sheet of Garima Ltd. as on 31st March, 2013 was as follows :

Liabilities	Rs.	Assets	Rs.
Equity Share capital (50,000 shares of Rs.10 each)	5,00,000	Land & Buildings	1,00,000
General Reserve	55,000	Plant & Machinery	2,20,000
P & L Account	35,000	Patents	7,500
Sundry Creditors	80,000	Trademarks	7,500
Workmen's Compensation Reserve	25,000	Stock-in -trade	1,05,000
		Sundry Debtors	84,000
		Goodwill	95,000
		Cash at Bank	66,000
		Preliminary Expense	10,000
	<u>6,95,000</u>		<u>6,95,000</u>

Garima Ltd is purchased by Savita Ltd which pays Rs. 6,00,000 in fully paid shares of Rs. 10 each and the balance Rs.1,00,000 in cash. There was a contingent liability in respect of a claim for compensation under the Workman's Compensation Act. The claim was not taken by Savita Ltd., therefore, it was settled by Garima Ltd at Rs. 10,000.

Pass necessary journal entries in the books of Garima Ltd and Savita Ltd. Also prepare the Balance sheet of Savita Ltd.

(d) What is meant by 'Accounting Standards'? Discuss its role in accounting. Give detail sketch of accounting standard which deal with depreciation.

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