

201008

COMBINED COMPETITIVE EXAMINATION (MAIN)
COMMERCE AND ACCOUNTANCY

Paper-I

Time : 3 Hours

Full Marks : 200

- Note : (1) The figures in the right-hand margin indicate full marks for the questions.*
(2) Attempt five questions in all.
(3) Question No. 1 is compulsory.

1. Answer any *ten* questions from the following : 4×10=40
- (a) What is angle of incidence?
 - (b) How is risk differentiated from uncertainty?
 - (c) What is reverse repo rate?
 - (d) Give an example to show the influence of accounting information on managerial behaviour.
 - (e) What is 'true and fair' view?
 - (f) What is efficiency variance?
 - (g) What do you mean by IPO?
 - (h) Distinguish between cost apportionment and cost absorption.
 - (i) What is matching concept?
 - (j) What is vouching?
 - (k) Distinguish between set off and carry forward of loss.
 - (l) When is LIFO method of inventory valuation desirable?

2. Answer any *eight* questions from the following : 5×8=40
- (a) How is working capital financed under conservative approach?
 - (b) What do you mean by EOQ?
 - (c) How are the RRBs different from the other commercial banks?
 - (d) State the historical background of SEBI.
 - (e) What do you mean by precautionary motive for holding cash?
 - (f) State the qualification of a cost auditor.
 - (g) What do you mean by master budget?
 - (h) What is secondary capital market?
 - (i) What are the functions of Accounting Standard Board in India?
 - (j) Explain interbank lending.
3. Answer any *five* questions from the following : 8×5=40
- (a) What are the ratios computed to study capital structure of a firm?
 - (b) What are the important deductions in computation of total income?
 - (c) Differentiate between marginal costing and absorption costing.
 - (d) What do you mean by value analysis? What are its benefits?
 - (e) How are semi-variable costs segregated into fixed and variable costs under algebraic method?
 - (f) What do you mean by VED analysis? State its benefits.
 - (g) Briefly state the reasons of financial distress.
4. Answer any *four* questions from the following : 10×4=40
- (a) How is residential status of an individual assessee determined?
 - (b) How does a bank evaluate credit-worthiness of the loan applicants?
 - (c) What are the factors considered while determining working capital requirements of a firm?
 - (d) What is EBIT-EPS analysis? State its usefulness.
 - (e) What do you mean by MAOCARO? Is it relevant today?

5. Answer any *four* questions from the following : 10×4=40
- (a) Demonstrate the computation of cost of equity capital following dividend growth model. Point out any two limitations of this model.
 - (b) When would you find NPV method having a conflict with IRR method?
 - (c) What steps would you suggest for prevention of sickness in small-scale industries in India?
 - (d) How is house rent allowance treated while computing taxable salary under the Income Tax Act, 1961?
 - (e) What are the pre-requisites of successful implementation of responsibility accounting in a divisional form of organization?
6. Answer any *two* questions from the following : 20×2=40
- (a) How would you take investment decision under risk and uncertainty?
 - (b) Financial ratios work as wonderful indicators of financial health of a company, if wisely interpreted. Comment.
 - (c) Describe the steps followed in installing a standard costing system in a manufacturing firm.
7. Answer any *two* questions from the following : 20×2=40
- (a) Why and to what extent the value of a levered firm is greater than that of an unlevered firm under MM hypothesis?
 - (b) With suitable example, show the computation of taxable salary under the, Income Tax Act, 1961?
 - (c) What do you mean by money market? How is the money market regulated in India?
8. Answer any *two* questions from the following : 20×2=40
- (a) Compare Walter's model with Gordon's model and examine their rationality in the contemporary dividend policy scenario.
 - (b) What are the special considerations an auditor has to keep in mind while auditing a charitable society?
 - (c) Critically evaluate the trend of credit policy in India.
9. How does break-even analysis help in profit planning and capital structure planning? Explain with suitable illustration. 40

10. The following particulars are drawn from the books of ABC Ltd. for the year ended on 31st March, 2018 : 40

Working Capital	Rs. 75,000
Current Ratio	1.6
Liquid Ratio	1.35
Stock Turnover Ratio	9 times
Debtors Turnover Ratio	73 days
Asset-Proprietorship (Fixed Assets/Prop. Fund) Ratio	75%
Gross Profit Ratio (on sales)	25%
Net Profit to Share Capital Ratio	15%
Share Capital	Rs. 2,00,000

You are required to prepare a Profit and Loss Account of the year ended on 31st March, 2018 and a Balance Sheet as on that date with as much details as possible. Assume that there is no long-term loan and bank overdraft.