

**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* of the following questions : 4×10=40
- (a) What is job costing?
  - (b) What is residential status?
  - (c) What is fixed working capital?
  - (d) Define risk.
  - (e) What is setoff of loss?
  - (f) What is vouching?
  - (g) What is revenue expenditure?
  - (h) What is margin of safety?
  - (i) What is nonperforming asset?
  - (j) What is a Treasury Bill?
  - (k) What is financial structure?
  - (l) What is a cost sheet?
2. Answer any *eight* of the following questions : 5×8=40
- (a) What is a development finance institution?
  - (b) What is lease financing?
  - (c) Explain, giving example, HIFO method of inventory management.

- (d) Distinguish between internal audit and external audit.
- (e) What do you mean by key factor? Give some examples of it which are used in marginal costing.
- (f) If the fixed cost is ₹ 2 lakh and variable cost is 50 percent of sale price of the product which is ₹ 46, find out the margin of safety.
- (g) What is unfair trading practice?
- (h) What is the present value of an equity share if the expected rate of return is 12 percent, dividend per share expected in this year is ₹ 2 and the expected market price after one year is ₹ 234?
- (i) What is capital market?
- (j) What is a qualified audit report?

3. Answer any *five* of the following questions :

8×5=40

- (a) What are various tax provisions for computation of capital gains for nonresidents?
- (b) What are the documents need to be verified in case of valuing the stock of a company?
- (c) What are repo and reverse repo rates? How are they used by RBI?
- (d) What are the savings or investments qualify for deduction under Section 80C of the Income-tax Act, 1961?
- (e) What are the differences between absorption and amalgamation?
- (f) What is Walter model?
- (g) How is an auditor appointed in a company?

4. Answer any *four* of the following questions :

10×4=40

- (a) How is semi-variable cost segregated?
- (b) Why is depreciation charged? How is it treated in books of accounts?
- (c) Briefly mention the procedure of setting of accounting standards in India.
- (d) What are the incomes that do not form part of total income?
- (e) What are the qualities of an auditor?

5. Answer any *four* of the following questions : 10×4=40

- (a) How is cost of capital calculated? Calculate weighted cost of capital from the following :
- (i) 10 percent debenture of ₹ 2 lakh
  - (ii) 10000 equity shares of ₹ 100 each (cost of equity 20 percent)
  - (iii) 9 percent preference share capital of ₹ 2 lakh
  - (iv) Long-term loan from bank of ₹ 50,000 (interest rate 12 percent)
- (b) Between a 10 percent debenture and a 10 percent preference share which one is cheaper for a company and why?
- (c) What is cash budget? How is it prepared?
- (d) What are the short-term sources of financing working capital?
- (e) Calculate the annual rental value of house property, if the municipal rental value is ₹ 50,000 p.a. and fair rental value is ₹ 60,000 p.a., provided—
- (i) actual rent is ₹ 75,000 p.a. and standard rent is ₹ 70,000 p.a.;
  - (ii) actual rent is ₹ 48,000 p.a. and standard rent is ₹ 70,000 p.a.

6. Answer any *two* of the following questions : 20×2=40

- (a) Discuss various goals of financial management. Which one of them is superior and why?
- (b) Explain both financial leverage and operating leverage. Also calculate combined leverage, if the same is 120, variable cost is 96, fixed cost is 8, interest on loan is 3 and tax rate is 30 percent.
- (c) What are various approaches to working capital management? Explain them in detail.

7. Answer any *two* of the following questions : 20×2=40

- (a) Discuss the techniques of cost control.
- (b) What is responsibility accounting? How is it useful to management? Discuss residual income approach of measuring divisional performance by giving hypothetical example.
- (c) Explain the nature of cost accounting and distinguish it from financial accounting.

8. Answer any four of the following questions :

10×4=40

- (a) What is sampling? How is sampling helpful in auditing?
- (b) How is the capital gain arising out of sale of agricultural land treated?
- (c) How is accounting rate of return calculated? Explain with an example.
- (d) Highlight the role of World Bank in industrial financing.
- (e) What are different causes of industrial sickness?
- (f) How does insurance help economic development?

9. What is capital structure? What are the factors need to be considered for optimum capital structure decision? How does the net operating income approach differ from the traditional approach to capital structure? 40

10. Rainbow Pharma produces 4000 units of a drug at 100 percent capacity. The following information is obtained from its books of accounts :

	March 2015	April 2015
Units produced	2800	3600
Repair and Maintenance	500	560
Power	1800	2000
Shop labour	700	900
Consumable stores	1400	1800
Salaries	1000	1000
Inspection	200	240
Depreciation	1400	1400

The rate of production per hour is 10 units

Direct material per unit is ₹ 1

Direct wages per hour is ₹ 4

You are required to—

- (a) compute the cost of production at 100%, 80% and 60% capacity showing the variable, fixed and semi-fixed items under flexible budget;
- (b) find out the overhead absorption rate unit at 80% capacity. 40

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