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AKR/17/16

2016-17

COMMERCE AND ACCOUNTANCY

FIRST PAPER

Full Marks : 200

Time : 3 hours

The figures in the margin indicate full marks
for the questions

PART—A

Answer any eight questions

1. (a) Define income and mention the various heads of income. Mention three advantages of income tax. 2+5+3=10
- (b) State the meaning of 'long-term capital gains' and 'short-term capital gains'. Explain the procedure of 'regular assessment' under the Income-tax Act. 5+5=10
2. (a) With the following data for a 60% capacity, prepare a flexible budget for production at 80% capacity : 10
Production at 60% capacity—6000 units
Materials—₹ 100 per unit

8T/32

(Turn Over)

(2)

Labour—₹ 40 per unit

Direct expenses—₹ 10 per unit.

Factory overheads—₹ 40,000 (60% variable)

Administrative expenses—₹ 30,000 (60% fixed)

(b) Describe the steps to be adopted for installation of a budgetary control system.

10

3. (a) What is break-even analysis? What are its assumptions? How is break-even point calculated in terms of sales units and value?

2+4+4=10

(b) Fixed cost—₹ 12,000

Selling price—₹ 12 per unit

Variable cost—₹ 9 per unit

From the above information, calculate—

(i) profit at the sales volume of ₹ 60,000 and ₹ 1,00,000;

(ii) sales to earn profits of ₹ 6,000 and ₹ 15,000.

5+5=10

(3)

4. (a) Write short notes on the following :

5+5=10

(i) Master budget

(ii) Zero-based budget

(b) From the following information, find out—

(i) current assets;

(ii) current liabilities;

(iii) liquid assets;

(iv) inventory :

10

Current ratio—2.8

Acid-test ratio—1.5

Working capital—₹ 1,62,000

5. (a) What do you understand by auditing?

Explain the differences between

Accountancy and Auditing.

4+6=10

(b) What is the objective of verification of

assets and how far the auditor is

responsible for these valuation? 5+5=10

8T/32

(Turn Over)

6. (a) Write short notes on the following : 5+5=10

(i) Non-performing assets in banking companies

(ii) Capital adequacy norms issued by RBI

(b) Give a proforma of Profit & Loss A/c of a banking company. 10

7. (a) What is meant by standard costing? 3

(b) Distinguish between standard costing and budgetary control. 7

(c) "Cost Accounting has come to be an essential tool of the management." Illustrate your views. 10

8. (a) Define net present value. How is it computed in a capital budgeting decision? Examine the differences between financial leverage and operating leverage. 5+5=10

(b) What is the objective of wealth or value maximization of an entity? What is cost of capital? How is it ascertained? 5+5=10

(5)

9. (a) Explain the residual theory of dividend. 10

(b) Elaborate the determinants of capital structure of a corporate entity and the benefits of a balanced capital structure.

5+5=10

10. Write short notes on the following : 5×4=20

(a) Indian Money Market

(b) Credit Policies of the RBI

(c) Hypothecation

(d) Banker's Book Evidence Act

11. (a) Mention the statutory protection granted to the collecting banker under the Negotiable Instrument Act, 1881. 10

(b) Discuss the sound investment principles of bank. 10

12. (a) Explain the concept of collective bargaining and its various forms. 10

(b) State the nature and importance of labour welfare activities. 10

PART—B

Answer any five questions

13. What are the powers of Commissioner of income tax under the Income-tax Act, 1961? 8
14. From the following information, you are asked to compute the Gross Income from salary of Mr. X for the Assessment Year, 2017-18 : 8
- (i) Basic salary received—₹ 30,000 per month
 - (ii) Dearness allowance—₹ 10,000 per month
 - (iii) Medical allowance—₹ 1,000 per month
 - (iv) Employee's contribution to recognized Provident Fund is 15% of his basic salary
 - (v) His employer also made a matching contribution to such Provident Fund
 - (vi) Interest on Provident Fund credited on 1st May, 2016 @ 11.5% p.a. is ₹ 4,600 for the year
15. What is depreciation? What are the duties of an auditor as regard to provision for depreciation on fixed assets? 3+5=8

(7)

16. What do you understand by capital market?
Describe the components of capital market.

3+5=8

17. Distinguish between funds flow statement
and cash flow statement.

8

18. Define overhead. Discuss the various
methods of classification of overheads.

3+5=8

19. Write a critical note on the enforcement of
Accounting Standards in India.

8

20. Describe the contribution of Peter F. Drucker
to the development of management thought.

8
