

BSR/17/15

2016

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) What do you mean by Income from House Property? State the types of income from house property which are not chargeable to tax. 4+6=10
- (b) What are the essential elements of a promissory note and a bill of exchange? 5+5=10

2. (a) What are the powers of the Commissioner of Income Tax under the Income-tax Act, 1961? 10
- (b) From the following information, calculate the break-even point and turnover required to earn a profit of ₹ 48,000 : 10
Fixed overheads—₹ 2,88,000
Variable cost per unit—₹ 12
Selling price per unit—₹ 60

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(Turn Over)

(2)

3. What are 'Normal Loss' and 'Abnormal Loss'?
How should each be treated in process cost
accounts? 10+10=20

4. What is meant by capital structure? Give a
critical appraisal of the traditional approach
and Modigliani-Miller approach to the
problem of critical structure. 5+15=20

5. What is Auditor's Report? State the matters
to be specified in the Auditor's Report in
terms of provision of Section 227(3) of the
Companies Act, 1956. 8+12=20

6. Define a Non-performing Asset of a
commercial bank. What are the various types
of non-performing asset? Discuss the various
causes of non-performing assets. 4+4+12=20

7. Define financial management. Describe the
major types of financial management
decisions that business firms make. 8+12=20

8. K. B. Ltd. furnishes you the following income information :

Year	2014	2015
Sales (in ₹)	12,15,000	15,39,000
Profit earned (in ₹)	32,400	97,200

Find out the following : 4×5=20

- (a) P/V ratio
- (b) Fixed cost
- (c) Profit/loss when sales are ₹ 9,72,000
- (d) Sales required to earned a profit of ₹ 1,62,000
- (e) Margin of safety for the year

9. What is capital budgeting? Is discounted cash flow approach superior to the other methods of capital budgeting? Explain.

8+12=20

10. The standard cost of a chemical mixture is as under :

4 tons of material A at ₹ 20 per ton

6 tons of material B at ₹ 30 per ton

Standard yield is 90% of input

Actual cost for a period is as under :

4.5 tons of material A at ₹ 15 per ton

5.5 tons of material B at ₹ 34 per ton

Actual yield is 9.1 tons

Compute all material variances.

20

11. How would you analyze the long-term solvency position of a company from the point of view of (a) an investor, (b) a creditor and (c) financial executive of the company? 8+6+6=20
12. Write short notes on the following : 5×4=20
- (a) Debt equity ratio
 - (b) Investment policy of Unit Trust of India
 - (c) Flexible budget
 - (d) Determinants of an optional dividend policy

PART—B

Answer any five questions

13. How would you calculate the deduction allowable under Section 80C of the Income-tax Act, 1961? 8
14. State the reasons for the difference between the profit shown in the cost accounts and those shown in the financial accounts of an industrial concern. 8
15. Why is it important to distinguish between fixed and variable expenses in cost accounting? 8

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(Continued)

16. What do you understand by zero budgeting?
How is it different from traditional budgeting? 4+4=8
17. What are the duties of the collecting banker to his customer? 8
18. What types a business that a banking company is allowed to do under Section 6 of the Banking Regulation Act, 1949? 8
19. State and explain the deficiencies of Indian Money Markets. 8
20. Mention any five important points which an auditor will consider while conducting the audit of a school. 8
