

COMMERCE & ACCOUNTANCY

PAPER - I

Time Allowed : 3 hours

Full Marks : 100

Marks for each question is indicated against it.

Attempt any 5 (five) questions taking not more than 3 (three) questions from each Part.

PART A

1. (a) Give an account of the accounting standards revised by ICAI. **(8)**
- (b) Bring out the advantages of cash flow statement over Fund Flow Statement. **(5)**
- (c) The Balance sheet of M/s Joseph and Sons as on 1st January, 2012 and 31st December, 2012 were as follows:

Liabilities	01.01.2012	31.12.2012	Assets	01.01.2012	31.12.2012
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. Joseph's loan	25,000	-	Debtors	30,000	50,000
Loan from SBI	40,000	50,000	Stock	35,000	25,000
Capital	2,25,000	2,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	1,35,000	1,60,000
	3,30,000	3,47,000		3,30,000	3,47,000

During the year a machine costing Rs 10,000 (accumulated Depreciation Rs.3,000) was sold for Rs.5,000. The provision for depreciation against machinery as on 1st January 2012 was Rs.25,000 and on 31st December 2012 was Rs.40,000. Net Profit for the year 2012 amounted to Rs.45,000. You are required to prepare Cash Flow Statement. **(7)**

information available are:

Particulars	A Ltd.		B Ltd.	
	Rs.	R.s	Rs.	Rs.
Sales		1,50,000		1,50,000
Less: variable cost	1,20,000		1,00,000	
Fixed Cost	15,000	1,35,000	35,000	1,35,000
Profit		15,000		15,000

- (i) Calculate the break-even point of each company.
- (ii) State which company is likely to earn greater profits in conditions of (1) heavy demand and (2) Low demand.

3. (a) Discuss the incomes which are not included in total income nor income tax is payable on them. **(10)**

(b) Mr.Sam an employee of a public limited company at Bangalore, received the following emoluments for the Previous year 2013 – 2014. **(10)**

Rs.

- | | |
|---|----------|
| (i) Basic Salary @ Rs.30,000 p.m | 3,60,000 |
| (ii) D.A as per terms of employment Rs.3,000 p.m | 36,000 |
| (iii) Bonus equal to one month salary | 33,000 |
| (iv) Commission | 60,000 |
| (v) Advance Salary | 66,000 |
| (vi) Employee's contribution in Recognised Provident Fund | 48,000 |
| (vii) Employer's Contribution in Recognised Provident Fund | 48,000 |
| (viii) Special Allowance @Rs.2,000 p.m | 24,000 |
| (ix) Entertainment allowance Rs.3,000 p.m
(he spent the whole amount while performing his official purposes) | 36,000 |
| (x) House rent allowance received @Rs. 10,000 p.m | 1,20,000 |
| (xi) Rent paid by him @Rs. 12,000 p.m | 1,44,000 |
| (xii) Employer has provided him a Honda city car of 1600 CC | |

(c) The cost records of a factory gives the following information in respect of Job No. 10

Direct Materials Rs.8,020

Department : A : 60 hours @Rs.6 per hour.

B : 40 hours @ Rs.4 per hour.

C : 20 hours @Rs.10 per hour.

The available overheads are as under:

Department :- A : Rs.10,000 for 5,000 hours.

B : Rs.6000 for 1500 hours.

C : Rs 4000 for 500 hours.

Fixed expenses estimated at Rs.40,000 for 10,000 working hours.

Calculate the total cost of Job No:10 and the price for the Job to give a profit of 25% on the selling price. **(8)**

PART B

5. (a) Compare and contrast between 'Wealth Maximization' and 'Profit Maximization' as essential objectives of financial management. **(10)**

(b) From the following details:

Gross profit 20% on Sales, Sales Rs.1,80,000, Closing stock is Rs.15,000 is excess of opening stock.

Calculate:- **(10)**

(i) Opening stock

(ii) Closing stock when stock turnover ratio is 6 times.

follows:

YEAR	NET CASH FLOW Rs.
1	7,000
2	7,000
3	7,000
4	7,000
5	7,000
6	8,000
7	10,000
8	15,000
9	10,000
10	4,000

Using 10% as the cost of capital (rate of discount), determine (5+10=15)

- (i) The payback period.
- (ii) The net present value

7. Describe the structure of the Indian financial system. State the role of financial system in economic development. (10+10=20)

8. (a) State the objectives of developmental financial institutions. (5)

(b) Give a brief profile of 'NABARD', 'SIDBI' and 'EXIM BANK'. (5+5+5=15)

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