

MIZORAM PUBLIC SERVICE COMMISSION

TECHNICAL COMPETITIVE EXAMINATIONS FOR RECRUITMENT TO INSPECTOR OF STATISTICS

UNDER PLANNING & PROGRAMME IMPLEMENTATION DEPARTMENT, FEBRUARY, 2017

PAPER - III COMMERCE

Time Allowed : 3 hours

Full Marks : 100

*Marks for each paper is marked against it.
Attempt all questions.*

(Objectives) Choose the correct answer :

(20×1=20)

- In which of the following, organisations' responses come after the environmental changes have taken place.
 - Formal planning
 - Informal planning
 - Proactive planning
 - Reactive planning
- The process of bringing together financial, physical and human resources and establishing productive relations among them for the achievement of goals is
 - Planning
 - Organising
 - Staffing
 - Directing
- The number of unemployed persons under the condition that the number of job - vacancies equals the number of job - seekers who somehow fail to get the job is
 - Structural unemployment
 - Frictional unemployment
 - Natural unemployment
 - Cyclical unemployment
- If A and B are independent, the probability of occurrence of A as well as B is given by
 - $P(AB) = P(A/B)$
 - $P(AB) = P(B/A)$
 - $P(AB) = P(A) \cdot P(B)$
 - $P(AB) = P(A) P(B)$
- In contribution break even chart, the space between total variable cost and sales line represents
 - Profit
 - Angle of incidence
 - Contribution
 - Margin of safety
- If current ratio is 2.5, liquid ratio 1.5 and working capital Rs 90,000; then, current liabilities is
 - Rs 22,500
 - Rs 36,000
 - Rs 60,000
 - Rs 66,000
- Material Usage Variance should be charged to
 - Stores department
 - Production department
 - Purchase department
 - Sales department

8. Which of the following is considered as a product cost in absorption costing
- (a) Managing Director's salary (b) Administrative expenses
(c) Factory building insurance (d) Selling expenses
9. Expenses incurred on research and development is an example of
- (a) Capital expenditure (b) Revenue expenditure
(c) Long term expenditure (d) Deferred revenue expenditure
10. When bank undertakes to pay regularly electricity bills, telephone bills, insurance premium etc on behalf of customer, the relationship between bank and customer is
- (a) Agent – Principal relationship (b) Bailee – Bailor relationship
(c) Customer - Client relationship (d) Lessor – Lessee relationship
11. Provision for bad and doubtful debt appearing in the books at the time of dissolution of firm is transferred to
- (a) Partner's capital account (b) Profit & Loss appropriation account
(c) Revaluation account (d) Realisation account
12. The balance of the share forfeiture account, after the re-issue of forfeited shares is transferred to
- (a) Capital redemption reserve account (b) Capital reserve
(c) Share forfeiture account (d) Profit & Loss account
13. While calculating funds from operations, which of the following items are deducted from net profit
- (a) Loss on sale of fixed assets (b) Non operating incomes
(c) Depreciation of fixed assets (d) Transfer to general reserve
14. Net worth of business means
- (a) Total assets minus capital (b) Total assets minus current liabilities
(c) Total assets minus total liabilities (d) Total assets minus all loans
15. A and B are partners sharing profit and losses in the ratio of 3 : 2. They admit C to get $\frac{6}{15}$ th from A and $\frac{2}{15}$ th from B. The new profit sharing ratio is
- (a) 5 : 4 : 8 (b) 4 : 3 : 7
(c) 4 : 2 : 7 (d) 3 : 4 : 8
16. Which of the following speculative activities is based on disparity in quoted prices in different market
- (a) Option dealing (b) Arbitrage
(c) Margin trading (d) Blank transfer
17. When a right to sell a security is acquired, it is known as
- (a) Double option (b) Call option
(c) Put option (d) carry over option
18. ABC Ltd is a profit making company. It is absorbed into another group company XYZ Ltd which is a loss making company. This is a case of
- (a) Reverse merger (b) Hostile takeover merger
(c) Arranged merger (d) Vertical merger

19. In responsibility accounting, internal reports are prepared on the basis of
(a) Fixed cost (b) Variable cost
(c) Conversion cost (d) Controllable cost
20. An instrument in writing containing an unconditional undertaking, signed by the maker to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument is
(a) Bill of exchange (b) Promissory note
(c) Endorsement (d) Banker's draft

Short answer : *Explain the following*

(5×4=20)

21. Net Present Value
22. Sweat equity shares
23. Managerial roles
24. Operating leverage
25. Treasury bills

Descriptive type : *Answer any 6 (six) from the following questions.*

(6×10=60)

26. What is cost audit? Bring out the differences between cost audit and financial audit. **(3+7=10)**
27. What do you mean by buy back of share? What are SEBI guidelines for buy back of shares? **(4+ 6=10)**
28. What do you understand by money market? What are money market instruments? **(3+7=10)**
29. Define planning as a function of management. Explain in brief the steps involved in the process of planning. **(3+7=10)**
30. Explain the provision of Income tax Act 1961 with regard to deduction of tax at source from **(i)** salary **(ii)** interest other than interest on securities. **(5+5=10)**
31. What is regional imbalance? Analyse the causes responsible for regional imbalance in India. **(3+7=10)**
32. What is Human Resource Planning? What are the factors which are required to be considered while determining human resource requirements? **(4+6=10)**

Contd...4/-

33. The following is the balance sheet of A Co Ltd and B Co Ltd as on 31.12.2016.

(10)

| Liabilities | A Co Ltd | B Co Ltd | Assets | A Co Ltd | B Co Ltd |
|-------------------------|----------|----------|-------------------|----------|----------|
| Equity shares | 50,000 | 1,00,000 | Building | 50,000 | 70,000 |
| 10% prefererence shares | 10,000 | - | Equipment | 20,000 | - |
| Reserve fund | 20,000 | 30,000 | Plant & Machinery | - | 80,000 |
| Profit & Loss a/c | - | 40,000 | Furniture | 10,000 | 20,000 |
| Share premium | 10,000 | - | Investment | 80,000 | 1,00,000 |
| 12% Debentures | 50,000 | - | Sundry debtors | 60,000 | 1,50,000 |
| 13% Debentures | - | 70,000 | Bills receivable | 5,000 | 10,000 |
| IDBI Loan | 50,000 | - | Bank balance | 1,30,000 | 50,000 |
| ICICI Loan | - | 1,00,000 | | | |
| Sundry creditors | 1,50,000 | 1,00,000 | | | |
| Bills payable | 10,000 | 20,000 | | | |
| Outstanding expenses | 5,000 | - | | | |
| Unpaid dividend | - | 20,000 | | | |
| | 3,55,000 | 4,80,000 | | 3,55,000 | 4,80,000 |

All the assets and liabilities of A Co Ltd are taken over by B Co Ltd . The expenditure on realisation amounting to Rs 10,000 is paid by A Co Ltd. The Debenture holders of A Co Ltd are paid 13% Debentures of B Co Ltd in place of 12% Debentures of equal amount. The shareholders of A Co Ltd would be paid equity shares of B Co Ltd worth Rs 1,20,000, to be shared by existing shareholders in the proportion of their capital by the existing shareholders. Preference shareholders are to be paid in the form of preference shares of equal amount of B Co Ltd. Pass journal entries in the books of A Co Ltd.

34. Prepare trading and profit and loss account for the year ended 31.3.2015 and abalance sheet as on that date from the following trial balance. (10)

| <u>Particulars</u> | <u>Debit. (Rs)</u> | <u>Credit. (Rs)</u> |
|-------------------------|--------------------|---------------------|
| Sundry debtors | 14,600 | - |
| Stock | 10,200 | - |
| Cash in hand | 5020 | - |
| Cash at bank | 210 | - |
| Purchases | 47,400 | - |
| Discount | 1000 | 1120 |
| Salaries | 4500 | - |
| Leasehold premises | 11,000 | - |
| Carriage | 500 | - |
| Fuel and power | 1750 | - |
| Insurance | 760 | - |
| Printing and stationery | 270 | - |
| Wages | 2970 | - |
| Plant and machinery | 15,000 | - |
| Sales | - | 60,940 |
| Commission | - | 2010 |
| Capital | - | 31,400 |
| Sundry creditors | - | 10,000 |
| Bank loan @ 8% | - | 17,500 |
| Bank interest | 500 | - |
| Advertisement | 6450 | - |
| Bad debt | 840 | - |
| | 122,970 | 122,970 |

Adjustments.

- (1) Closing stock is valued at Rs 35,000.
- (2) Allow 5% interest on capital.
- (3) Goods costing Rs 1500 were lost by fire on 30.3.2015 for which insurance company admitted a claim of Rs 1200.
- (4) Free sample distributed among customers Rs 250.
- (5) 10% of net profit should be transferred to reserve.
- (6) Unexpired insurance is Rs 340 and outstanding salaries is Rs 270.
- (7) Write off Rs 600 as bad debt and create 5% provision for bad debt.
- (8) Make a provision for discount on creditors at 3.5%.
- (9) Depreciation is to be provided at 4% on plant and machinery.
- (10) One-third of advertising is to be carried forward to the next year.

35. The following is the balance sheet of ABC Ltd as on 31.12.2016.

| Liabilities | Amount (Rs) | Assets | Amount (Rs) |
|-------------------------|-------------|-----------------------|-------------|
| Equity share capital | 2,00,000 | Goodwill | 30,000 |
| Debenture | 1,00,000 | Land and building | 1,53,400 |
| General reserve | 52,400 | Plant and machinery | 1,33,600 |
| Profit and Loss account | 17,300 | Investment | 40,400 |
| Sundry creditors | 93,200 | Marketable securities | 56,300 |
| Bills payable | 37,300 | Sundry debtors | 71,020 |
| Outstanding expenses | 29,700 | Bills receivables | 27,400 |
| Bank overdraft | 51,400 | Prepaid expenses | 22,300 |
| Liabilities for tax | 21,840 | Cash in hand | 11,600 |
| | | Cash at bank | 50,100 |
| | | Inventories | 7020 |
| | 6,03,140 | | 6,03,140 |

Other information:

- (1) Gross sales - Rs 76,480
- (2) Sales return - Rs 2320
- (3) Net profit – Rs 10,830
- (4) Cost of goods sold – Rs 35,100
- (5) Selling and distribution expenses – Rs 9740
- (6) Administrative expenses – Rs 3270

You are required to calculate:

(5×2=10)

- (1) Current ratio
- (2) Quick ratio
- (3) Net profit ratio
- (4) Stock turnover ratio
- (5) Operating ratio

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