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CSM-22/24

PART—II/PAPER—VI

COMMERCE & ACCOUNTANCY

PAPER—I

Time : 3 Hours

Full Marks : 250

The question paper contains **18 (Eighteen)** *questions in* **GROUP—A, (12)** *and* **GROUP—B, (06)** *together.*

GROUP—A

Candidates to attempt **10** ***(ten)*** *questions within word limit of* **250**.

Each question carries **15** *marks.*

1. What is goodwill? What are the factors to be considered while valuing goodwill? From the following particulars, you are required to calculate goodwill on the basis of 3 years' purchase of super profits of the business calculated on the average profit of the last four years :

(a) Capital employed ₹ 1,50,000

(b) Trading profit after tax :

2016 : ₹ 1,12,200, 2017 : ₹ 1,15,000, 2018 : ₹ 1,02,000 (loss) and 2019 : ₹ 1,21,000

(c) Market rate of interest on investment 8%

(d) Rate of risk return on capital invested in business 2%

(e) Remuneration from alternative employment of the proprietor (if not engaged in business ₹ 13,600 per annum)

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2. What is total income? What are the incomes that do not form part of the total income?

3. Explain the concept of valuation. What are the common reasons for performing valuation? What are the different approaches to valuation?

4. Explain the concept and features of Responsibility Accounting. Discuss the steps involved in implementing a Responsibility Accounting system.

5. What is 'Budgetary Control'? What are the objectives of Budgetary Control?

6. State the meaning of financial leverage and operating leverage. Calculate operating leverage, financial leverage and combined leverage of financial plans A and B from the following data :

(a) Installed capacity : 2000 units

(b) Actual production and sales : 50% of the capacity

(c) Selling price ₹ 20 per unit

(d) Variable Cost ₹ 10 per unit

(e) Fixed Cost :

- Under Plan A ₹ 4,000
- Under Plan B ₹ 5,000

(f) Capital structure :

- Plan A : Equity : ₹ 5,000 and Debt : ₹ 15,000 (rate of interest 10%)
- Plan B : Equity : ₹ 15,000 and Debt : ₹ 5,000 (rate of interest 10%)

7. What are Accounting Standards? Narrate the Accounting Standards as regards to cash flow statement and valuation of inventory.

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8. What is money market? What are the functions of a money market? Explain briefly any three components of a money market.

9. What are the assumptions underlining Walter's dividend model? What are the criticisms leveled against the model?

10. Distinguish between amalgamation and absorption. Calculate purchase consideration from the following information :

Following is the Balance Sheet of A Ltd. and B Ltd. for the year 2021 :

Liabilities	**A Ltd. (₹)**	**B Ltd. (₹)**	**Assets**	**A Ltd. (₹)**	**B Ltd. (₹)**
Equity share capital (₹ 10 each)	2,00,000	4,00,000	Sundry Assets	3,10,000	6,00,000
Reserves and Surplus	40,000	1,00,000	Loan to B Ltd.	30,000	—
9% Debentures (₹ 100 each)	1,00,000	—	Investments : 5000 shares in B Ltd.	50,000	—
Loan from B Ltd.	—	30,000	—	—	—
Sundry Creditors	50,000	70,000	—	—	—
Total	3,90,000	6,00,000	Total	3,90,000	6,00,000

B Ltd. proposes to take over A Ltd. on the following terms :

(a) B Ltd. will issue a sufficient number of its shares @ ₹ 11 each and pay ₹ 0·50 cash per share held by members of A Ltd.

(b) 9% debentures of A Ltd. are to be paid at 8% premium by issue of a sufficient number of 10% debentures of B Ltd. @ ₹ 90

11. What are the sources of short-term and long-term finance? Explain.

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12. What is financial management? What are the objectives of financial management? Explain.

GROUP—B

Candidates to attempt **05** ***(five)*** *questions within word limit of* **300**.

Each question carries **20** *marks.*

13. From the following information, calculate operating cycle and estimate working capital needs :

Particulars	**1^{st} April 2022 (₹)**	**31^{st} March 2023 (₹)**
Raw materials	80,000	1,20,000
Work-in-process	20,000	60,000
Finished goods	60,000	20,000
Debtors	40,000	40,000
Wages and Manufacturing expenses	—	2,00,000
Selling and Distribution expenses	—	40,000
Purchase of raw material	—	4,00,000
Total sales	—	10,00,000

Additional information :

(a) All goods are sold on credit basis

(b) Suppliers of material allow two months credit

14. What are the types of deductions that are not permitted if the ITR is not filed within the stipulated time?

15. State the audit procedures relating to verification of fixed assets.

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16. The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process normally 5% of the total weight is lost and 10% is scrap from processes A and B which realizes ₹ 80 per ton and ₹ 200 per ton, respectively.

The following are the figures relating to both the processes :

Particulars	**Process A**	**Process B**
Materials in tons	1000	70
Cost of material (₹) per ton	125	200
Wages (₹)	28,000	10,000
Manufacturing expenses (₹)	8,000	5,250
Output in tons	830	780

Prepare Process Accounts showing cost per ton of each process. There was no stock or work-in-progress in any process.

17. The capital structure of A Ltd. consists of 2000 debentures (first issue) of ₹ 100 each at 6 percent coupon rate, 2000 preference shares of ₹ 100 each @ 8 percent dividend, 1000 debentures (second issue) of ₹ 100 each @ 7 percent, 40000 equity shares of ₹ 10 each and retained earnings ₹ 1,00,000. The shares of the company are sold in the market at book value. The earnings per share in the past for many years have been ₹ 1·50. Corporate tax rate is 50 percent. You are required to calculate WACC.

18. Write a detailed note on the monetary and credit policy of the Reserve Bank of India.

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