

CSM : 22

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) Prepare Cash Flow Statement from the following information: (10)

Liabilities	2019 (Rs.)	2020 (Rs.)	Assets	2019 (Rs.)	2020 (Rs.)
Capital	1,25,000	1,75,000	Cash at bank	75,000	1,00,000
Long term loans	1,50,000	1,00,000	Debtors	1,00,000	1,50,000
Accumulated profits	75,000	1,25,000	Stock	1,25,000	1,50,000
Trade creditors	1,50,000	2,25,000	Goodwill	75,000	50,000
			Plant	1,25,000	1,75,000
	5,00,000	6,25,000		5,00,000	6,25,000

Additional information:

Depreciation charged on Plant amounted to Rs. 25,000.

- (b) (i) X.Ltd. has 50,000 equity shares of Rs. 100 each and its current market value is Rs.450 each. The after tax profit of the company for the year ended 31st March, 2021 is Rs. 96,00,000. Calculate the total earnings per share. (4)
- (ii) Write a short note on Reconstruction of Companies. (4)
- (iii) What are the main objectives of a Fund Flow Statement? (2)

2. (a) (i) Write a note on Activity Based Costing. (5)
(ii) Briefly explain the functions of Cost Accounting. (5)
- (b) A factory produces a standard product. The following information is given to you from which you are required to prepare a cost sheet for the period ending 30.6.2020. (10)

Materials:	Rs.
Opening stock	10,000
Purchases	85,000
Closing Stock	4,000
Direct Wages	20,000
Other direct expenses	10,000
Factory overhead	100% of direct labour
Office Overhead	10% of works cost
Selling & distribution expenses	Rs. 2 per unit sold

Units of finished products:

In hand at the beginning of the period 1,000 units (Rs. 16,000).

Produced during the year 10,000 units.

In hand at the end of the period 2,000 units.

There was no work-in-progress at the beginning or at the end of the period.

Profit is 20% on the selling price.

3. Highlight the incomes relating to business, which do not come under the heading 'Profits and Gains from Business and Profession'. Also list out the incomes (as per section 10) that are to be exempted while computing 'Income from House Property'. (20)
4. (a) What is an Audit programme? What are the factors to be kept in mind for constructing an audit programme? (2+8=10)
- (b) What do you mean by Routine Checking? Compare and contrast between Internal control, Internal check and Internal audit. (2+8=10)

PART - B

5. (a) "Wealth maximisation is superior to the profit maximisation goal of finance". Do you agree? Elucidate. (10)
- (b) Make a comparative study of the IRR approach with the NPV approach in choosing a capital expenditure project. (10)

6. (a) What is Capital structure? Discuss the factors that should be borne in mind in devising a capital structure of a company. **(10)**
- (b) The installed capacity of a company's factory is 500 units. Actual capacity is 300 units. Selling price per unit is Rs. 15 and variable cost is Rs. 7 per unit. Calculate the operating leverage in each of the following three situations: **(10)**
- (i) When fixed costs are Rs. 500
- (ii) When fixed costs are Rs. 1000
- (iii) When fixed costs are Rs. 1500
7. (a) As an investor, which financial market would you prefer for long term returns and why? **(8)**
- (b) Discuss in brief the structure of Indian financial system and its impact on economic development. **(12)**
8. (a) What is Venture Capital Financing? Discuss the process of selecting an investment in venture capital financing? Briefly explain the scheme of regulation framework of venture capital funds by the SEBI. **(10)**
- (b) Briefly explain the functions of credit rating agencies and explain the rating methodology used by the rating agencies for manufacturing and financial service companies. **(10)**

* * * * *