

**C.S.E. (MAIN) COMMERCE AND ACCOUNTANCY- 2004  
PAPER - I**

*Time Allowed: Three Hours*

*Maximum Marks: 300*

**Candidates should attempt Questions 1 and 5 which are compulsory and any three of the remaining questions selecting at least one question from each Section. Assume suitable data if considered necessary and indicate the same clearly.**

**SECTION A**

1. Answer any three of the following in not more than 200 words each:
  - (a) Discuss the methods of valuation of shares. 20
  - (b) Discuss the techniques of segregating semivariable cost into fixed and variable costs. 20
  - (c) How do you calculate annual let out value of house property?. 20
  - (d) 'An auditor's role is that of a watch-dog and not a bloodhound.' Comment. 20
2. (a) How does budget differ from forecast? Discuss the relevance of budgetary control. 30
- (b) The following Balance Sheets of X Ltd. and Y Ltd. as on 31st December, 2003 are given below:

	X Ltd.	Y Ltd.
<u>Assets</u>	Rs.	Rs.
Fixed Assets	10,00,000	50,000
Sundry Debtors Stock	2,90,000	1,50,000
Stock	4,80,000	2,10,000
1,000 shares in Y Ltd.	1,50,000	---
3,000 shares in X Ltd.	---	5,00,000
Cash at Bank	1,40,000	90,000
	-----	-----
	20,60,000	10,00,000
	=====	=====
<u>Liabilities</u>		
Fully paid Equity shares of Rs. 100 each	15,00,000	5,00,000
General Reserve	2,00,000	1,00,000
Profit & Loss A/c	1,60,000	10,000
12% Debentures	---	3,00,000
Current Liabilities	2,00,000	90,000
	-----	-----
	20,60,000	10,00,000
	=====	=====

Y Ltd. traded in raw materials which were required by X Ltd. for manufacturing its products. Stock of X Ltd. includes Rs. 1,00,000-for purchases made from Y Ltd. on which the company made a profit of 20% on selling price, X Ltd. owed Rs. 40,000 to Y Ltd. in this respect. It was decided that X Ltd. should absorb Y Ltd. on the basis of intrinsic value of the shares of the two companies. Before absorption X Ltd. declared a dividend of 8%. X Ltd. also decided to revalue the shares in Y Ltd. before recording entries relating to the absorption.

Show the journal entries in the books of X Ltd. to record the acquisition and prepare its Balance Sheet immediately thereafter. 30

3. (a) "Business firms rarely operate at their breakeven points. Therefore, the breakeven analysis is of very limited use to management." Comment in brief. 30

(b) In a manufacturing company, the standard quantity of material was fixed at 10 kg and the standard price was fixed at Rs. 2 per kg; The actual quantity consumed came to be 12 kg and the actual price paid was Rs. 1.90 per kg.

You are required to calculate:

- (i) Material Cost Variance
- (ii) Material Rate Variance
- (iii) Material Usage Variance

4. (a) Discuss the relevant provisions concerning set off and carry forward of losses. 30
- (b) What is a capital asset as defined in Income Tax Act? Can the following be included under capital asset? Give reasons.
- (i) Stock-in-trade
  - (ii) Personal effects of the assessee
  - (iii) Goodwill 30

**SECTION B**

5. Answer any three of the following in not more than 200 words each:
- (a) Discuss the role of financial analysis as a diagnostic tool. 20
  - (b) Discuss the components of working capital. 20
  - (c) What are the sources for raising long term capital? 20
  - (d) What is the role of the World Bank in financing India's development? 20
6. (a) What is meant by weighted...IDlerage cost of capital? Illustrate your answer with assumed figures. 30
- (b) A company is considering installing a new machine. Machine X costs Rs. 4,00,000 and its life is 8 years. Machine Y costs Rs. 10,00,000 and its life is 10 years. After deducting the operating expenses, the estimated annual return from Machine X is Rs. 80,000 and from Machine Y is Rs. 1,50,000. On the basis of average rate of return on investment, which machine will be most profitable? 30.
7. (a) What are the basic considerations influencing debt-equity mix in a corporate capital structure? Examine the merits and demerits of debt financing. 30
- (b) The capital structure of the two companies is given below:"

	A	B
Capital sources	Rs.	Rs.
Paid up Capital	5,00,000	1,00,000
Reserve Fund	3,00,000	1,00,000
Preference Shares 9%	1,00,000	1,00,000
Debentures 8%	1,00,000	7,00,000

Calculate Capital Gearing Ratio. 30

8. (a) Critically evaluate the money and credit policy of Reserve Bank of India. 30
- (b) What is meant by inter-bank lending? How is it regulated and controlled? Discuss. 30

**C.S.E. COMMERCE (MAIN) - 2004**

**PAPER - II**

*Time Allowed: Three Hours*

*Maximum Marks: 300*

**Candidates should attempt Questions 1 and 5 which are compulsory and any three of the remaining questions selecting at least one question from each Section. Assume suitable data if considered necessary and indicate the same clearly.**

**SECTION A**

1. Write notes on any three of the following in about 200 words each: 20 x 3 = 60
  - (a) Organisational Charts
  - (b) Interdisciplinary approach to organizational behaviour
  - (c) Mechanism of industrial peace in India
  - (d) Social Transaction
2. What is meant by 'plurality of goals'? Describe the specific areas of corporate goals. 60
3. Explain Herzberg's contribution to the theory of motivation. How does it differ from the model-of motivation given by Maslow? 60
4. What is 'Power'? How is it related to Leadership? Explain the strategy of acquiring political power. 60

**SECTION B**

5. Write notes on any three of the following in about 200 words each: 20 x 3 = 60
  - (a) Status of participative management in India
  - (b) Constituents of an industrial peace system
  - (c) Span of Management
  - (d) Induction Training
6. Point out the essential prerequisites of good industrial relations. 60
7. Discuss briefly the factors that inhibit the success of trade union movement in India. 60
8. What is meant by 'collective bargaining'? State its characteristics. At what levels can it arise? 60