

MAY 2006 PAPER I ADVANCED BANKING

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. Explain the causes for and advantages of nationalization of Banks in India.
2. "Loans create deposits" -Elucidate.
3. Describe the Federal Reserve System of USA.
4. State the role of RBI in Indian Money Market.
5. Discuss the organization and functions of IDB.
6. Write a detailed note on 'Exim Bank'.
7. What do you mean by 'Off-Shore Banking'?
8. Enumerate the various approaches to portfolio management.
9. Explain the scope and functions of BSRB.
10. List out the need and importance of training of bank personnel.

MAY 2006 PAPER II ADVANCED ACCOUNTING

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions, choosing not more than THREE from each Part.

PART A

1. Give the proforma of Statement of Affairs and Deficiency Ale of an insolvent individual.
2. What are pre-incorporation profits? Describe the procedure for calculation of pre-incorporation profits.
3. State the features of Double ale system. What are the differences between (a) double ale system and double entry system (b) double ale system and single ale system?
4. What is a share and a debenture? What are their types? How do they differ from each other?
5. Write notes on: (a) Rebate on bills discounted (b) Short workings (c) Human Resource Accounting (d) Methods of Goodwill valuation

PART B

6. On 31.12.2002 the Balance Sheet of a limited company disclosed the following:

Liabilities	Rs.	Assets	Rs.
Issued capital of		Fixed Assets	5,00,000
Rs. 10 each fully paid	4,00,000	Current Assets	2,00,000
Reserves	90,000	Goodwill	40,000
Profit & Loss alc	20,000		_____
			7,40,000

5% Debentures	1,00,000		
Current Liabilities	1,30,000		
	7,40,000		

On 31.12.2002 the fixed assets were independently valued at Rs. 3,50,000 and the goodwill at Rs. 50,000. The net profits for the three years were: 2000 -Rs. 51,600, 2001 -Rs. 52,000, and 2002 -Rs. 51,650 of which 20 percent was placed to reserve, this proportion being considered reasonable in the industry in which the company is engaged and where a fair investment return may be taken at 10%. Compute the value of the company's shares by (a) the asset method and (b) yield method.

7. On 31st March was as follows: Liabilities 2001, the Balance Sheets of H Ltd was as follows as:

Liabilities	Rs	Assests	Rs
Share capital 5000 12% Cumulative pref. shares of Rs 10 each fully paid	5,00,000	Good will	4,00,000
150000 equity shares of Rs.10 each fully paid	15,00,000	Plant & Machinery	7,00,000
10 % Debentures	3,00,000	Stock	4,90,000
Creditors	2,00,000	Bank	5,000
Preference Dividend in arrear for 3 years		Patents	1,50,000
	25,00,000	Furniture & fixtures	2,00,000
		Debtors	2,55,000
		Preliminary expenses	8,000
		Discount issue on the Debentures	12,000
		Profit & Loss a/c	2,80,000
			25,00,000

The following scheme of external reconstruction was agreed upon:

- A new company to be formed called J Ltd. with an authorized capital of Rs. 32,50,000 in equity shares of Rs. 10 each.
- One equity share Rs. 5 paid in the new company to be allotted for each equity share in the old company.
- Two equity shares Rs. 5 paid up in the new company to be allotted for each preference share in the old company.
- Arrears cancelled. of preference dividends to be
- Debenture holders to receive 30,000 equity shares in the new company creditors as fully paid.
- Creditors to be taken over by the new company.
- The remaining unissued shares to be taken up and paid for in fully by the directors.
- The new company to take over the old company's assets except patents. Subject to writing down plant and machinery by Rs. 2,90,000 and stock by Rs. 60,000.
- Patents were realised by H Ltd. for Rs. 10,000.

Show important ledger accounts in the books of H Ltd. and open the books of J Ltd. by means of journal entries and give the initial balance sheet of J Ltd. Expenses of J Ltd. came to Rs. 10,000.

8. The following is the trial balance on June 30, 2000 of the Modern Manufacturing Company Ltd.

	Rs.
Stock on 30th June 1999	7,500
Sales	35,000
Purchases	24,500
Productive wages	5,000
Discounts (Dr.)	700
Discount (Cr.)	500
Salaries	750
Rent	495
General expenses	1,705
Profit & Loss a/c 30th June 1999 (Cr.)	1,503
Dividend paid August 1999	500
Interim dividend paid February 2000	400
Capital 10000 Re. 1 share fully paid	10,000
Marine premium less reinsurances	21,60,000
Management expenses (fire)	2,90,000
Expenses (Marine)	8,00,000
Commission earned on reinsurance ceded (fire)	60,000
Commission earned on reinsurance ceded (marine)	1,20,000

In addition to usual reserves, additional reserve in case of fire insurance is to be increased by 5% of net premiums.

MAY 2006 PAPER III BUSINESS MANAGEMENT

Time: Three hours

Maximum: 100 marks

Answer any FIVE of the following.

1. What are the various approaches to management? Which approach is most important to the management?
2. Define Motivation. Explain Mc Gregor's X and Y theory of motivation.
3. Explain communication and its importance in business.
4. What is decision making? Explain the process of scientific decision making.
5. What do you mean by delegation? Discuss its principles, types and barriers.
6. What factors are influencing centralization? Explain its advantages.
7. What are the grievances of staff against line people? Suggest improving line-staff relationship.
8. Explain the objectives and types of production planning.
9. Define MBE. What are the uses of MBE in Business? Explain.
10. What are the needs and methods of social control over business?

MAY 2006 PAPER IV MARKETING MANAGEMENT

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. According to Philip Kotler's opinion, what are the three pillars of marketing concept?
2. Define storage. What are the needs, functions of storage?
3. What are the steps involved in New Product Development Process and give reasons for product Diversification?
4. Explain the various theories of Buyer Behavior.
5. Explain in brief about the types of Retail Institutions.
6. Define Advertisement. What are the salient features of Good Advertisement Copy?
7. Give the definition, elements and scope of Distribution Cost Analysis.
8. Status of Indian Consumers in the Market Discuss.
9. What do you mean by Marketing Research and give the aim and objectives of Marketing Research?
10. Write short notes on: (a) Marketing Mix (b) STC (c) Pricing method based on cost.

MAY 2006 PAPER V MANAGEMENT ACCOUNTING AND FINANCIAL CONTROL

Time: Three hours

Maximum: 100 marks

Answer any THREE questions from Sec A and any TWO questions from SecB.

SECTION A -(3 x 20 =60 marks)

1. What is Management Accounting? Explain its objectives.
2. What do you understand by the analysis and interpretation of financial statements? Explain the different methods used for analysis and interpretation of financial statements. .
3. What is meant by Ratio analysis? Discuss its objects and limitations.
4. What is working capital? Explain the determinants of working capital requirements.
5. What is capital budgeting? What are the principal methods employed for ascertaining the profitability of capital expenditure?

SECTION B -(2 x 20 =40 marks)

6. From the following balance sheet of Nikhila Company Ltd., prepare a statement of changes in working capital and the funds flow statement for the year ended 31st March 2005.

	2004	2005
	Rs.	Rs.
Liabilities:		
Capital	3,00,000	3,50,000
Debentures	1,50,000	2,50,000
Reserve	1,00,000	1,50,000
Profit & Loss a/c	60,000	70,000
Provision for		

Depreciation on		
Machinery	90,000	1,30,000
Sundry Creditors	75,000	1,10,000
Bills Payable	10,000	15,000
	7,85,000	10,75,000
Assets:		
Goodwill	1,00,000	80,000
Machinery	4,10,000	5,40,000
Investment	30,000	80,000
Discount on issue		
of Debentures	5,000	-----
Cash at Bank	1,20,000	1,30,000
Debtors	80,000	1,90,000
Stock	40,000	55,000
	7,85,000	10,75,000

During the year investment costing Rs. 30,000, were sold for Rs. 28,000. A new machine was purchased

for Rs. 45,000 and the payment was made in fully paid shares.

7. From the following forecasts of income and expenditure, prepare a cash budget for three months commencing 1st June, when the bank balance was Rs. 1,00,000.

Month	Sales	Purchases	Wages	Factory Administrative	Exp. & Selling Exp.
	Rs.	Rs.	Rs.	Rs.	Rs.
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

A sales commission of 5% on sales, due two months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65,000 will be purchased and paid for in August, and the dividend for the last

financial year of Rs. 15,000 will be paid in July. There is a two month credit period allowed to customers and

received from suppliers.

8. From the following calculate Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance and Material Yield Variance:

Material	Standard		Actual	
	Quantity	Price	Quantity	Price
	Total	Total	Total	Total

	kg	Rs.	Rs.	kg	Rs.	Rs.
A	500	6.00	3000	400	6.00	2400
B	400	3.75	1500	500	3.60	1800
C	300	3.00	900	400	2.80	1120
	1200			1300		
Less						
10%						
Normal						
loss	120			220		
	1080		5400	1080		5320

9. From the following, prepare proforma balance sheet of a firm : Estimated Annual Sales Rs. 2,00,000 Sales to Net worth 2.5 Current debt to net worth 25% Total debt to net worth 60% Current ratio 3.6 times Net sales inventory 4 times Average collection period 36 days (A year =360 days) Fixed assets to Net worth 70%

MAY 2006 PAPER VI CO-OPERATIVE BANKING

Time: Three hours

Maximum: 100 marks

Answer any FIVE of the following.

1. What are the difference between co-operative banks and commercial banks?
2. Explain a growth of co-operative banks in India during five years plans.
3. What are the problems of Primary co-operative banks and suggestions for improvements?
4. How are the state co-operative banks constituted? What are its sources of working capital?
5. Explain the operations of primary land development banks.
6. What are the advantages and problems of Housing Co-operatives?
7. "The Reserve bank has been playing an extremely significant role in the field of rural finance" - Discuss.
8. Discuss the role of SBI in rural credit.
9. Discuss the important provision relating to the Banking companies (Amendment) Act 1960, 1961 and 1962.
10. What are the activities and achievements of NCDC?

MAY 2006 PAPER VII INDUSTRIAL FINANCE

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. Discuss the mechanics of floating shares in the new issue market in India.
2. Critically examine the assistance of UTI and LIC for Industrial Development.
3. What is Public Deposits? Explain its merits and Demerits.
4. Discuss about the working of stock-exchanges in India. Also examine its significance.
5. Explain the meaning, causes, effects and remedies of over capitalization.
6. Describe the role of Development Banking in the Industrial Development of India.

7. Critically analyze the role of KYIC and NSIC in industrial development.
8. Explain the functions of SIDCO and ITCOT.
9. Explain the role of TIIC and SIPCOT in promoting industrial development.
10. Write a note on any FIVE of the following: (a) Watered stock (b) Bonus shares (c) SEBI (d) Preference Shares (e) IFCI (f) IDBI (g) Subsidies and Incentives (h) NSIC

MAY 2006 PAPER VIII INTERNATIONAL TRADE AND FOREIGN EXCHANGE

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. Discuss the comparative costs theory in detail.
2. Write a detailed note on 'Trade Policy of India'.
3. Explain 'Regional Integration'. Also state its features.
4. Give the meaning of Trade Multiplier. Explain its relationship with National Income.
5. Enumerate the objectives of GATT.
6. Describe the functions of IBRD.
7. What are the procedures involved in Export in India?
8. State the contributions of Heckscher -Ohlin to the theory of International Trade.
9. What factors necessitate the increased International Liquidity?
10. Write short notes on any TWO: (a) Euro Dollar market (b) Dumping (c) Free Multilateral Trade.

MAY 2006 PAPER IX PUBLIC ENTERPRISE

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. Explain the role of Public Enterprises in a mixed economy.
2. "Public Enterprises should be Model Employers". Discuss.
3. Discuss the factors responsible for low profitability of Public Enterprises in India.
4. Examine the role and functions of the Bureau of the Public Enterprises.
5. What do you mean by public accountability? Discuss the canons of accountability.
6. Discuss the major sources of Public Enterprise finance.
7. Describe the advantages and disadvantages of departmental form of Public Enterprises.
8. Discuss the problems of personnel recruitment in Public Enterprises.
9. Write an essay on price policy of Public Enterprises in India.
10. Explain the methods for increasing the consumer interest in Public Enterprises.

MAY 2006 PAPER X AUDITING

Time: Three hours

Maximum: 100 marks

Answer any FIVE questions.

1. Explain the different classes of an audit.
2. What is meant by internal check? What important points are to be borne in mind in devising good internal check system?
3. How will you vouch the following: (a) Income from interest and dividend (b) Cash receipts from debtors (c) Payments to creditors.
4. What is meant by outstanding assets and outstanding liabilities? Explain the duties of an auditor in this regard.
5. How will you verify the following assets and liabilities: (a) Cash in hand (b) Goods on consignments (c) Contingent liabilities.
6. Discuss the rights and duties of an auditor.
7. What are the statutory registers to be maintained by a company?
8. "An auditor is only a watch dog but not a blood hound" -Elucidate the statement referring legal cases.
9. Define investigation. What are its objectives? What are the points to be vested while conducting an investigation?
10. Discuss the problems of audit in an (Electronic Data Programme) EDP environment.

MAY 2006 PAPER XI ADVANCED COST ACCOUNTING

Time: Three hours

Maximum: 100 marks

Answer any THREE questions. SECTION A -(3 x 20 =60 marks)

1. (a) Define Cost Accounting. State the objectives of Cost Accounts. (b) Explain the systems of Cost Accounting.
2. (a) Define overhead. Explain the different methods of classification of Overhead. (b) Distinguish between allocation and apportionment of costs.
3. (a) What is idle time? Indicate the afferent categories into which the idle time can be classified. (b) What are the causes of labor turnover?
4. (a) Give a brief account of ABC control method and perpetual method. (b) Describe the concept of "Cost (or) Market price" whichever is low?
5. (a) What are the essentials of sound wage system? (b) Explain collective bonus system.

SECTION B-(2 x 20 =40 marks)

6. (a) Calculate the Economic Order Quantity, if the annual demand for the product is 5,000 units, ordering cost is Rs. 30 per order and the carrying cost is Rs. 6 per unit per year.
(b) Calculate re-order point if the daily consumption is 200 units and the lead time is 10 days.
(c) Calculate re-order point from the above information if safety stock is 500 units.
7. The receipts side of Store Ledger Account shows the following details:
500 units purchased @ Rs. 3.00 700 units purchased @Rs. 3.10 400 units purchased @ Rs. 3.20

Successive issues were made of 300 and 1,000 units. What would be the placements of the issues under the FIFO method?

8. Standard time fixed for a job in a manufacturing concern is 20 hours. Time rate is 50 paise per hour. The actual time taken by the worker A, B and C is 10 hours, 8 hours and 15 hours respectively. Calculate total remuneration of A, B and C on basis of (a) Halsey Plan (b) Rowan Plan.

9. Calculate the normal and overtime wages payable to a workman from the following data:

Days Hours worked Monday 8 hrs Tuesday 10 hrs Wednesday 9 hrs Thursday 11 hrs

Friday 9hrs Saturday 4 hrs Normal working hours per day -8 Normal rate per hour -Rs. 0.50

Overtime -upto 9 hours in a day at single and over 9 hours at double rate.

10. Trigger industries turns out only one article, the prime cost standards for which have been established as follows:

Per-completed piece Material-5 Ibs @ Rs. 4.20 Rs.21 Labour -3 hrs @ Rs. 3 Rs.9 The production schedule for the Month of July, 1998 required completion of 5000 pieces. However 5,120 pieces were actually completed. Purchase for the month of July 1998 amounted to 30,000 Ibs of materials at the total invoice price of Rs. 1,35,000 Production record for the month of July 1998 showed the following actual results: Material requisitioned and used 25,700 Ibs Direct Labour -15,150 hours Rs. 48,480. Calculate appropriate material and labour variance.

MAY 2006 PAPER XII COST COMPUTATION THEORY AND PRACTICE

Time: Three hours

Maximum: 100 marks

Answer any THREE questions from Section A and any TWO questions from Section B.

SECTION A -(3 x 20 =60 marks)

1. Explain the meaning of cost accounting. What are the objectives of cost accounting?
2. What is equivalent production? Explain the procedure for evaluation of equivalent production.
3. What is Job costing? What are the advantages and disadvantages of Job costing?
4. What is cost apportionment? Explain the methods of reapportionment?
5. What are the various methods of Time Booking? Explain briefly.
6. Write short notes on : (a) Bin Card (b) Perpetual Inventory System (c) Cost Ledger Control System (d) Equivalent Production.

SECTION B -(2 x 20 =40 marks)

7. The product of company passes through three distinct processes to completion. They are known as A, B and C. From past experience it is ascertained that loss is incurred in each process:

Process A -2% ; Process B -5% ; Process C -10%. In each case the percentage of loss is computed on the number of units entering the process concerned. The loss of each process possesses a scrap value. The loss of processes A and B is sold at Rs. 5 per units and that of process C at Rs. 20 per 100 units. The output of each process passes immediately to the next process and the finished units are passed from process C into stock.

Process A Process B Process C

Rs. Rs. Rs.

Materials consumed 6,000 4,000 2,000

Direct labour 8,000 6,000 3,000

Manufacturing

Expenses 1,000 1,000 1,500

20,000 units have been issued to Process A at a cost of Rs. 10,000. The output of each process has been as under: Process A 19,500 ; Process B 18,800 ; Process C 16,000. There is no work-in-progress in any process. Prepare process accounts. Calculations should be made to the nearest rupee.

8. Following transactions took place in Bharat & 'Co. during the month of March 1985 : (a) Raw Material purchased on credit Rs. 40,000 (b) Direct' Material issued to production Rs. 30,000

(c) Direct Wages paid (30% direct) Rs. 24,000 (d) Manufacturing expenses incurred (Cash) Rs.

16,800 (e) Manufacturing overhead charged to production Rs. 16,000 (f) Selling and distribution

cost (Cash) Rs. 4,000 (g) Finished products at cost Rs. 40,000 (h) Sales Rs. 58,000 (i) Receipts from

Debtor Rs. 13,810 (j) Payments to Creditors Rs. 22,100. You are required to journalise the above

transactions presuming that integrated system of accounting is followed in Bharat & Co.

9. A company has four department of which A, B and C are production and 'D' is a service department.

The following are the costs of three months pertaining to these departments.

Rs,

Rent 1000

Repair 600

Depreciation 400

Light 100

Supervision 1500

Insurance 500

Employee's Insurance

paid by employer 100

Power 900

The following data are also available for four Departments.

Area sq. ft. 75 55 45 25 materials.

No. of workers 12 8 6

Total wages Rs. 4,000 3,000 2,000 1,000 charged.

Value of plant Rs.12,000 9,000 6,000 3,000

Value of stock Rs. 7,500 4,500 3,000

Make the apportionment of the costs of the various departments on the most equitable method.

10. A manufacturer of plastic toys, purchased two items of his raw material coded as GM -3 and AR

-5. The invoice gave the following details:

	Rs.
GM -3 1,200 kgs (a) Rs. 4 per kg	4,800
AR -5 600 kgs (a) Rs. 6 per kg	3,600
	8,400
LESS Trade Discount	840
	7,560
Insurance, Duty and Octroi	1,680
Packaging	450
Freight	360
Total	10,050

In transit 200 kgs of GM -3 and 100 kgs of AR -5 were spoiled in an accident. The packages could be sold for Rs. 225. He provides 5% for meeting 10 m due to evaporation which is natural with these. Calculate the rate at which the issues may be charged.

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