COMMERCE (OPTIONAL) PAPER -I

TIME ALLOWED: THREE HOURS **MAXIMUM MARKS: 100**

NOTE: (i) Answer FIVE Questions in all but selecting minimum TWO from each part.

(ii) Attempt in English Language.

PART-A

Q.1 What is meant by "Cash Flow Statement"? What are its uses and limitations? 20

Q.2 Prepare a Bank Reconciliation Statement as on 30th June, 2008 from the following Particulars:- 20

(a) Cash book balance on this date was Rs. 6,800.

(b) Bank charges amounting to Rs. 64 were not recorded in cash book.

(c) Dividend directly collected by the Bank of Rs. 2,080 was also not recorded in the cash book.

(d) A bill receivable for Rs. 1,400 was realized by the bank but no entry appeared in the cash book.

(e) A cheque of Rs. 1,400 was issued but not presented by that date.

(f) A cheque of Rs. 1,600 deposited in the bank, but not yet collected.

(g) A cheque of Rs. 20 was dishonored by the bank. 20

Q.3 Explain how the following adjustments would affect the profit and loss account and the Balance Sheet of a Business.

(a) Prepaid rent of Rs. 25,000.

(b) Accrued Salary of Rs. 10,000.

(c) Depreciation of Plant costing Rs. 500,000 by 10%.

(d) Writing off Rs. 5,000 from debtor as actual Bad Debts.

(e) Investment costing Rs. 50,000 has market value of Rs. 30,000 on Balance Sheet date.

(f) A court case for damages of Rs. 10,000 is pending against the company.

(g) There is need for provision for Deferred Taxation amounting to Rs. 8,000. 20

Q.4 (a) Current ratio of a company is 5.5:1 and Quick Ratio is 4:1. Value of inventory is Rs. 45,000. What are current Liabilities.

(b) Value of inventory of a company is Rs. 30,000. Total current liabilities are Rs. 60,000. Quick Ratio is 2:1. Calculate Current Ratio.

(c) A company has current liabilities of Rs. 50,000. Quick ratio is 1.5:1. Inventories are of Rs. 24,000. Calculate current assets. 7,7,6

PART-B

Q.5 Define standard costing. Explain its procedure and advantages. 20

Q.6 What is meant by Factory Overhead? Explain the reasons for the preference of departmental overhead rates over a single plant wide overhead. 20

Q.7 During June, 29,000 units were transferred in from department A at a cost of Rs. 39,000. Material cost of Rs. 6,500 and conversion cost of Rs. 9,000 were added in department B. On 30th June department B had 5,000 units of work in process 60% compete as to conversion costs. Materials are added in the Beginning of the process in department B. You are required to calculate:-

(a) Equivalent production statement and

(b) Cost per Equivalent unit for conversion costs. 10+10

Q.8 Normal capacity of a company is 18,000 units and the unit sales price is Rs. 2.50. Costs are as follows.

		Variable (per Unit)	Fixed
(a)	direct materials	Rs. 0.700	-
(b)	direct labour	Rs. 0.800	-
(c)	factory overhead	Rs. 0.150	Rs. 3,000
(d)	Non manufacturing cost	Rs. 0.025	Rs. 1,290

Required:

(i) Break-Even Point in units and Rupees.

(ii) Sales in Rupees to produce a profit of Rs. 8,250. 10+10