

*Ph. D. Entrance Test
Commerce
Advanced Accounting Including Cost & Mgmt
Accounting*

Con. 3214-12

(3 Hours)

KK-2543

[Total Marks : 100

28th April, 2012

- N. B.
1. In Section I, all questions are compulsory.
 2. In Section II, attempt any three (03) questions out of five (05).
 3. In Section III, attempt any two (02) questions out of four (04).
 4. Workings/Notes should form part of the answer.

SECTION I

Q1. Choose the correct option

(20 x 2 = 40 marks)

1. A rented house is sublet for a rent of ₹. 15,000 per month. The income from such rent shall be taxable under the head-
a) Income From House Property b) Income From Business c) Income From Other Sources d) None of the above
2. Credit balances in overdrafts are shown by a bank as
a) Borrowings b) Other liabilities c) Demand deposits d) None of the above
3. Service tax law is governed by
a) The Income Tax Act b) The Service Tax Act c) The Excise Act d) None of the above
4. When working capital is negative,
a) Current assets are more than current liabilities b) Current assets are equal to current liabilities c) Current assets are less than current liabilities d) None of the above.
5. The break even point in units is given by the equation:
a) Fixed Cost/ Selling Price per Unit b) Fixed Cost/ Contribution Per Unit c) Fixed Cost/ Variable Cost Per Unit d) None of the above
6. When Expected Output is less than Actual Output, there exist
a) Abnormal Gain b) Abnormal Loss c) Normal Loss d) None of the above.
7. The share of holding company in the proposed dividend of the subsidiary company from its pre-acquisition profit should be
a) Credited to investment account b) Debited to investment account c) Credited to consolidated profit and loss account d) None of the above
8. In case of Income from Let Out House Property, maximum deduction for interest on reconstruction of house property allowed under section 24 of the Income Tax Act, 1961 is
a) 1,50,000 b) 75,000 c) 30,000 d) None of the above.

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9. The ability of the firm to use fixed financial cost to magnify the effects of changes in sales on earnings before interest and tax is _____.
a) Operating Leverage b) Combined Leverage c) Financial Leverage d) None of the above.
10. Which of the following involves a movement of cash?
a) Depreciation of fixed assets b) A rights issue c) Amortization of Preliminary Expenses
d) A bonus issue
11. A review of utilisation of resources is done in _____.
a) Financial Audit b) Propriety Audit c) Efficiency Audit d) None of the above.
12. A company has a negative cash flow from operating activities. What could explain this negative cash flow?
a) A sudden increase labour costs b) Sale of a fixed asset c) Redemption of Debentures d) Issue Of Bonus Shares
13. _____ is the secondary data collection source.
1) Government Publication 2) Interview method 3) Questionnaire. d) None of the above.
14. Which of the following will NOT appear in a cash budget?
a) Bad Debts b) Repairs to Machinery c) Wages d) Interim Dividend
15. If sales are ₹ 10,00,000; Gross Profit ratio is 25% of cost of goods sold; stock turnover rate is 4 times; calculate the average amount of stock.
a) 1,00,000 b) 1,87,500 c) 2,00,000 d) None of the above.
16. Dividend received from a credit cooperative society is
a) Fully exempt U/s 10 b) Fully Taxable c) Partly Taxable d) None of the above.
17. Critically examining the documents which support the entries in the accounts is called as _____
a) Verification b) Vouching c) Accounting d) None of the above
18. The labour rate variance can be calculated by the following equation:
a) $(\text{Standard hours} - \text{actual hours}) * \text{actual wage rate}$
b) $(\text{Standard wage rate} - \text{actual wage rate}) * \text{standard hours worked}$
c) $(\text{Standard wage rate} - \text{actual wage rate}) * \text{actual hours worked}$
d) None of the above
19. _____ provides the basis for strategic decision.
a) Strategic intent b) Objectives c) Strategy evaluation d) None of the above.
20. The certificate of registration under Service Tax is in
a) Form ST 1 b) Form ST 2 c) Form ST 3 d) Form ST 4

SECTION II

- Q1. Write Short Notes: (Any two) (10)
- Appointment of subsequent auditors of the company as per Companies Act 1956.
 - Efficiency audit.
 - Define: Assessment Year under Income tax act, 1961.
- Q2. From the following particulars given by Desai & Co.; prepare Cenvat Credit Account. (10)
- Opening Balance as on 1.4.2011 87,000
 - Inputs received on 10-10-11 showing excise duty paid ₹25,787
 - Purchased machinery on 11-10-11 worth ₹2,80,900 cum duty price. excise duty rate 12.36%.
 - Finished Goods ₹ 1,00,000 excluding excise duty price were removed from the factory on 2-2-12
 - Inputs cleared for job worker on 3-2-12, the assessable value was ₹ 50,000
 - On 3-3-12 duty paid on input amounting to ₹11,653 was credited as ₹ 11,563.
- Q3. Write Short Notes: (Any two). (10)
- Limits of turnover of dealer under MVAT
 - Deduction under section 80G of the Income Tax Act, 1961.
 - Hypothesis and its importance.
- Q4. Mr. Ajay is the practicing lawyer in Mumbai. For the year ended 31-3-12 his receipts and payments are as follows. (10)

Receipts	₹	Payments	₹
To balance b/f	8,500	Salaries	25,000
Professional fees	2,10,000	Office rent	6,000
Salary as a law lecturer	19,000	Advance tax	
Lottery prize	6,000	Printing and Stationery	7,200
Received from his father's H.U.F being his share	9,500	Subscriptions for legal publications	3,000
Gifts received from clients	20,000	Purchase of typewriter	5,000
		Personal drawings	35,000
		Purchase of car (15-10-11)	1,50,000
		Office expenses	12,000
		Balance c/f	29,800
	2,73,000		2,73,000

- Depreciation on car is allowed at 20%.
- 1/3 of the car use has been for personal
- Depreciate typewriter by 12.5%.

Determine the taxable business income of Mr Ajay for the Assessment Year 2012-13.

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- Q5. Discuss in detail (any two) (10)
7. Accounting Standard 16 : Borrowing costs
 8. Audit of Ledger accounts
 9. Clubbing of Income as per Income tax Act.

SECTION III

- Q1. From the following details taken from the books of Mr. Amit. Prepare a Statement of equivalent production, statement of cost and statement of evaluation using average cost method (15)
- Units Introduced – 7,600
Output – 6,000 units
Process Cost (₹) : Material -14,560, Labour- 21,360. Overhead 14,240
Degree of completion for closing work-in-progress
Material 80%, Labour 70% Overhead 70%
- Q2. Write Short Notes: (Any three) (15)
- a) Appointment of first auditors
 - b) Operating Leverage.
 - c) Expenditure on scientific Research U/S 35 of Income from Business or Profession
 - d) Environmental Scanning
- Q3. From the following data prepare income statement for each of the three companies. (15)

Particulars	A	B	C
Variable cost as % of sales	66 2/3	75%	50
Interest expenses (₹)	400	600	2000
Degree of Operating Leverage	5	6	2
Degree of Financial Leverage	3	4	2
Tax rate	40%	40%	40%

- Q4. Write Short Notes: (Any three) (15)
- a) Material Variances
 - b) Deduction under section 80E of the Income Tax Act, 1961
 - c) Advance Payment of Income Tax.
 - d) BCG matrix