

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.

All questions carry equal marks.

Section A

1. Write short notes on any three of the following in about 200 words each:
 - a. Accounting issues in foreign exchange transactions
 - b. Human resources accounting techniques is based on Cost Accounting
 - c. Deduction allowed in computing taxable income
 - d. Valuation of stock for accounting and audit purposes
2. A factory is engaged in manufacturing of plastic containers for domestic use. It produces only 15 kg capacity buckets and is currently in a position to utilise only 40% of the installed capacity which means production of 10, 000 buckets in the current year. The cost break-up of producing each bucket is as follows:
 - Rs.
 - Material consumed for each unit 10
 - Labour cost per unit 3
 - Overheads per unit 5 (60% fixed)
 - The selling price is Rs. 20 per bucket.

If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity, the selling price falls by 5%, accompanied by a similar fall in the prices of material.

With this information you are required to calculate the profit at 50% capacity and 90% capacity. Also calculate break-even point at these two capacities.

3. Explain with suitable illustrations difference between the following:
 - a. Standard costing and Budgetary control
 - b. Valuation and Verification in auditing
4. “Responsibility Accounting is an important area in a management accountants work.” Explain this statement with reference to cost centres and revenue centres. Section B
5. Write short notes on any three of the following in about 200 words each:
 - a. Limitations of pay-back period method of capital budgeting
 - b. Working of capital market in India
 - c. Supervision of banks by the Reserve Bank of India
 - d. Dividend and retention policy in a company

6. Explain the nature and scope of finance function in a liberalised economy. Give suitable illustration and indicate the impact of globalisation on finance function.
7. Write a note on theories of capital structure. In what manner are the traditional theories fast getting eroded and new explanations of capital structure being developed
8. Write explanatory notes on the following:
 - a. Consortium approach of inter-bank lending
 - b. Functioning of the BIFR