

IAS Mains Commerce Papers 1991

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Paper I

Section A

1. Answer any three of the following in not more than 200 words each:
 - a. What is the significance of the financial information system as compared to other subsystems coexisting in a manufacturing organization? Explain.
 - b. Every year the Finance Bill approved by Parliament introduces several changes in the provisions relating to Income Tax Act, 1961. Despite these changes the level of revenue to Government under Act is not so adversely affected. How is this effectively safeguarded by the Ministry of Finance? Illustrate.
 - c. In any industrial firm of your choice producing goods and services identify the state at which Cost Accounting process starts and where it ends. Illustrate your reply wherever necessary.
 - d. It is said that audit is an inspecting function. Explain the nature of audit in the light of the above statement. Give examples.
2. Answer the following questions
 - a. What are the important methods to account for the changing levels of prices? Briefly explain each one of them clarifying how does current purchasing power method of accounting differ with the rest of the methods.
 - b. Explain two techniques of segregating semi-variable costs into fixed and variable components with examples. Briefly state the purpose of doing so. What are the advantages of such segregation?
3. Answer the following questions
 - a. Successful cost control mechanism facilitates a reasonable cost reduction programme. What are the specific contributions offered by the former to the latter? Illustrate how cost reduction programme ensures quality and profits to the firm.
 - b. What is vouching as understood by an auditor? Explain this process relating to the priced ledgers of a large electrical undertaking. These ledgers 80 in number, control

the Stores

Department having 80000 items in 80 quantity ledgers kept in a building in the outskirts of the city.

4. Y processing company had work in progress at the beginning and end of 1990 as follows
- January 1, 1990: 3000 units, percentage of completion: 40%, materials conversion: 10%
 - December 31, 1990: 2000 units, percentage of completion: 80%, materials conversion: 40%

The Company completed 40000 units of finished goods during 1990. Manufacturing costs incurred during 1990 were; materials, Rs. 2, 42,600; conversion costs Rs. 4, 45, 200. Inventory at January 1, 1990 was carried at a cost of Rs. 10, 600 (materials Rs. 7, 000, conversion costs Rs 3, 600). Answer following questions based on this information:

- Assuming weighted average, compute equivalent production for 1990, for materials and conversion costs.
 - What is the proper cost of ending goods in process?
5. Mr. X Retired from service on 30.9. 90. His salary certificate as on 31.3. 1991 contains the following: Gross Salary: 56, 264.00, HRA Component of Gross Salary: 6, 930.00, Tax deduction at Source: 4, 200.00, Provident Fund: 7, 667.00, Group Insurance Scheme: 700.00, Provident Fund Loan: 1, 500.00, House Construction Loan: 810.00, Marriage Loan 300.00: Staff Club 60.00, Professional Tax: 140.00, Association Fees: 150.00, Pension 1.10. 90 to 31.3. 91: 6, 033.30, Gratuity Paid on 14.11. 90: 30, 000.00, Provident Fund Paid: 14, 11, 90 44, 720, 85, Commutation of Pension 7.1. 91: 39, 239.60, LIC Premium: 4, 962, 40, Fire Insurance: 98.00, LIC Mortgage Loan Interest: 5, 589, 60, National Savings Scheme 1987: 40, 000.00, Magnum Equity Limited Savings Scheme 1990.91, 22.2. 91: 10000.00. You are required to prepare a statement of Tax due-from Mr. X for the Assessment Year 1991 – 92 making necessary assumptions, where required indicate Sections of Income Tax Act, 1961 as amended from time to time wherever necessary.

Section B

- Answer any three of the following is not more than 200 words each:
 - Explaining the two major goals of Financial Management along with their drawbacks.
 - Differen6ate Certainty, Risk and Uncertainty with assumed data. Demonstrate your explanation Graphically also (Graphs not necessary),

- c. What are the important restrictions imposed on Banking Companies according to the Banking Regulation Act, 1949? Discuss their utility at present.
- d. What is the new financial discipline introduced in India by Central Government? What will be its impact on Indian Capital Market? Evaluate

Paper I

1. What is an optimum capital structure? Does it mean only maximisation of the market value of the firm? Discuss fully In this connection do you agree the David Durand? Why? Illustrate
2. Answer the following questions
 - a. Differentiate among:
 - i. Investment decision
 - ii. Financing decision
 - iii. Dividend decisionGive examples.
 - b. What is capital rationing? Explain it in detail.
 - c. Illustrate the computation of the cost of equity capital the cost of debt and the cost of depreciation, using data of your choice.

3. Answer the following questions

- a. The ABC Company estimates that it can save Rs. 2, 800 a year in cash operating cost for the next ten years if it buys a special purpose machine at a cost of Rs. 11, 000. No residual value is expected. The Company's minimum desired rate of return is 14% (Round all computations to the nearest rupee. Ignore income taxes), you are required to compute:
 - i. Payback period
 - ii. Using discounted cash flow: Time-adjusted rate of return & Net present value
 - iii. Payback reciprocal
- b. From the following you are required to calculate the Debtors turnover for the following. Net Sales: 9, 00, 000, Debtors beginning of year: 86, 000, Debtors end of year: 1, 17, 000

Paper II

Section A

1. Write notes on any three of the following in not more than 200 words on each:
 - a. McGregors Theory X and Theory Y assumptions
 - b. The concept of Goal Congruency in organisations
 - c. Vrooms Expectancy Theory of Motivation
 - d. Organisational change
2. Relying on the basic tenets of the Scientific Management School, produce arguments infavour of the proposition that this School of Thought looks upon human performers as adjuncts to machines.
3. An organisation is engaged in satisfying behaviour and not maximising behaviour in relation to its goals. Explain the implications of the above statement and critically examine the argument that maximising behaviour is inconsistent with the concept of bounded rationality.
4. Discuss the conceptual difference between power and authority in an organisation and distinguish between position power and personal power. What are the usual sources of power?

Section B

1. Write notes on any three of the following in not more than 200 words on each:
 - a. The concepts of Living-wage and Fair-wage
 - b. Personnel Audit
 - c. Machinery for prevention and settlement of Industrial Disputes.
 - d. International labour Organisation
2. Discuss briefly the basic characteristic features of Trade Union Movement in India during the postindependence period.
3. What is collective bargaining? Discuss the efficacy of collective bargaining as an instrument in the hands of organised labour in Indian conditions.
4. Critically discuss the present position and future prospects of workers participation in management in India.

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