

**PARLIAMENT OF INDIA**  
**(JOINT RECRUITMENT CELL)**

MAIN EXAMINATION FOR POSTS OF EXECUTIVE/LEGISLATIVE/COMMITTEE/PROTOCOL OFFICER  
AND RESEARCH/REFERENCE OFFICER IN LOK SABHA SECRETARIAT

COMMERCE AND ACCOUNTANCY - Paper-I (Accounting & Finance)

1<sup>st</sup> SEPTEMBER, 2010

INSTRUCTIONS : Answers must be written in English only. Candidates should attempt at least 2 questions from each section and total 5 questions.

Time: 3 hours

Marks: 300

**SECTION - A**

1. (a) How would you explain the meaning and importance of 'accounting' to a non-accountant? (10 Marks)  
(b) What are 'financial statements' and why are they prepared? (10 Marks)  
(c) Briefly state the important 'generally accepted accounting principles' that guide the preparation of financial statements. What purpose do they serve? (40 Marks)
2. (a) "Budgeting is looking forward while budgetary control is looking back." In the light of the above statement explain the process of budgeting and budgetary control in an organization. How can the systems of 'Zero based budgeting' and 'flexible budgeting' facilitate the preparation of a sound budget? (40 Marks)  
(b) Differentiate between 'budgeting' and 'standard costing'. Can an organization establish and use both types of systems? (20 Marks)
3. Explain the meaning of the term 'capital gains' as per the Income Tax Act, 1961. How would you distinguish between 'short term' and 'long term' capital gains? How are they taxed under the said Act? Briefly state the various methods by which an assessee can reduce his tax liability under this head of income as per the Income Tax Act. (10+10+10+30 Marks)
4. (a) State the role and process of auditing in the light of the following statement:  
"An auditor should act as a watchdog rather than as a blood-hound." (30 Marks)  
(b) How would an auditor verify and value the inventory of an organization? (30 Marks)
5. From the following information, you are required to prepare the Balance Sheet of Sun and Moon Limited:

i) Current Ratio	1.75
ii) Liquid Ratio	1.25
iii) Stock Turnover Ratio (cost of sales to closing stock)	9
iv) Gross Profit Ratio	25%
v) Debt Collection Period	one and half months
vi) Reserves and Surplus to Capital	0.2
vii) Turnover to Fixed Assets	1.2
viii) Capital Gearing Ratio	0.6
ix) Fixed Assets to Net worth	1.25
x) Sales for the year	Rs. 12,00,000

(60 Marks)

**SECTION - B**

6. (a) "... Finance has changed .... From a field that was concerned primarily with the procurement of funds to one that includes the management of assets, the allocation of capital and valuation of the firm."  
In the light of the above statement write your views about the changing world of finance – especially its meaning, role, goal and importance – both at the national and international level. (40 Marks)

- (b) What, according to you, is the objective of financial management – profit maximization or wealth maximization? (20 Marks)
7. (a) What are the determinants of a sound dividend policy of a company? State the major theories of dividend policy. (40 Marks)  
 (b) How are dividends taxed under the Income Tax Act in India? (20 Marks)
8. “Money markets and capital markets play different roles in an economy.” Do you agree? State your answer with reference to India. Who regulates these markets in India and how? (60 Marks)
9. (a) State the meaning and importance of ‘optimum capital structure’. Briefly state the factors that determine it in an organization. (30 Marks)  
 (b) What are the relative merits of raising funds through issue of shares and debentures for meeting the long term needs of a company? (30 Marks)
10. (a) Briefly state the meaning, importance and process of capital budgeting. (30 Marks)  
 (b) XYZ Company is considering three proposed investments – A, B and C. Each requires an investment of Rs. 4,90,000 and each has an economic life of three years and total cash inflow of Rs. 6,00,000. The patterns of cash inflow for each proposal differs as indicated below:

<u>Year</u>	<u>Annual Cash inflows (in Rs.)</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
1.	1,00,000	2,00,000	3,00,000
2.	2,00,000	2,00,000	2,00,000
3.	3,00,000	2,00,000	1,00,000

Required:

- (i) Calculate the net present value of each proposal if the required rate of return is 10%.
- (ii) Do you recommend that the company make any or all the proposed investments and why?
- (iii) Explain why the net present values of the three proposed investments differ even though the total cash inflows happen to be the same for all the three projects. (30 Marks)



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COMMERCE AND ACCOUNTANCY - Paper-II (Organisation Theory and Industrial Relations)

1<sup>st</sup> SEPTEMBER, 2010

INSTRUCTIONS : Answers must be written in English only. Candidates should attempt at least 2 questions from each section and total 5 questions. All questions carry equal marks.

Time: 3 hours

Marks: 300

**SECTION – A**

1. Distinguish between goal succession and goal displacement. Does goal succession also occur when goals get displaced? Discuss in brief the factors that may cause goal displacement.
2. What is 'effectiveness'? How is it different from 'efficiency'? Identify the problems in the measurement of organizational effectiveness.
3. Should conflicts be necessarily eliminated? Describe in brief the process of conflict. Discuss also two dimensional model of inter-personal conflict resolution.
4. "Leadership is situational"? Elaborate. Discuss fully life cycle model of situational leadership propounded by P. Hersey and K.H. Blanchard.
5. Write notes on any three of the following in 200 words each:
  - (a) Organisational Change
  - (b) Sources of Power
  - (c) Transactional Analysis
  - (d) Adam's Equity Theory of Motivation

**SECTION – B**

6. What are the principal sources of industrial disputes in Indian corporate sector? Discuss fully the machinery provided for prevention and settlement of industrial disputes under the Industrial Disputes Act, 1947.
7. Describe briefly different forms of workers' participation in management. Discuss the rationale behind and present day state of affairs and future prospects of workers' participation in management.
8. What do you mean by collective bargaining? Discuss fully the stages involved in the collective bargaining process.
9. Write notes on any three of the following in 200 words each:
  - (a) Relative wages and wage differentials
  - (b) Compulsory adjudication
  - (c) ILO and India
  - (d) Labour turnover in Indian industries - causes and effects
10. Explain the role of personnel department in ensuring fairness in disciplining work force; discussing particularly the prerequisites to disciplining, discipline guidelines, and the new "discipline without punishment" approach.