

Paper- 2A
Solution
Dec. 2012

Answer: [1] (c) (a)

- (i) **This Statement is false**

Reason: When a company which has already issued shares wants to raise capital through the further issue of shares. it is under a legal obligation to first offer the fresh shares to its existing Shareholders. unless, the company has resolved other wise by a special resolutions so right share are not issued to promoter for their services.

Answer: 1

- (ii) **This Statement is false.**

Both underwriting commission .i.e. brokerage can be paid to an individual as underwriting commission is paid to an underwriter in addition tto brokerage for taking the responsibility to get full subscription to the shares and debentured of the company.

- (iii) **This Statements is True**

The company shall create debentures Redemption Reserve equivalent to at-least 50% of the amount of debentures before starting the redemption of debentures.

- (iv) **This Statement is false.** Preliminary expenses is an example of fictitious asset and not of an intangible assets

- (v) **This Statement is false:** interim Dividend thus paid is an appropriation of profit and not a charge against the profit.

Answer: [1] (b) Objective

- (i) (c) 7 years.
(ii) (c) The amount received on forfeited shares,
(iii) (a) Compulsory,
(iv) (a) issue of fresh equity shares
(v) (b) Capital reserve.

Answer: [1] (c)

- (i) Managerial remuneration
(ii) For consideration other than cash.
(iii) impairment of assets
(iv) International Accounting Standards Board.
(v) Non current assets.

Answer [4] (b) Please refer 2001- Dec.2 (a) on page no. 2.177

Answer [4] (c)

Cum interest.:The price quoted include the interest for the expired period.

Ex-interest: The price does not include the interest for the expired period.

Paper- 2B

Cost and management Accounting

Solution

Dec. 2012

Answer [5] (c) (a)

(i) This Statement is True.

A Statement of cash flow reports the inflows and outflows of cash and its equivalents only of an organisation of cash and its equivalents only of an organization during a particular period. Hence it is prepared on cash basis and not on accrual accounting concepts-

(ii) This Statement is True.

For the determination of cost volume-profit relationship, marginal cost, break even point analysis, profit volume ratio and key factor are considered. Hence cost volume profit relationship is more comprehensive term.

(iii) This Statement is False.

Long term budgets are the budgets which are prepared for periods longer than a year. They are prepared for those activities, the trend in which is difficult to fore see over longer periods.

(iv) This Statement is True.

Direct costs are not necessarily the same as variable cost direct costs comprises of direct material cost ,direct labour and direct expenses, variable cost is made up of direct materials, direct wages, direct expenses and variable overheads.

(v) This Statement is False.

The ABC analysis is a selective inventory control which aims at concentrating control mainly on cost basis.

Answer: [5] (b)

(i) (b) Transfer to costing profit and loss account,

(ii) (b) Attained,

(iii) (c) Absorption costing,

(iv) (c) 12%

(v) (c) Halsey premium plans

Answer: [5] (c) Fill in the blanks

(i) Overheads,

(ii) Technique

(iii) Conventional Budgeting

(iv) decreases

(v) LIFO

Answer: [6] (b) Please refer 2011 Dec. 7 (c) on Page no. 2.500

Answer: [8] (c) Please refer 2005 June 7 (a) on Page no. 2.421.