

COM 201.1

Reg. No.

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
FINANCIAL ACCOUNTING – II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A**Answer any THREE of the following:****3×20=60**

1. Mr. Santhosh maintained his accounts under Single Entry System. His balances for the year ended 31.3.2015 and 31.3.2016 were as follows:

	31.3.2015	31.3.2016
Bills Receivable	?	24,000
Stock	79,000	88,000
Creditors	94,000	83,500
Cash	39,080	?
Bills Payable	34,710	?
Debtors	93,610	83,550
Furniture	20,000	20,000

From his cash book for the year 2015 – 2016, the following information is available:

	₹
Bills Payable honoured	30,000
Bills receivable honoured	43,000
Miscellaneous expenses	7,000
Salaries	17,000
Furniture bought	5,000
Sales	12,000
Purchases	6,000
Received from Debtors	24,500
Paid to Creditors	14,250
Miscellaneous income	300
Drawings	15,000

On enquiry you are told that during the year discount allowed and received were ₹4,000 and ₹3,550 respectively. Mr. Santhosh accepted a bill for ₹45,800 and received bills for ₹30,000. His bad debts were ₹5,600 and bills receivable dishonoured ₹3,000.

You are required to prepare Trading and Profit and Loss A/c for the year ended 31-3-2016 and Balance Sheet on that date.

2. The CPC Transport Ltd acquired 5 trucks on hire purchase system on 1-1-2010 from Bharath Ltd. The cash price of each truck was ₹2,00,000. It was agreed that ₹2,50,000 should be paid immediately and the balance in three instalments of ₹3,00,000 each at the end of each year. The vendor charges interest @10% p.a. The buyer depreciates trucks at 20%p.a. on the diminishing balance method. CPC Transport paid cash down and two instalments but failed to pay the last instalment. The vendor repossessed three trucks, leaving two trucks with the buyer

and adjusting the value of 3 trucks against the full amount due. The trucks were valued by Bharath Ltd., subject to a depreciation of 30%p.a. on written down value method. The trucks repossessed were sold by the vendor for ₹3,00,000 after necessary repairs amounting to ₹50,000.

Show the necessary ledger accounts in the books of the Hire Purchaser and the Hire Vendor.

3. Harsha and Hameed jointly undertook to construct a building for Shenoy and Co. at a price of ₹25,00,000. The price was to be paid as follows:
₹20,00,000 in cash and the balance in shares of the company. Profit was to be divided equally. They contributed cash as follows:
Harsha ₹3,00,000; Hameed ₹4,50,000; These amounts were credited to a Joint Bank Account. Harsha prepared the plans and paid ₹35,000 for them. Hameed bought a truck for ₹3,70,000. They bought plant for ₹1,50,000 materials for ₹10,00,000 and paid wages ₹10,50,000. When the contract was completed Harsha took over unused materials for ₹1,00,000 and Hameed took back the truck for ₹2,90,000. The plant was sold for ₹60,000. When the contract price was received Harsha took the shares for ₹4,00,000. All the accounts were closed. Show Co-Venturer's A/c, Joint Bank A/c and Equity Shares A/c.
4. Prem Cycle Co., Mumbai forwarded to Jyothi & Co. of Mangaluru, 100 Bicycles to be sold on consignment basis. The cost of one bicycle was ₹5,000 but it was invoiced at 40% above cost. While consigning, Prem Cycle Co., incurred an expense of ₹20,000 towards freight and insurance. On receipt of bicycles, Jyothi & Co. accepted a bill for ₹5,00,000 payable after 3 months. Prem Cycle Co., discounted the bill with the banker for ₹4,99,000. During the transit 3 bicycles were totally damaged. The insurance co admitted a claim of ₹15,000 in favour of the consignor.
Jyothi & Co returned 5 bicycle having some defects by incurring an expense of ₹3,000. Jyothi & Co., reported sale of 60 bicycles on credit at ₹10,000 each and 17 bicycles for cash at ₹9,500 each. The consignee incurred the following expenses ₹9,700 on carriage to the godown, ₹3,000 on insurance and ₹10,000 other selling expenses.

SECTION – B

Answer any THREE questions:

3×5=15

5. From the following calculate Total Sales:

	₹
Opening Debtors	15,000
Closing Debtors	18,000
Cash received from Debtors & Bills Receivable	30,000
Opening Bills Receivable	8,000
Bills received during the year	16,000
Closing Bill Receivable	10,000
Bad debts written off	1,000
Cash Sales	25,000

6. A fire occurred on the premises of Book Traders on 31-3-2016. The stock salvaged was ₹500. The stocks were insured for a sum of ₹26,000 with a provision of average clause. From the details given below ascertain the claim to be lodged:

	₹
Stock on 1-1-2016	25,300
Purchases from 1-1-2016 till the date of fire	52,400

Manufacturing wages from 1-1-2016 till the date of fire	61,300
Sales from 1-1-2016 till the date fire	1,56,000
Goods used by the trader	2,500

On 31-12-2015 the stock was over valued by ₹200. During March 2016 goods costing ₹2000 were distributed as free samples. Manufacturing expenses include ₹1,300 paid towards installing machinery. The rate of gross profit is 30% on cost.

7. Explain the differences between Installment Purchase and Hire Purchase System.
8. Ashok purchased an asset from a transport company on installment system. The payment is to be made as follows ₹4,000 on delivery, ₹7,600 at the end of first year, ₹6,000 at the end of second year and ₹5,500 at the end of the third year. Interest at 10%p.a. is included in these installments. Find out the cash price of the asset.

SECTION – C

Answer ALL the questions:

5×1=5

9. Write any two differences between Joint Venture and Partnership.
10. What is Del Credere commission?
11. Calculate the total sales from the following:
Cost of goods sold during the year ₹1,80,000, Gross profit is 25% on sales.
12. Value of stock affected by fire ₹34,500
Salvage value ₹12,000
Amount of the policy ₹30,000
Calculate amount of the claim when there is average clause in the policy.
13. Pass journal entries for the following joint venture transaction:
 - a) Sold goods on credit ₹15,000
 - b) Bought materials for cash ₹1,20,000

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CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
ACCOUNTANT IN BUSINESS

Time: 3 Hrs.

Max. Marks: 80

SECTION-A

Answer any THREE questions: (3x20=60)

1. What is a Marketing Mix? Explain in brief the 7 P's of marketing mix.
2. What is a Committee? Explain the role of the committee 'chair' in a business organisation and the responsibilities/skills required of a committee secretary.
3. What is Motivation? Describe six ways of motivating staff by the management and mention three examples each of intrinsic and extrinsic rewards to motivate the staff.
4. 'Time is a resource which managers must manage to be successful'. In the light of this statement describe the nature of 'Time-Wasters'.

SECTION-B

Answer any THREE questions: (3x5=15)

5. Explain why manual accounting systems are inferior to automated systems?
6. Mention any three features of effective appraisal and two disadvantages of self-appraisal.
7. State any three interviewing skills required by a good counsellor and two differences between coaching and mentoring.
8. State any five reasons why managers are reluctant to delegate.

SECTION-C

Answer ALL questions: (5x1=5)

Choose the right answer from the following:

9. Which elements characterise the concept of "service"?
A. Varied, tangibility, imperishable B. Consistency, tangibility, simultaneity
C. Tangibility, inconsistency, simultaneity D. Variability, simultaneity, perishability
10. Which of the following best describes the term "carbon footprint"?
A. The impact an organisation's use of sustainable power has on the environment
B. A measure of the emission of greenhouse gases by organisations or individuals
C. The effect on the reserves of oil and gas from manufacturing, transportation and power generation
D. Prehistoric footprints from extinct, large land animals captured in carbon-based fossils

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
FINANCIAL MANAGEMENT – I

Max. Marks: 80

Time: 3 Hrs.

SECTION – A

3×20=60

Answer any **THREE** questions:

1. The proforma cost sheet of a company provides the following particulars:

Elements of cost	Amount per unit (₹)
Raw materials	70
Direct labour	30
Overheads	50
Total cost	150
Profit	50
Selling price	200

The following particulars are available:

- Raw materials in stock on an average for 2 months.
- Materials are in process on an average for one month.
- Finished goods are in stock on an average for 2 months.
- Credit allowed by suppliers is 2 months.
- Credit allowed to customers is 2 months.
- Lag in payment of wages is 1 month.
- Lag in payment of overheads expenses is 1 month.
- $\frac{1}{4}$ of the output is sold against cash.
- Cash in hand and at bank is expected to be ₹5,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,00,000 units of production.

You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

2. The sales fore cast for January to May 2016 and actual sales for November and December, 2015 for Blue Dayle Company Limited are given as under:

Month	Sales (₹)
Actual:	
November 2015	80,000
December 2015	70,000
Fore cast:	
January 2016	80,000
February 2016	1,00,000
March 2016	80,000
April 2016	1,00,000
May 2016	90,000

20% of sales is in cash and rest is on credit, payment of which is realized in the third month.

The following other information are also available:

- i) Amount of purchase is budgeted at 60% of the sales turnover of a month and paid in the third month of purchase.
- ii) Variable expenses is 5% of turnover – time lag of payment half month.
- iii) Commission on credit sales at 5% is payable in the third month.
- iv) Rent and other expenses amounting ₹3,000 paid every month.
- v) Payment for purchase of fixed assets ₹50,000 in March 2016.
- vi) Payment for taxes in April, 2016 ₹20,000.
- vii) There will be an opening cash balance of ₹25,000

You are required to prepare a cash budget for five month from January to May 2016.

3. Bhushan Steel Ltd., had the following secured debentures on their Balance Sheet as at 31.3.2015.

The company was in 30% tax bracket.

- a) 10 lakh 13% debentures of ₹10 each redeemable after 4 years at a premium of 10%. These were originally issued at par with issue expenses at 10% of the face value.
- b) 15 lakh 12.5% debentures of ₹10 each redeemable after 5 years at par. These were originally issued at a discount of 5% with no issue expenses.
- c) 50 lakh 11.80% debentures of ₹10 each redeemable after 3 years at a premium of 10%. These were issued at 10% discount with 5% of face value as issue expenses.

Calculate the cost of each class of debenture. Also calculate the weighted average cost of debentures.

4. In what ways is the wealth maximization objective superior to the profit maximization objective? Explain.

SECTION – B

Answer any THREE questions:

3×5=15

5. Calculate the operating cycle of a company from the following information:

Particulars	(₹)
Raw material consumption per annum	84,200
Annual cost of production	1,42,500
Annual cost of goods sold	1,53,000
Annual sales	1,95,000
Average value of current assets maintained:	
Raw materials	12,400
Work in progress	7,200
Finished goods	12,200
Debtors	26,000

The company gets 30 days credit from its suppliers. All sales made by the firm are on credit only. You may take one year as equal to 365 days.

6. A company issues 10,000 10% preference shares of ₹100 each. Cost of issue is ₹2 per share. Calculate cost of preference capital if these shares are issued;
 - a) at par
 - b) at a premium of 10%
 - c) at a discount of 5%

7. What is meant by Inventory? State the objectives of holding inventories.

8. Write a note on Credit Policy.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is meant by Treasury bill?

10. State any two features of Debentures.

11. What is meant by speculative motive with regard to cash management?

12. A manufacturer sells 75,000 units of a particular material per year. The material cost is ₹1.50 per unit and the carrying cost is estimated to be 25% per annum of average inventory cost. The cost of placing an order is ₹18.

You are required to determine the EOQ.

13. Define Financial Management.

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COMMERCE
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SECTION – B

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Bad debts written off	1,000
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7. Explain the differences between Installment Purchase and Hire Purchase System.
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SECTION – C

Answer ALL the questions:

5×1=5

9. Write any two differences between Joint Venture and Partnership.
10. What is Del Credere commission?
11. Calculate the total sales from the following:
Cost of goods sold during the year ₹1,80,000, Gross profit is 25% on sales.
12. Value of stock affected by fire ₹34,500
Salvage value ₹12,000
Amount of the policy ₹30,000
Calculate amount of the claim when there is average clause in the policy.
13. Pass journal entries for the following joint venture transaction:
 - a) Sold goods on credit ₹15,000
 - b) Bought materials for cash ₹1,20,000

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
PERFORMANCE MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION-A

Answer any THREE questions:

(3×20=60)

1. The Telephone Co (T Co) is a company specialising in the provision of telephone systems for commercial clients. There are two parts to the business: installing telephone systems in businesses, either first time installations or replacement– installations; supporting the telephone systems with annually renewable maintenance contracts.– T Co has been approached by a potential customer, Push Co, who wants to install a telephone system in new offices it is opening. Whilst the job is not a particularly large one, T Co is hopeful of future business in the form of replacement systems and support contracts for Push Co. T Co is therefore keen to quote a competitive price for the job. The following information should be considered:

- (1) One of the company's salesmen has already been to visit Push Co, to give them a demonstration of the new system, together with a complimentary lunch, the costs of which totalled \$400.
- (2) The installation is expected to take one week to complete and would require three engineers, each of whom is paid a monthly salary of \$4,000. The engineers have just had their annually renewable contract renewed with T Co. One of the three engineers has spare capacity to complete the work, but the other two would have to be moved from contract X in order to complete this one. Contract X generates a contribution of \$5 per engineer hour. There are no other engineers available to continue with Contract X if these two engineers are taken off the job. It would mean that T Co would miss its contractual completion deadline on Contract X by one week. As a result, T Co would have to pay a one-off penalty of \$500. Since there is no other work scheduled for their engineers in one week's time, it will not be a problem for them to complete Contract X at this point.
- (3) T Co's technical advisor would also need to dedicate eight hours of his time to the job. He is working at full capacity, so he would have to work overtime in order to do this. He is paid an hourly rate of \$40 and is paid for all overtime at a premium of 50% above his usual hourly rate.
- (4) Two visits would need to be made by the site inspector to approve the completed work. He is an independent contractor who is not employed by T Co, and charges Push Co directly for the work. His cost is \$200 for each visit made.
- (5) T Co's system trainer would need to spend one day at Push Co delivering training. He is paid a monthly salary of \$1,500 but also receives commission of \$125 for each day spent delivering training at a client's site.
- (6) 120 telephone handsets would need to be supplied to Push Co. The current cost of these is \$18.20 each, although T Co already has 80 handsets in inventory. These were bought at a price of \$16.80 each. The handsets are the most popular model on the market and frequently requested by T Co's customers.
- (7) Push Co would also need a computerised control system called "Swipe 2". The current market price of Swipe 2 is \$10,800, although T Co has an older version of the system, "Swipe 1", in inventory, which could be modified at a cost of \$4,600. T Co paid \$5,400 for Swipe 1 when it ordered it in error two months ago and has no other use for it. The current market price of Swipe 1 is \$5,450, although if T Co tried to sell the one it has, it would be deemed to be "used" and therefore only worth \$3,000.

- (8) 1,000 metres of cable would be required to wire up the system. The cable is used frequently by T Co and it has 200 metres in inventory, which cost \$1.20 per metre. The current market price for the cable is \$1.30 per metre.
- (9) You should assume that there are four weeks in each month and that the standard working week is 40 hours long.

Required:

- (a) Prepare a cost statement, using relevant costing principles, showing the minimum cost that T Co should charge for the contract. Make **DETAILED** notes showing how each cost has been arrived at and **EXPLAIN** why each of the costs above has been included or excluded from your cost statement. (14 marks)
- (b) Explain the relevant costing principles used in part (a) and explain the implications of the minimum price that has been calculated in relation to the final price agreed with Push Co. (6 marks)
2. Oliver is the owner and manager of Oliver's Salon, which is a quality hairdresser that experiences high levels of competition. The salon traditionally provided a range of hair services to female clients only, including cuts, colouring and straightening. A year ago, at the start of his 20X1 financial year, Oliver decided to expand his operations to include the hairdressing needs of male clients. Male hairdressing prices are lower, the work simpler (mainly haircuts only) and so the time taken per male client is much less. The prices for the female clients were not increased during the whole of 20X0 and 20X1 and the mix of services provided for female clients in the two years was the same. The latest financial results are as follows:

	\$	20X0 \$	\$	20X1 \$
Sales		200,000		238,500
Less: Cost of sales:				
Hairdressing staff costs	65,000		91,000	
Hair products – female	29,000		27,000	
Hair products - male			8,000	
		94,000		126,000
Gross Profit		106,000		112,500
Less: Expenses:				
Rent	10,000		10,000	
Administration Salaries	9,000		9,500	
Electricity	7,000		8,000	
Advertising	2,000	28,000	5,000	32,500
Profit		78,000		80,000

Oliver is disappointed with his financial results. He thinks the salon is much busier than a year ago and was expecting more profit. He has noted the following extra information:

- (1) Some female clients complained about the change in atmosphere following the introduction of male services, which created tension in the salon.
- (2) Two new staff were recruited at the start of 20X1. The first was a junior hairdresser to support the specialist hairdressers for the female clients. She was appointed on a salary of \$9,000 per annum. The second new staff member was a specialist hairdresser for the male clients. There were no increases in pay for existing staff at the start of 20X1 after a big rise at the start of 20X0 that was designed to cover two years' worth of increases.

Oliver introduced some non-financial measures of success two years ago:

	20X0	20X1
Number of complaints	12	46
Number of male client visits	0	3,425
Number of female client visits	8,000	6,800
Number of specialist hairdressers for female clients	4	5
Number of specialist hairdressers for male clients	0	1

Required:

- (a) Calculate the average price for hair services per male and female client for each of the years 20X0 and 20X1. (3 marks)
 - (b) Assess the financial performance of the Salon using the data above. (11 marks)
 - (c) Analyse and comment on the non-financial performance of Oliver's business, under the headings of quality and resource utilisation. (6 marks)
3. The Education ministry of Homeland wishes to introduce performance measurement into schools as a way of improving efficiency and quality of education. As a pilot exercise, staff from the ministry of education have selected two schools in Bigton, and obtained comparative financial data for the most recent school year:
- (1) Northtown is a state owned school whose performance in terms of the exam league tables is slightly above the national average.
 - (2) St Trinian's, a private day school located close to Northtown, has excellent academic standards.
- Both schools provide education to children from the age of 11 to 18 and have similar facilities, although St Trinian's is slightly smaller than Northtown. Data collected by the ministry of education staff is as follows:

	Northtown	St. Trinian's
Number of pupils	1,200	700
Average class size (number of pupils)	30	15
Costs:	\$000	\$000
Teaching	3,600	2,800
Back office costs	720	210
Buildings maintenance	648	210
Internet and computers for students	180	70
Energy	180	53
Total Costs	<u>5,328</u>	<u>3,343</u>

Required:

- (a) Explain the characteristics that differentiate public sector organisations from commercial organisations, using the two schools in Bigton to illustrate your answer. (8 marks)
 - (b) Evaluate the performance of Northtown against St Trinian's using the benchmark data provided. (12 marks)
4. a. List the main differences between management accounting and financial accounting (4 marks)
- b. (i) A company operates a throughput accounting system. The details per unit of Product C are: Selling price \$28.50, Material cost \$9.25, Labour cost \$6.75, Overhead costs \$6.00, Time on bottleneck resource 7.8 minutes.
- What is the throughput contribution per hour for Product C?

- (ii) Mario operates a small business that makes pizzas and delivers them within a two-mile radius. The variable cost incurred to make and deliver one pizza is \$2.15. The average price charged is \$6.50 per pizza, including delivery. Mario estimates the annual fixed costs of his business are \$40,000, including salaries of \$24,000. What is the breakeven number of pizzas per year for Mario's business?

- (iii) The budgeted costs for a company at different levels of output are as follows:

Output	Total costs
24,000 units	\$304,000
30,000 units	\$352,000
35,000 units	\$392,000

The variable cost per unit will reduce by 5% for output levels above 40,000 units. The reduced cost per unit will apply to all units. Fixed costs will increase by \$30,000 for output levels above 38,000 units.

What are the budgeted total costs for an output level of 45,000?

- (iv) Admedia Co provides an advertising design and production service to clients. The production section is the only customer of the design section, with all design work being transferred at full cost plus 40%. The production section charges clients \$90 per hour. In the forthcoming three months, Admedia has budgeted that 7,000 hours will be charged to clients. The budgeted costs are:
- | | | | | | |
|----------|------------|----------------|---------------|---------------|-------------|
| Design | Production | Variable costs | \$29 per hour | \$35 per hour | Fixed costs |
| \$56,160 | \$172,000 | Hours | 2,400 | 7,000 | |
- What is the budgeted profit for the two sections? **(16 marks)**

SECTION-B

Answer any THREE questions:

(3×5=15)

5. (i) The budgeted overheads of Nambro for the next year have been analysed as follows:

	\$000
Purchase order processing costs	450
Production run set up costs	180
Machine running costs	640

In the next year, it is anticipated that machines will run for 32,000 hours, 6,000 purchase orders will be processed and there will be 450 production runs.

One of the company's products is produced in batches of 500. Each batch requires a separate production run, 30 purchase orders and 750 machine hours.

Using Activity Based Costing, what is the overhead cost per unit of the product?

- (ii) Nottingham Co. is planning to use three staff members for a special project, but the company needs to calculate whether the project will be profitable.

The full employment costs for the three staff involved in the project, for the life of the project, would be \$15,600. The cost of hiring agency staff to cover the work they would normally undertake would be \$21,400. Another alternative is for three regular staff to cover the work of the staff involved in the project and to hire new additional staff to cover for these three regular staff at a cost of \$18,000. What is the cost of staff that should be included in the calculation of the profitability of the project?

6. (i) Graytun Co has a production capacity of 280,000 units per annum. The budgeted sales volume for the next year is 256,000 units and the break even volume is 167,000 units. What is the margin of safety ratio?

- (ii) Ardvec makes four products which sell in roughly equal volume. Data in respect of each product is shown below:

Per unit	Economy	Standard	Premium	Deluxe
Selling price	\$28	\$32	\$37	\$40
Variable cost	\$13	\$16	\$20	\$22
Direct labour hours	0.17	0.22	0.28	0.31

In the coming period, a shortage of direct labour means that Ardvec can only manufacture three products.

In order to maximise short term profit which product should NOT be produced?

7. (i) A shopkeeper finds that if he sets the price of a particular product at \$9.00 per unit he sells, on average, 150 units of the product per month. However, at a price of \$10.00 per unit, he sells an average of 110 units per month. What is the price elasticity of demand for the product?
- (ii) A company is considering whether to develop and market a new product. The cost of developing the product is estimated to be \$150,000. There is a 70% probability that the development will succeed and a 30% probability that the development will be unsuccessful. If the development is successful the product will be marketed. There is a 50% chance that the marketing will be very successful and the product will make a profit of \$250,000. There is a 30% chance that the marketing will be reasonably successful and the product will make a profit of \$150,000 and a 20% chance that the marketing will be unsuccessful and the product will make a loss of \$80,000. These profit and loss amounts take account of the \$150,000 development cost. What is the expected value of the decision to develop and market the product?
8. (i) In the last financial year, the net profit margin of Grippa Co was 14.7% and asset turnover was 2.3 times. What was the company's Return On Capital Employed (ROCE) for the financial year?
- (ii) The plastics division of Ladmar has just reported a divisional return on capital employed of 30% for the last twelve months. The capital employed in the plastics division is \$1,200,000. The company's overall return on capital employed is 18%, and the overall cost of capital is 14%. The plastics division's cost of capital is 13%. What is the plastic division's residual income?

SECTION-C

Answer ALL questions:

(5×1=5)

9. Which costing approach identifies ways of making an acceptable profit margin on the market price of a product or service?

A) Activity-based costing B) Benchmarking C) Life-cycle costing D) Target costing

10. Which of the following best describes the term "relevant cash flow"?

A) The benefit which would have been obtained from the best alternative foregone
 B) The difference in future operating cash flows resulting from a decision
 C) A future cash flow which cannot be avoided
 D) All cash flows, including financing cash flows, arising from a project

11. The following statements have been made about sales pricing policies:
(1) Market skimming will lead to a constant price throughout the product's life
(2) Cost plus pricing will lead to profit being maximised
Which of the above statements is/are true?

A) 1 only B) 2 only C) Neither 1 nor 2 D) Both 1 and 2

12. The finance function of Bagnall Co has been asked to oversee the production of the company's budgets for the forthcoming year. In their initial instructions to the company's various divisions the finance function has stressed that once budgets for next year have been formally agreed steps will be taken to maintain their ongoing relevance by undertaking a monthly review of budgets for forthcoming months in the light of performance in earlier months.

Which of the following best describes this approach to budgeting?

A) Flexible budgeting B) Incremental budgeting
C) Zero-based budgeting D) Rolling budgeting

13. The following statements have been made about management information systems:
(1) They are designed to report on existing operations
(2) They have an external focus.

Which of the above statements is/are true?

A) 1 only B) 2 only C) Neither 1 nor 2 D) Both 1 and 2

CGM 203.1

Reg. No.

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
BUSINESS LAW

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Define a Contract and explain the various types of Contracts.
2. What is a Contract of Agency? Explain the different modes of Creation of Agency.
3. Explain the essential of a Contract of Sale. Distinguish between Sale and Agreement to sell.
4. Define Partnership. Explain the Rights, Duties of Partners.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the facts of the case 'Balfour VS Balfour'.
6. Briefly explain the essentials of a valid contract.
7. Write a note on Caveat Emptor.
8. What is Bailment? Briefly explain its features.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is the main object of law?
10. What is a Contingent Contract?
11. What is a Pledge?
12. What is meant by Quantum Meruit.
13. What is meant by expulsion of partner?

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION
APRIL 2017
INTERNATIONAL TRADE

Time: 3 Hrs

Max. Marks: 80

SECTION – A

I. Answer any THREE of the following: **20×3=60**

1. Explain the comparative cost theory of international trade with all its assumptions. What are its criticisms?
2. Define protection. Explain the arguments for protection policy.
3. What are the components of balance of payments? Examine the causes of disequilibrium in the balance of payments.
4. Discuss the balance of payments theory of Exchange rate determination.

SECTION – B

II. Answer any THREE of the following: **5×3=15**

5. Briefly explain the features of international trade.
6. Explain the types of tariffs.
7. Briefly explain the different concepts of exchange rate.
8. Explain the methods of quoting exchange rates.

SECTION – C

III. Answer ALL the following: **1×5=5**

9. Define free trade.
10. What are terms of trade?
11. What is FEMA?
12. What is meant by forward contract?
13. What is meant by Arbitrage Operations?

COM 205.1

Reg. No.

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION

APRIL 2017

COMMERCE

INSURANCE MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. What is Risk? Explain the various type of risks and methods of handling risks.
2. Explain the objectives, functions and powers of IRDA.
3. What is General Insurance? Explain the types of general insurance.
4. Mrs. Amitha has taken an endowment policy of ₹2,00,000 for 20 years. You are required to calculate the surrender value from the following information furnished by her.
Date of commencement 1-4-1999
Mode of payment a) Yearly b) Half-yearly c) Quarterly d) Monthly
Last premium paid 1-4-2013
Surrender value factor 40%

SECTION – B

Answer any THREE questions:

3×5=15

5. Write a short note on principle of 'proximate cause' in Insurance.
6. State the rules to become an Insurance Agent.
7. What are the perils covered and excluded under Fire Insurance?
8. State the conditions of Motor Vehicles Insurance policy.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is an Endowment Policy?
10. Give the meaning of Bancassurance.
11. Who is a Beneficiary?
12. Who is a Composite Agent?
13. What is Third Party Policy?

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
PERSONAL TAXATION- II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A**Answer any THREE questions:****3×20=60**

1. From the following Profit & A/c of Mr. Ganesh, compute the Gross Total Income:

	₹		₹
To Salaries & Wages	15,000	By Gross Profit	1,60,000
To Rent & Taxes	8,000	By Bad Debts Recovered	2,000
To Advertisement	10,000	(not allowed earlier)	
To Interest on Capital	5,000	By Rent from House Property	12,000
To Interest on Bank Loan	6,000	By Interest on Deposit in Bank	5,000
To Bad Debts	2,250	By Profit on shares (short term)	10,000
To Fire Insurance Premium	1,000	By Dividend from Indian Company	3,000
(let out property)			
To Depreciation	4,000		
To Motor Car Expenses	5,000		
To Local Tax	500		
(let out property)			
To Donation to National Defense Fund	1,000		
To Income Tax	3,500		
To Reserve for Bad Debts	6,000		
To Net Profit	1,24,750		
	1,92,000		1,92,000

Following information is available:

- 1) Salaries include ₹500p.m. drawn by Mr. Ganesh as salary.
- 2) Advertisement includes ₹2,000 spent on special advertising campaign to open a new shop in market.
- 3) ¼ of car expenses relate to personal use.
- 4) Depreciation is found to be in excess by ₹1,000
- 5) Actual bad debts amounted to ₹2,000
- 6) Bank loan is taken for business purpose

2. a) What are the differences between Long Term Capital Gains and Short Term Capital Gains? **(5 Marks)**
- b) Anirudh sold the following properties. **(15 Marks)**
 - i) Jewellery costing ₹75,000 purchased on 6th January 2014, sold for ₹2,00,000 in December 2015.
 - ii) House at Mangaluru let out for residence, sold on 30.11.15 for ₹20,00,000. It was inherited by him in 1974 and its FMV on 1.4.81 was ₹1,60,000. His father had acquired it for ₹1,00,000 in 1970. He purchased another flat in February 2016 for ₹3,00,000.

- iii) Household furniture costing ₹18,000 in October 2015, sold for ₹25,000 on December 2015.
- iv) Agricultural land in Mysuru sold for ₹5,25,000. It had cost him ₹85,000 in December 1990. He purchased agricultural land for ₹1,20,000 in July 2016. Compute his taxable capital gains. CII for 1981-82:100, 1990-91:182, 2015-16:1081

3. a) What are bond washing transaction? How are they treated? **(5 Marks)**
 b) Mr. Anshul has the following investments in the previous year. **(15 Marks)**

- 1) ₹12,000 10% Central Government Securities.
 - 2) ₹36,000 10% Tax free commercial Securities (listed)
 - 3) ₹9,000 interest received on tax free debentures of Public Limited Company.
 - 4) ₹3,000 interest received on Karnataka Government Bonds.
 - 5) ₹4,500 as interest received on a company securities (listed)
 - 6) Dividend received from a co-operative society ₹5,000.
 - 7) Jewellery worth ₹60,000 received as gift from a friend.
 - 8) Winnings from lottery ₹10,50,000 (net).
 - 9) Interest on deposit under National Deposit Scheme ₹8,000.
 - 10) Interest received after TDS on fixed deposit with Canara Bank ₹10,800 (net).
- For purchasing the tax free commercial securities, he took a loan of ₹30,000 at 10%p.a. from his friend in Bahrain. He also claims an expenditure of ₹2,000 incurred for purchasing lottery tickets. Compute the income from other sources.

4. a) Write a note on deduction U/S 80G. **(5 Marks)**
 b) Mr. Anvith, Indian resident submits the following particulars: **(15 Marks)**

	₹
1) Income from let out house (computed)	9,500
2) Profit from watch business	20,000
3) Interest from firm	1,600
4) Speculation profits	2,000
5) Short term capital gains	4,000
6) Long term capital gains	12,000

The following items have been b/f from the preceding AY

	₹
1) Loss from Toy business (now discontinued)	4,000
2) Loss from watch business	2,500
3) Unabsorbed depreciation	1,000
4) Speculation loss	2,800
5) Short term capital loss (of the year 2010-11)	3,900
6) Long term capital loss (of the year 2012-13)	10,400

Current years' depreciation amounted to ₹800
 Compute his Gross Total Income

SECTION – B

Answer any **THREE** questions:

3×5=15

5. What is grossing up of interest? State the rules of grossing up of interest.
6. Briefly explain the Income Tax provisions relating to the determination of cost of Acquisition.

7. Mr. Arav furnishes the following information in respect of Donation made by him in the previous year:
- a) Donation to PMNRF ₹2,00,000
 - b) Donation to National Defense Fund ₹4,00,000
 - c) Donation to Rajiv Gandhi Foundation ₹1,00,000
 - d) Donation to approved charitable institution ₹1,00,000
 - e) Donation given to a poor student ₹40,000
 - f) ₹1,00,000 given to municipality for Family Planning
- His Gross Total Income is ₹15,00,000. Compute his Total Income.
8. The Gross Total Income of Mr. Ankur is ₹6,00,000. He paid ₹8,000 as medical insurance premium, spent ₹2,000 for health checkup, spent ₹26,000 for the treatment of severely handicapped brother and ₹90,000 for the treatment of his father (aged 80 years) who suffers from cancer (specified disease). Compute the total income.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is “tax free commercial securities”?
10. Under which head of income the following incomes are assessed:
- a) Salary of MP's, MLA's and Ministers.
 - b) Family pension received.
11. State, giving reasons, how the following items are treated while computing business income:
- a) Preliminary expenditure
 - b) Legal expenses incurred to defend against criminal liability.
12. State the provisions of deductions u/s 80E.
13. What is “speculation profits”?

CREDIT BASED FOURTH SEMESTER B.COM. DEGREE EXAMINATION

APRIL 2017

STATISTICS

QUANTITATIVE TECHNIQUES-II

Time: 3 Hrs

Max. Marks: 80

Note: Graph Sheets will be provided on request.

SECTION - A

Answer any THREE of the following:

3X20=60

1. a) A paper mill produces two grades of paper namely X and Y. Owing to raw material restrictions, it cannot produce more than 400 tons of grade X and 300 tons of grade Y in a week. There are 160 production hours in a week. It requires 0.2 and 0.4 hours to produce a ton of products X and Y respectively with corresponding profits of RS. 200 and RS.500 per ton. Formulate the above as an L.P.P. (5)

- b) Solve the following LPP by simplex method.

$$\text{Maximize } Z = x_1 + x_2$$

$$\text{Subject to } 3x_1 - 8x_2 \leq 24$$

$$10x_1 + 7x_2 \leq 35$$

$$x_1, x_2 \geq 0$$

(15)

2. a) A company has three plants A, B and C, 3 warehouses X, Y and Z. The number of units available at the plants is 60, 70, 80 and the demand at X, Y, Z is 50, 80, 80 respectively. The unit cost of the transportation is given in the following table. Find the optimum allocation so that the total transportation cost is minimum by finding initial basic feasible solution by NWCR

	X	Y	Z
A	8	7	3
B	3	8	9
C	11	3	5

(10)

- b) Using an appropriate interpolation formula estimate the students who obtain marks between 45 and 55 from the following data.

(10)

Marks	30-40	40-50	50-60	60-70	70-80
No. of Students	31	42	51	35	31

3. a) Four different jobs can be done on four different machines and the take down time costs are prohibitively high for change overs. The matrix below gives the cost in rupees for producing job i on machine j. How should the jobs be assigned to the various machines so that the total cost is minimized?

Jobs	Machines			
	M_1	M_2	M_3	M_4
J_1	5	7	11	6
J_2	8	5	9	6
J_3	4	7	10	7
J_4	10	4	8	3

(10)

- b) Solve the following LPP graphically.

Maximize $z = 3x_1 + 5x_2$

Subject to $x_1 + 2x_2 \leq 2000$

$x_1 + x_2 \leq 1500$

$x_2 \leq 600$

$x_1, x_2 \geq 0$

(5)

- c) The marked prices of two types A and B refrigerators are Rs.8000 and Rs.10,500 respectively. The profit margins for the shopkeepers on these types are 10% and 8% of the marked price respectively. Which of the two types should the shopkeeper recommend to the buyers so that his profit would be more?

(5)

4. a) Find the missing value using binomial method from the following data.

(5)

Year	1990	1992	1994	1996	1998	2000
Sales (in lakhs)	150	235	365	?	525	780

- b) RS.10,000 deposited with a bank amounted to 13, 106.84 in 2 years at certain rate of simple interest. Find the rate of interest. What would be the amount at the same rate of compound interest.

(5)

- c) At certain rate of interest compounding quarterly, a sum doubles in 4 years. Find the nominal and effective rate of interest.

(10)

SECTION - B

Answer any THREE of the following:

3X5=15

5. Write the importance of Operations Research. (5)
6. If a wholesaler allows 15% trade discount to the retailer. In addition, if he offers 4% cash discount for down payment, find marked price if selling price is ₹408. (5)
7. The banker's gain on a certain bill due 3 months hence is RS.100 and the rate of interest is 8% p.a. Find face value of the bill. Also find true discount. (5)
8. Suppose the three bills for RS.5800, RS.9000 and RS.3600 are due respectively on 2nd July, 6th August and 20th September. Find the equated due date. (5)

SECTION - C

Answer all the questions:

5x1=5

9. Write any two functions of OR.
10. How do you identify unbounded solution in a simplex table?
11. What do you mean by interpolation?
12. Calculate simple interest payable on RS.500 for 2 years and 2 days at 7% p.a.
13. Find banker's discount on a bill of RS.10,000 due after 3 months at 12% p.a.

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
COST ACCOUNTING – II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. From the following information prepare the process accounts:

Particulars	A (₹)	B (₹)	C (₹)
Materials	10,000	15,000	9,000
Wages	35,000	14,300	9,500
Chargeable expenses	8,000	12,500	6,800
Sales value of scrap	3	6	12
Normal loss	5%	10%	12%
Actual output (Units)	9,350	8,500	7,200

10,000 units were introduced at ₹125 per unit to Process A.

2. A bus with a capacity of 60 passengers makes a round trip from Mysuru to Mangaluru via Puttur per day. The distance between Mysuru and Puttur is 175k.m. and between Puttur and Mangaluru is 75k.m. The capacity on the outward journey is full from Mysuru to Puttur and 60% from Puttur to Mangaluru. The capacity on the return journey is full from Mangaluru to Puttur and 50% from Puttur to Mysuru.

The following information is given:

The bus runs for 25 days a month.

The cost of the bus is ₹2,40,000 and has a scrap value of ₹25,000 after 10 years.

Annual tax ₹3,000, Insurance per month ₹600, Rent per annum ₹2,400, Driver's salary ₹2,400 per month, Cost of diesel per litre ₹22, 1 litre for 6k.m. Tyre cost per k.m. ₹0.75.

Calculate the takings when profit is 50% on takings.

3. The information relates to a contract where the contract price is ₹12,00,000 and cash received is 80% of work certified.

Particulars	I Year (₹)	II Year (₹)	III Year (₹)
Materials	1,60,000	1,75,000	96,000
Direct Wages	1,25,000	1,65,000	1,45,000
Expenses	15,000	20,000	16,000
Indirect Wages	18,000	25,000	38,000
Work certified	2,60,000	7,50,000	12,00,000
Work uncertified	19,000	25,000	----
Plant	64,000	----	----
Material on site	6,000	8,000	12,000
Plant lost	----	2,500	----

Prepare the contract accounts after charging 10% depreciation on plant.

4. Following particulars are supplied in respect of Machine No.756.

	₹
Cost of the machine	2,00,000
Cost of installation of machine	60,000
Scrap value after 10 years	20,000
Rent and rates per month	2,000
Supervisor's salary per month	9,000
Insurance Premium for the machine (Per annum)	4,800
Repairs and Maintenance (Per annum)	3,000
Factory lighting per month	2,000
Power bill for the month (10 units per hour at the rate of ₹6 per Unit)	12,000
Wages of operator per month	4,000
Cotton waste, oil etc. per month	400

The machine occupies $\frac{1}{4}$ th of the total area of the factory. The supervisor spends $\frac{1}{4}$ th of his time on the machine.

Calculate the Machine hour rate.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Product P yields products Q and R. The joint expenses are materials ₹9,000, Labour ₹8,000 On cost ₹9,000.

The subsequent expenses are:

Particulars	P ₹	Q ₹	R ₹
Materials	2,000	1,600	1,800
Labour	2,400	1,400	1,700
On cost	2,600	1,000	1,500
Sales	42,000	20,000	18,000
Estimated profit on Sales	50%	50%	33 $\frac{1}{3}$ %

Show the apportionment of Joint Expenses and prepare an account-Product P.

6. Rakesh Transport Company owns a bus which runs between Delhi and Chandigarh and back for 10 days in a month. The distance from Delhi to Chandigarh is 240kms. The bus completes the trip on the same day. The bus goes another 10 days in a month towards Agra and the distance between Delhi and Agra is 190kms. The bus completes the trip on the same day. For the rest 4 days it runs in the local city covering a distance of 70 kms daily. The bus is 90% full when it runs between Delhi and Chandigarh. The bus is 80% full when it runs between Delhi and Agra. It runs within the city with a full capacity of 75 passengers. Calculate the total passenger kms of the vehicle.
7. The information given below has been taken from the records of an engineering works in respect of Job No.777.
Material ₹8,500
Wages: Department A 60 hours @ ₹4 per hour
Department B 40 hours @ ₹3 per hour
Department C 30 hours @ ₹5 per hour

The works overheads are as follows:

Variable: Department A ₹6,000 for 6,000 labour hours
Department B ₹3,000 for 1,500 labour hours
Department C ₹4,000 for 500 labour hours

Fixed expenses ₹30,000 for 10,000 working hours

Calculate the cost of the Job No. 777 and the price for the job to earn a profit of 25% on the selling price.

8. Explain the rules for transfer of notional profit to profit and loss account in case of incomplete contracts.

SECTION – C

Answer ALL the questions:

5×1=5

9. The setting up cost of a machine for a batch is ₹240. The carrying cost of the inventory is estimated to be 5 paise per unit per month. The demand for the product per month is 250 units and demand is constant. Calculate the Economic Batch Quantity.
10. State any two differences between job and batch costing.
11. What is Machine Hour Rate?
12. What is Cost Plus Contract? Write any two advantages of Cost Plus Contract.
13. What is a Joint Product? Give an example.

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
COST ACCOUNTING – II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

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Chargeable expenses	8,000	12,500	6,800
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Normal loss	5%	10%	12%
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2. A bus with a capacity of 60 passengers makes a round trip from Mysuru to Mangaluru via Puttur per day. The distance between Mysuru and Puttur is 175k.m. and between Puttur and Mangaluru is 75k.m. The capacity on the outward journey is full from Mysuru to Puttur and 60% from Puttur to Mangaluru. The capacity on the return journey is full from Mangaluru to Puttur and 50% from Puttur to Mysuru.

The following information is given:

The bus runs for 25 days a month.

The cost of the bus is ₹2,40,000 and has a scrap value of ₹25,000 after 10 years.

Annual tax ₹3,000, Insurance per month ₹600, Rent per annum ₹2,400, Driver's salary ₹2,400 per month, Cost of diesel per litre ₹22, 1 litre for 6k.m. Tyre cost per k.m. ₹0.75.

Calculate the takings when profit is 50% on takings.

3. The information relates to a contract where the contract price is ₹12,00,000 and cash received is 80% of work certified.

Particulars	I Year (₹)	II Year (₹)	III Year (₹)
Materials	1,60,000	1,75,000	96,000
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Expenses	15,000	20,000	16,000
Indirect Wages	18,000	25,000	38,000
Work certified	2,60,000	7,50,000	12,00,000
Work uncertified	19,000	25,000	----
Plant	64,000	----	----
Material on site	6,000	8,000	12,000
Plant lost	----	2,500	----

Prepare the contract accounts after charging 10% depreciation on plant.

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	₹
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Insurance Premium for the machine (Per annum)	4,800
Repairs and Maintenance (Per annum)	3,000
Factory lighting per month	2,000
Power bill for the month (10 units per hour at the rate of ₹6 per Unit)	12,000
Wages of operator per month	4,000
Cotton waste, oil etc. per month	400

The machine occupies $\frac{1}{4}$ th of the total area of the factory. The supervisor spends $\frac{1}{4}$ th of his time on the machine.

Calculate the Machine hour rate.

SECTION – B

Answer any THREE questions:

3×5=15

5. Product P yields products Q and R. The joint expenses are materials ₹9,000, Labour ₹8,000 On cost ₹9,000.

The subsequent expenses are:

Particulars	P ₹	Q ₹	R ₹
Materials	2,000	1,600	1,800
Labour	2,400	1,400	1,700
On cost	2,600	1,000	1,500
Sales	42,000	20,000	18,000
Estimated profit on Sales	50%	50%	33 $\frac{1}{3}$ %

Show the apportionment of Joint Expenses and prepare an account-Product P.

6. Rakesh Transport Company owns a bus which runs between Delhi and Chandigarh and back for 10 days in a month. The distance from Delhi to Chandigarh is 240kms. The bus completes the trip on the same day. The bus goes another 10 days in a month towards Agra and the distance between Delhi and Agra is 190kms. The bus completes the trip on the same day. For the rest 4 days it runs in the local city covering a distance of 70 kms daily. The bus is 90% full when it runs between Delhi and Chandigarh. The bus is 80% full when it runs between Delhi and Agra. It runs within the city with a full capacity of 75 passengers. Calculate the total passenger kms of the vehicle.
7. The information given below has been taken from the records of an engineering works in respect of Job No.777.
Material ₹8,500
Wages: Department A 60 hours @ ₹4 per hour
Department B 40 hours @ ₹3 per hour
Department C 30 hours @ ₹5 per hour

The works overheads are as follows:

Variable: Department A ₹6,000 for 6,000 labour hours
Department B ₹3,000 for 1,500 labour hours
Department C ₹4,000 for 500 labour hours

Fixed expenses ₹30,000 for 10,000 working hours

Calculate the cost of the Job No. 777 and the price for the job to earn a profit of 25% on the selling price.

8. Explain the rules for transfer of notional profit to profit and loss account in case of incomplete contracts.

SECTION – C

Answer ALL the questions:

5×1=5

9. The setting up cost of a machine for a batch is ₹240. The carrying cost of the inventory is estimated to be 5 paise per unit per month. The demand for the product per month is 250 units and demand is constant. Calculate the Economic Batch Quantity.
10. State any two differences between job and batch costing.
11. What is Machine Hour Rate?
12. What is Cost Plus Contract? Write any two advantages of Cost Plus Contract.
13. What is a Joint Product? Give an example.

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
FINANCIAL ACCOUNTING – IV

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. On 1st January 2004 Granite India Ltd obtained some land on lease for a minimum rent of ₹3,000p.a. for the first year, ₹5,000p.a. for the second year and there after ₹10,000p.a. merging into a royalty of 50 paise per ton of output with the power to recoup the short working over two years after occurring of short workings.

The output were as follows:

Year	Output (in tons)
2004	3000
2005	8600
2006	22000
2007	18000 (strike for 3 months)
2008	50000

There was a provision in the lease that in the event of strike the minimum rent is to be reduced proportionately. Prepare

- a) Minimum Rent A/c b) Royalty A/C c) Lessor's A/c
d) Short workings A/c in the books of "Granite India Ltd.
2. A, B and C share Profits and Losses in the proportion of $\frac{4}{10}$ $\frac{5}{10}$ and $\frac{1}{10}$. Their Balance Sheet as on 31st December 2004 was as follows.

Liabilities	₹	Assets	₹
Sundry Creditors	10,000	Cash in Hand	3,000
A's loan	6,000	Other Assets	56,000
B's loan	3,000		
Reserve fund	6,000		
Profit & Loss A/c	4,000		
Capital Accounts			
A	15,000		
B	12,000		
C	3,000		
	59,000		59,000

The partnership is dissolved and the assets are realized as follows:

First realization ₹10,000

Second realization ₹20000

Third realization ₹17000

Realisation expenses were estimated at ₹2,000 but actually came to ₹1,500. C took stock worth ₹500 at the time of Third realization.

Prepare a statement showing piecemeal distribution of cash by following Proportionate Capital Method.

3. Akaar and Vikas are partners in a firm sharing profit and losses in the ratio of their capitals. The Balance Sheet as on 31-12-2010 is as follows.

Liabilities	₹	Assets	₹
Creditors	1,10,000	Cash	9,000
Reserve fund	14,000	Debtors	80,000
Capital A	1,50,000	Stock	74,000
N	1,00,000	Plant	1,70,000
		Investment	41,000
	3,74,000		3,74,000

The firm was sold to Phalguni Ltd on the following terms:

- 1) The company was to purchase the whole concern except cash and investments at 10% less than the book value.
- 2) The creditors were taken over at the book value.
- 3) The company agreed to pay ₹10,000 for goodwill.
- 4) The purchase price was paid half in cash and half in fully paid shares of ₹10 each of company.
- 5) The firm realized its own investment and the shares at 5% less.

Prepare necessary ledger accounts to close the books of the firm.

4. ABC Ltd has its Head Office in Mumbai and branch at Delhi. The branch keeps the debtors ledger and Bank's all cash received to the head office Bank A/c. Goods are invoiced to the branch at cost plus $33\frac{1}{3}\%$. On 1st January 2007 the commencement of the financial year the balances in the head office ledger appeared as follows.

	₹
Branch debtors A/c	15,000
Branch stock A/c (at selling price)	6,000
Branch stock adjustment A/c (cr.)	1,500

Following were the transactions of the branch during the year ended 31-12-2007

	₹
Cash sales	7,500
Credit sales	1,50,000
Goods from head office at selling Price	1,80,000
Cash received from branch debtors	1,44,000
Discount allowed to branch debtors	3,690
Branch expenses paid by the head office	37,500

Stock at the branch on 31st Dec 2007 was ₹24,000 at selling price.

Prepare the necessary ledger accounts in the books of head office according to stock and debtors system.

SECTION – B

Answer any THREE questions:

3×5=15

5. Shukla wrote a book on Accountancy and got it published by S Chand and Co., on the terms that royalties will be paid at ₹5 per copy sold. Subject to minimum rent of ₹15,000p.a. with the right to recoup the short workings over the first 3 years only.

Other information's are as follows:

Year	Copies printed	Copies in closing stock
2008	2000	100
2009	3000	200
2010	4000	400
2011	5000	500

Prepare analytical table.

6. A departmental store carries on business through 3 departments A, B, and C. Following information for the year 2014 is made available to you.

Salary ₹15,000

Rent ₹3,000

All expenses are chargeable to each department in proportion to turnover of respective departments.

Following balances made available as on 31-12-2014.

Particulars	A (₹)	B (₹)	C (₹)
Opening stock	10,000	6,000	15,000
Purchases	1,00,000	60,000	20,000
Sales	96,000	62,000	19,000
Closing stock	23,000	8,000	6,000

Prepare departmental Trading and Profit & Loss A/c.

7. Nayak Trading Co., of Mangalore having branch at Bantwal Provides the following information to you.

	₹
Branch stock on 1-1-2014	20,000
Branch debtors on 1-1-2014	8,000
Branch petty cash on 1-1-2014	5,300
Goods sent to branch	1,60,000
Cash sales	2,60,000
Total sales	3,40,000
Cash received from debtors	74,000
Cash sent by head office for expenses	12,000
Bad debts	200
Goods returned by the branch	2,000
Petty expenses paid by branch	4,300
Stock on 31-12-2014	10,000
Branch debtors on 31-12-2014	9,800

Prepare Bantwal Branch A/c.

8. Lion and Tiger share profit & losses in the ratio of 3:1.

Balance Sheet on 31-12-2010

Liabilities	₹	Assets	₹
Creditors	14,320	Fixed assets	21,000
Tiger's loan	3,000	Stock	11,200
Reserve	6,200	Debtors	19,600
Capital: Lion	24,000	Cash	3,720
Tiger	8,000		
	55,520		55,520

Elephant Ltd., agreed to take over fixed assets and stock for ₹48,000 which it paid in cash of ₹16,000, 160, 8% Preference share of ₹100 each (market value of ₹75 each) and balance in 1600 equity shares of ₹10 each. Debtors realized ₹19,200. Creditors were paid ₹14,000. Lion took over motor car of value of ₹4,100 at ₹4,200. Prepare Realisation A/c.

SECTION – C

Answer ALL the questions:

5×1=5

9. State the order of payment at the time of dissolution of partnership firm.
10. What is meant by Minimum Rent?
11. Write a note on recoupment of short workings?
12. What basis you would consider best to allocate the following expenses among the different departments.
 - a) Carriage inwards
 - b) Directors fees
13. What is purchase consideration?

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION
APRIL 2017
PUBLIC FINANCE

Time: 3 Hrs

Max. Marks: 80

SECTION – A

I. Answer any THREE of the following: **20×3=60**

1. Explain the principle of maximum social advantage. Discuss its limitations.
2. What do you mean by taxable capacity? Explain the various factors determining it.
3. Explain the importance of deficit financing. What are its effects on the economy?
4. Give an account of sources of revenue of Central and State Government in India.

SECTION – B

II. Answer any THREE of the following: **5×3=15**

5. Briefly discuss the scope of public finance.
6. Briefly explain the methods of debt redemption.
7. Write a note on canons of public expenditure.
8. Examine the role of subsidy in promoting economic welfare.

SECTION – C

III. Answer ALL the following: **1×5=5**

9. Give the meaning of budget.
10. What are the different heads of public expenditure in India?
11. Mention different sources of public debt.
12. What do you mean by deficit financing?
13. Give the meaning of fiscal policy.

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CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
AUDITING

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. What is meant by Internal Check? Explain the internal check regarding cash sales.
2. Explain the Rights and Duties of an Auditor.
3. Define Auditing. Explain the objectives of Auditing.

4. a) “Vouching is the backbone of auditing”. Explain.

(5 Marks)

- b) As an Auditor, how do you carryout vouching for the following?

i) Freehold Property

ii) Bills Payable

iii) Plant & Machinery

(15 Marks)

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Explain any five differences between Internal Audit and External Audit.
6. Explain the essentials of good working papers.
7. Write a note on Internal Control.
8. Define an auditor. Explain the qualification of auditor.

SECTION – C

Answer **ALL** the questions:

5×1=5

9. What is meant by Primary Voucher?
10. Mention any two objectives of Internal Check.
11. What is meant by Audit Note Book?
12. What is meant by Auditor's Lien?
13. What are the two types of Audit Reports?

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017**COMMERCE
BUSINESS TAXATION – II****Time: 3 Hrs.****Max. Marks: 80****SECTION – A****Answer any THREE questions:****3×20=60**

1. M/S Kamath Traders, dealer registered under KVAT at Mangaluru, furnishes the following particulars.

Particulars	₹
Purchase of goods from URD (III Schedule)	14,00,000
Sale of above goods to a dealer at Mysuru	15,00,000
Sale of goods to a registered dealer of Kerala. These goods were purchased from a dealer in Mangaluru for ₹7,00,000	8,00,000
Sale of goods to URD in Shimoga (III Schedule) These goods were purchased from registered dealer in Andhra Pradesh for ₹5,00,000	6,00,000
Purchase of Paints (Unscheduled) from a dealer in Tamil Nadu	3,00,000
Sale of paints: Inter state with Form 'C'	2,10,000
Within the state	1,50,000
Goods sent to Mumbai Branch	2,50,000
Purchase of Cement (V Schedule) for own building construction from Bagalkot	1,00,000
Goods sent to Hubli Branch	60,000
Export Sales	1,00,000
Sale of gold bullion in Mangaluru from the purchases made from Mumbai for ₹2,90,000	3,00,000
Sale of vegetables (I Schedule) purchased for ₹28,500 from growers in Udupi	30,000

Compute Total Turnover, Taxable Turnover and Net Tax Payable under KVAT. Sales and purchase exclude tax.

2. Calculate the Taxable Turnover and tax payable by a Registered Dealer in Karnataka under CST Act. (Tax is included in sales).
1. Sale of goods to Tamil Nadu Govt., (KVAT 5.5%) ₹5,10,000 (with Form C)
 2. Sale of undeclared goods to URD of Maharashtra (KVAT 14.5%) ₹5,70,000.
 3. Goods worth ₹50,000 were transferred to Branch at Chennai with Form F.
 4. Sale of declared goods to URD of Goa (KVAT 5%) ₹2,10,000.
 5. Goods purchased from a registered dealer of Kerala ₹3,00,000. But while goods were in transit they were sold to a registered dealer of Maharashtra with Form C by transfer of documents of title of goods for ₹4,00,000 (KVAT 5.5%).
 6. Sale of goods to a registered dealer of Maharashtra with Form C for ₹2,24,000. He returned goods worth ₹20,000 after 4 months.
 7. Sale of goods to a registered dealer in Bengaluru for ₹2,00,000 (KVAT 5.5%)
 8. Movement of declared goods to Branch in Kerala without Form F (KVAT 5%) ₹1,26,000.
3. A) Sony Ltd., manufactured 15,000 colour TV during the year. In this connection, the following information is available.
- i) Retail price of the TV ₹20,000 (includes excise duty)
 - ii) Sold ₹12,000 TV to wholesalers. Discount allowed @ 25% on Retail Price.
 - iii) TV sold in retail 2,000

- iv) The balance 1,000 TV sets not removed from factory.
 - v) The company purchased inputs for manufacture of TV ₹3,75,00,000. It includes basic excise duty of ₹5,00,000.
 - vi) The closing stock of inputs is ₹40,00,000
 - vii) The company is liable to pay basic excise duty @ 12.5%.
 - viii) The rate of abatement is 35%.
- Determine the excise duty payable.

B) An importer imported computers from USA at a cost of \$50,000
Other details are as follows:

- a) Packaging charges 5,000 dollars
- b) Commission to brokers in USA for arranging the deal (not buying commission) 500 dollars.
- c) Amount paid to an employee of exporter for assembling the machine in India – ₹60,000
- d) The importer has sent certain software worth ₹1,00,000 to be installed in the computer free of cost.
- e) As per sale term, the buyer had to pay royalty of \$2,000 to IBM Japan for transfer of technology.
- f) Royalty payable for each unit of computers reproduced in India \$5,000.
- g) Design and development expenses incurred outside India \$3,000.
- h) Transportation and insurance charges from port to factory in India ₹15,000.
- i) The importer paid commission to his agent to settle the price of computer \$700.

Freight and insurance charges are not as certainable. Actual landing charges amounted to ₹7,000. Find out the assessable value if the rate of exchange fixed by RBI is ₹66 and Board ₹67 per dollar.

4. A) Explain the provisions relating to Double Taxation Relief.
B) Calculate Service Tax Liability of Brilliant Coaching Centre, Udupi from the following details.

	Particulars	₹
a)	Admission fee, tuition fee collected for regular coaching of subjects of CET	16,80,000
b)	Fee collected for postal coaching	1,50,000
c)	Fee collected for English speaking course	80,000
d)	Fee collected for Training in music and dance	30,000
e)	Tuition fee collected for coaching 8 th & 9 th Std. students	10,000
f)	Coaching charges for MBA entrance	3,00,000
g)	Cost of study material freely supplied (This includes text books ₹30,000)	2,00,000
h)	Cost of paper used to prepare study material	1,00,000

SECTION – B

Answer any THREE questions:

3×5=15

- 5. Write any five benefits of KVAT.
- 6. Gross value of services provided by an outdoor caterer is ₹15,25,000 out of this home delivery food is ₹35,000. He is entitled for an abatement of 50%. Find out value of taxable service and service tax payable for December 2016 assuming that service tax has not been separately collected.
- 7. How are cost of transportation, insurance, loading and unloading charges treated while computing assessable value for customs duty purpose.

8. The selling price of 'simplex fax machines' inclusive of excise duty @ 12.5% and sales tax @ 14.5% is ₹3,500 per machine. If 1,000 fax machines are produced and sold during the year compute the assessable value and excise duty payable. Inputs used in manufacturing of fax machines ₹10 lakhs which includes basic excise duty of ₹1 lakh.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is meant by Transaction Value?
10. Define Goods & Service Tax.
11. What is meant by input tax restricted goods? Give an example.
12. What is Transfer Pricing?
13. Mention any two types of customs duties.

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017

COMMERCE

CORPORATE ACCOUNTING – II

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

Answer any THREE questions:

3×25=75

1. Balance sheet of Delta Co Ltd as on 31.12.2015.

Liabilities	₹	Assets	₹
Share Capital		Goodwill	30,000
20,000 shares of ₹10 each	2,00,000	Buildings	25,000
Bank OD (unsecured)	1,100	Plant & Machinery	37,400
Partly secured creditors	29,180	Stock	58,000
Salaries and wages for 6 months	6,300	Debtors	46,000
Tax due to Govt.	800	Cash	500
Trade Creditors	97,600	Profit & Loss A/c	1,38,080
	3,34,980		3,34,980

The company went into liquidation and the assets realized as follows:

	₹
Buildings which were used in the first instance to pay partly secured creditors prorata	18,000
Plant & Machinery	25,000
Stock	31,000
Debtors	43,500

Expenses of liquidation amounted to ₹1,100. The liquidator's remuneration was agreed to 3% on the assets realized except cash and 2% on the amount payable to unsecured creditors other than preferential creditor.

Prepare Liquidators Final Statement of Account.

2. H Ltd. acquired 15,000 shares in S Ltd for ₹1,55,000 on 1.7.2015. The Balance Sheet of two companies as on 31.3.2016 is as follows:

Liabilities	H (₹)	S (₹)	Assets	H (₹)	S (₹)
Equity shares of ₹10 each	9,00,000	2,50,000	Debtors	60,000	35,000
General Reserve	1,60,000	40,000	Bills Receivables	25,000	20,000
Profit & Loss A/c	80,000	25,000	Cash in hand	90,000	40,000
Bills Payable	40,000	20,000	Machinery	7,00,000	1,50,000
Creditors	50,000	30,000	Furniture	1,00,000	70,000
			Investments	1,55,000	---
			Stock	1,00,000	50,000
	12,30,000	3,65,000		12,30,000	3,65,000

The following additional information is provided to you:

- General Reserve appearing in the Balance Sheet of S Ltd has remain unchanged since 31.3.2015.
- On 31.3.2015 Profit & Loss Account of S Ltd showed a credit balance of ₹20,000.
- On 1.2.2016, H Ltd sold to S Ltd goods costing ₹8,000 for ₹10,000. 25% of these goods remained unsold with S Ltd.
- On 31.3.2016, creditors of S Ltd., include ₹4,000 due to H Ltd on account of these goods. You are required to draw a consolidated Balance Sheet as at 31.3.2016.

3. From the following trial balance of Popular Bank Ltd, as on 31.3.2016. Prepare Final Accounts in the statutory form.

	₹	₹
Share Capital		2,00,000
Reserve Fund		1,00,000
Dividend Equalisation Fund		10,000
Fixed Deposits		1,80,000
Cash certificates		40,000
Contingency Account		5,000
Travellers cheques payable		25,000
SB Deposits		1,00,000
Interest Suspense Account		2,000
Recurring Deposits		40,000
Loans, Cash Credits & Overdrafts	4,12,000	
Govt. securities	2,00,000	
Shares of Joint Stock Co.	50,000	
Premises	50,000	
Branch Adjustment A/c	4,000	
Current Deposits		2,10,000
Cash in hand and with RBI	2,02,000	
Bills purchased	1,58,000	
Interest and Discount		3,11,000
Commission and Brokerage		15,000
Salary	80,000	
PF Contribution	5,000	
Provident Fund		20,000
Bills payable		20,000
Stock of stationery	20,000	
Printing & Stationery	20,000	
Depreciation on Premises	2,000	
Bad debts	29,000	
Unclaimed Dividend		6,000
Motor Car	62,000	
Employees Security Deposit		40,000
Profit & Loss A/c 1.4.2015		10,000
Advance payment of income tax	40,000	
	13,34,000	13,34,000

Adjustments:

- | | |
|---------------------------------|--------------------------------------|
| 1) RBD required ₹15,000 | 2) Rebate on bills discounted ₹4,500 |
| 3) Bills for collection ₹75,000 | 4) Travellers cheque paid ₹5,000 |
| 5) Provide for taxation ₹10,000 | |

4. Prepare a Revenue Account in respect of Fire Business from the following details for the year 2015-16.

Particulars	₹
Reserve for Unexpired Risk on 1.4.2015 at 50%	1,80,000
Additional reserve	36,000
Estimated liability for claims	
Intimated On 1.4.2015	31,000
On 31.3.2016	42,000
Claims paid	3,65,000
Legal expenses	6,000
Medical expenses	4,000

Re-insurance recoveries	32,000
Bad debts	800
Premium received	4,86,000
Premium on reinsurance accepted	32,000
Premium on reinsurance ceded	43,000
Commission on direct business	48,600
Commission on re-insurance accepted	1,600
Commission on re-insurance ceded	2,150
Expenses of Management	90,000
Interest, dividend and rent	24,000
Profit on sale of investments	3,000

Create Reserve on 31st March 2016 to the same extent as on 1st April 2015.

SECTION – B

Answer any **THREE** questions:

3×10=30

5. The position of Weak Ltd in Liquidation on 31.12.2015 was as follows.

- 1,000 6% Preference Shares of ₹100 each fully paid, arrears of dividend for one year, payable on liquidation.
- 1,000 Equity Shares of ₹50 each fully paid
- 1,000 Equity Shares of ₹40 each ₹30 paid up - Calls in arrears ₹4,000
Calls in advance ₹6,000

Cash left with the liquidator after making payment of creditors but before making any call was ₹1,16,000. Prepare Liquidator's Final Statement of Account.

6. H Ltd., acquires $\frac{3}{4}$ of the share capital of S Ltd on 31st Dec 2015, when the Balance Sheets of the two companies are as under.

Liabilities	H Ltd (₹)	S Ltd (₹)	Assets	H Ltd (₹)	S Ltd (₹)
Share Capital (in ₹10 shares)	20,000	10,000	Fixed Assets	20,000	10,000
General Reserve	5,000	3,000	Current Assets	13,000	12,000
Profit & Loss A/c	3,000	2,000	Shares in S Ltd	10,000	---
10% debentures	10,000	5,000			
Sundry Creditors	5,000	2,000			
	43,000	22,000		43,000	22,000

You are required to prepare the consolidated Balance Sheet as on 31st December 2015

7. Following figures are extracted from the books of Bhima Bank Ltd as at 31.12.2015

Particulars	₹
Interest and discount received	36,95,738
Interest paid on deposits	20,32,452
Commission, exchange and brokerage	2,00,000
Rent received	55,000
Profit on sale of investment	2,00,000
Salaries and allowances	1,75,000
Directors fees and allowances	55,000
Rent and taxes paid	87,973
Postage and telegram	62,318
Depreciation on building	27,375
Stationery	17,625
Audit fees	5,000
Preliminary expenses	15,000

Additional Information:

- 1) Bad Debt ₹5,00,000
 - 2) Rebate on bills discounted as on 31.12.2014 ₹12,000 and on 31.12.2015 ₹16,000
 - 3) Provide ₹6,50,000 for taxation
 - 4) Write off all preliminary expenses.
- Prepare Profit and Loss Account on 31.12.2015.

8. The revenue account of a Life Insurance Company shows the Life Assurance Fund on 31st March 2016 at ₹62,21,310 before taking into account the following items.
- i) Claims covered under re-insurance ₹12,000
 - ii) Bonus utilized in reduction of Life Insurance Premium ₹4,500
 - iii) Interest accrued on securities ₹2,750
 - iv) Outstanding premium ₹5,410
 - v) Claims intimated but not admitted ₹26,500.
- What is the Life Assurance Fund after taking into account the above omissions?

SECTION – C

Answer all the questions:

3×5=

9. Explain the modes of liquidators remuneration.
10. Write a short note on the following:
 - a) Non Performing Assets
 - b) Holding Companies
11. In which schedule, do you consider the following items of a scheduled bank should appear when they are given in the trial balance:
 - a) Transfer fee
 - b) Postage and telegram
 - c) Interest on overdraft
 - d) Unclaimed dividend
 - e) Interest on Fixed Deposit.

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CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE
ENTREPRENEURSHIP DEVELOPMENT PROGRAMME

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Describe the qualities of an Entrepreneur. Explain the role of an Entrepreneur in the economic development of a country.
2. What is Project Report? State its importance and contents.
3. What is MSME? Explain the problems faced by MSME's.
4. Who is a Woman Entrepreneur? Explain the problems faced by Women Entrepreneurs. State the remedies.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the role of government in assisting the MSME's.
6. Differentiate between an Entrepreneur and a Manager.
7. "Small business as a seed bed of entrepreneurship". Explain.
8. Write a note on SISI.

SECTION – C

Answer ALL the questions:

5×1=5

9. Expand SIDO and NSIC.
10. What is Project Appraisal?
11. Define Entrepreneurship.
12. What is Break-even analysis?
13. State any two types of Entrepreneurs.

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE

MANAGEMENT ACCOUNTING - II

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

Answer any **THREE** questions:

3×25=75

1. Explain the term 'Cost Audit'. What are the objectives sought to be served by Cost Audit and what are the advantages of cost audit?
2. The standard labour mix for producing 100 units of a product is:
 4 skilled men at ₹3 per hour for 20 hours. 6 unskilled men at ₹2 per hour for 20 hours.
 But due to shortage of skilled men, more unskilled men were employed to produce 100 units. Actual hours paid for were:
 2 skilled men at ₹4 per hour for 25 hours 10 unskilled men at ₹2.5 per hour for 25 hours.
 Compute:
 a) Labour cost variance b) Labour rate variance
 c) Labour efficiency variance d) Labour mix variance
3. Supreme Ltd., furnishes the following information of its sales and profit for the years 2015 and 2016.

	Profit	Sales
2015	₹1,20,000	₹14,00,000
2016	₹1,50,000	₹18,00,000

Calculate the following:

- a) P/V Ratio
 - b) Fixed Cost
 - c) Variable cost for 2015 and 2016
 - d) Margin of safety for 2015 and 2016
 - e) The most likely profit when the sales are ₹20,00,000
 - f) B.E.P sales
 - g) Estimated sales when the desired profit is ₹5,00,000
4. Explain the various areas of Cost Reduction. Distinguish between Cost Reduction and Cost Control.

SECTION – B

Answer any **THREE** questions:

3×10=30

5. Explain the advantages and disadvantages of Standard Costing.
6. The following information is collected from the records of a unit for computing fixed overhead variances for a period:

Particulars	Budgeted	Actual
Working days	25	27
Man hours per day	6000	6300
Output per man hour (units)	1	0.9
Fixed overhead (₹)	1,50,000	1,56,000

Calculate fixed overhead cost, volume, expenditure and capacity efficiency.

7. The cost data of Vibhawan Pvt. Ltd., is as under:

Material ₹4, Labour ₹5, Fixed Expenses ₹4, Variable Expenses ₹2. The selling price per unit is ₹17. These figures are for an output of 80,000 units. The capacity is 1,00,000 units. A foreign customer is desirous of buying 20,000 units at a price of ₹12 per unit. Advise the manufacturer whether the order should be accepted.

8. Differentiate between Financial Audit & Management Audit.

SECTION – C

Answer ALL the questions:

3×5=15

9. What is Value Analysis? Briefly state the advantages of Value Analysis.
10. From the following particulars find out the selling price per unit if break even point is to be brought down to 9000 units.
- Variable cost per unit ₹75
- Fixed expenses ₹2,70,000
- Selling price per unit ₹100
11. In a factory producing two different kinds of articles, the limiting factor is availability of material. Advise the management.

	Product A ₹	Product B ₹
Selling Price	35	24.50
Material	15	10
Labour	6	4.5
Overheads	2	1

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CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION

APRIL 2017

COMMERCE

CORPORATE GOVERNANCE

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Justify the importance of Corporate Governance. Explain the issues relating to corporate governance.
2. Explain the Anglo-American and German model of Governance.
3. “Consumers are the king and sovereign deciding on the market forces and quality”. Elaborate on the steps taken to protect their interests.
4. Explain the rights, powers and duties of directors in promoting corporate Governance.

SECTION – B

Answer any THREE questions:

3×5=15

5. Describe SEBI and its powers.
6. What is business ethics? State its relevance for the corporate sector.
7. What is Corporate Image? Explain the steps in building corporate image.
8. Who is a non executive director? Briefly explain his role as a committee member.

SECTION – C

Answer ALL the questions:

5×1=5

9. Who are the key players in the Japanese model of Corporate Governance?
10. What is meant by Corporate Governance?
11. State any two rights available to shareholders.
12. Who is an institutional nominee?
13. What is meant by Corporate Social Responsibility?

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APRIL 2017

COMMERCE

ADVERTISING AND SALES MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Define Advertising. Is advertising an economic waste? Justify your answer.
2. What is Advertising media? Explain the different types of advertising media.
3. What is Ad Evaluation? Briefly explain the methods used to evaluate advertising.
4. What is sales force training? Explain the various methods of sales force training.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the various Public Relation?
6. Distinguish between Advertising and Personal Selling.
7. What are the essential qualities of a good salesman?
8. Explain the functions of Ad agency?

SECTION – C

Answer ALL the questions:

5×1=5

9. Give the meaning of advertisement copy.
10. What is meant by Advertising Research?
11. What is DAGMAR model?
12. What is Ad layout?
13. What is meant by buying formula theory of selling?

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APRIL 2017

COMMERCE

HUMAN RESOURCE MANAGEMENT-II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Explain the causes and effects of Industrial Disputes.
2. What is meant by workers participation in management and explain the reasons for its failure in India. What measures can be taken to make workers participation successful?
3. Explain various individual incentive plans.
4. What is Human Resource Research? Explain the objectives and benefits of Human Resource Research.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the principles of wage and salary administration.
6. Explain the needs for human resources accounting?
7. Write a note on trade union movement in India.
8. What are the reasons for the failure of collective bargaining in India?

SECTION – C

Answer ALL the questions:

5×1=5

9. What is occupational wage differential?
10. What is Emotional Intelligence?
11. What is meant by moon lighting by employees?
12. What is virtual organization?
13. What is Human Resource Cost?

**CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2017
COMMERCE**

SECURITY ANALYSIS & PORTFOLIO MANAGEMENT – II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. Suppose you are asked to analyze two portfolios having the following characteristics:

	Observed Return	Beta	Residual variance
Portfolio A	0.18	2.0	0.03
Portfolio B	0.12	1.5	0.00

The risk-free rate is 0.07. The return on the market portfolio is 0.15. The standard deviation of the market is 0.06.

- Compute the Jensen Index for portfolio A and B.
 - Compute the Sharpe Index for the market portfolio
 - Compute the Sharpe Index for portfolios A and B.
 - Compute the Treynor Index for the portfolios A and B.
2. Mr. Abhishekam, a portfolio manager has got the following information about several stocks. He has to build a optimum portfolio for his client without short sales.

Security	Expected Return	β	σ_{ei}^2
P	22	1.0	35
Q	20	2.5	30
R	14	1.5	25
S	18	1.0	80
T	16	0.8	20
U	12	1.2	10
V	19	1.6	25
W	17	2.0	30

The market index variance is 12% and the risk free rate of return is 7%. What is the optimum portfolio?

- State the meaning and characteristics of a Derivative Contract. Distinguish between 'Forward contract' and 'Future Contract'.
- What is Random Walk Theory? Describe the empirical tests conducted on weak form, semi-strong form and strong form of efficient market hypothesis.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. The following assets are assumed to be correctly priced on the security market line. What is the return of the market portfolio? What is the risk free rate of return?

$$R_1 = 10\%$$

$$\beta_1 = 0.9$$

$$R_2 = 14\%$$

$$\beta_2 = 1.2$$

6. As an investment manager you are given the following information:

Particulars	Initial Price (₹)	Dividends (₹)	Market Price at the year end (₹)	Beta (Risk factor)
A) Investment in shares of:				
Ajay Ltd	25	2	50	0.8
Vijay Ltd	35	2	60	0.7
Good Luck Ltd	45	2	135	0.5
B) Government of India bonds	1000	140	1005	0.99

Risk-free return may be taken at 14%. You are required to calculate:

- Expected rate of returns of portfolio in each using Capital Asset Pricing Model (CAPM)
 - Average return of portfolio.
7. Write a note on Investment Strategies proposed by Warren Baffet.
8. What are options? State the advantages and disadvantages of options.

SECTION – C

Answer ALL the questions:

5×1=5

- Distinguish between Passive Management and Active Management with regard to Portfolio Revision.
- What is a Call Option?
- What is meant by Arbitrage Pricing Theory?
- State any two investment principles proposed by John Bogle.
- What is Strike Price?

COM 607.4

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CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION

APRIL 2017

COMMERCE

INTERNATIONAL BUSINESS MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Explain how a country's political and legal factors influence the international business environment.
2. Describe the functions and principles of World Trade Organisation.
3. "MNCs directly and indirectly help both the home country and host country and cause harm to both the countries". Explain.
4. Explain the international marketing strategies in different stages of product life cycle.

SECTION – B

Answer any THREE questions:

3×5=15

5. What are the stages of internationalization? Explain.
6. Describe the factors favourable for growth of BPO in India.
7. Write a Note on OECD.
8. What are the basic issues involved in franchising and franchising agreements?

SECTION – C

Answer ALL the questions:

5×1=5

9. Mention any two special modes of entering international business.
10. What is meant by 'TRIPS'?
11. What is standard price policy?
12. Give the meaning of 'Dumping'?
13. What is meant by 'Transnational Corporations'?
