COM 213 Reg. No. .....

# CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION
## APRIL 2018
## COMMERCE
## INDIAN TAXATION

Time: 3 Hrs. Max. Marks: 80

### SECTION – A

**Answer any THREE questions:** 3×20=60

1. A) Following are the particulars of Income of Mr. Arun for the PY ended 31-3-2017:
   a) Royalty received from Government of India ₹25,000
   b) Income from business in Iran ₹25,000 of which ₹15,000 was received in India. This business is controlled in India.
   c) Income accrued in India but received in England ₹15,000
   d) Royalty received from a company in India for technical know how provided to its business in Sri Lanka, the income is received in Sri Lanka ₹50,000
   e) ₹75,000 fees for technical services received from company in Dhaka for rendering technical service to its business carried on in India.
   f) Profit from business in Kuwait, 60% brought to India ₹30,000
   g) Income from business in Jaipur, received in Nepal, this business is controlled from Nepal ₹15,000.
   h) Past untaxed foreign income brought into India ₹20,000.
   i) Profit from business in Indonesia the business is controlled from Delhi (60% of the profit is deposited in the foreign branch of an Indian bank there and 40% is remitted to India) ₹40,000.
   j) Dividend from a foreign company received in England and spent for his children's education there ₹30,000.
   k) His maternal uncle sent a bank draft from France as a gift to him on his marriage ₹20,000.
   l) Interest received from Mr. Francis a non-resident on the loan provided to him for a business in India ₹28,000.
   m) Fees from an Indian company carrying on business at London for technical services carried out at London having been directly deposited by the company in his bank account in India ₹25000.

   Compute the GTI if he is Resident, Not-ordinarily Resident and Non-resident. **(15 Marks)**

   B) Distinguish between STCG and LTCG. **[5 marks]**

2. A) Explain the rules to determine the residential status of an Individual Assessee. **(10 Marks)**

B) Mr. Rajkiran's investments during the year ended 31 March consisted of the following.

a. ₹35,000 – 10% Govt. securities
b. ₹20,000 – 12% Bombay Port Trust Bonds
c. Winnings from lottery ₹35,000
d. ₹2,500 as interest on debentures of local authority
e. 7% National Plan Certificates ₹5,000

Compute his income from other sources. **(5 marks)**

C) Write a note on Bond washing transactions. **(5 Marks)**

3. Mr. A is working in a limited company since 1 October, 2013 in the salary grade ₹14,800-200-15,000-500-20,000. The other particulars of this income for the financial year ending 31 March 2017 are as follows:

Dearness allowance – 40% of salary (60% paid under the terms of employment)
City Compensatory allowance – ₹300 p.m.
Entertainment allowance – ₹200 p.m.
HRA – ₹3,800 p.m. (He pays ₹3,200 p.m. rent for his house)
Tiffin Allowance- ₹150p.m.
Servant allowance – ₹300 p.m.
Conveyance allowance – ₹500 p.m (75% spent for official purposes)
Medical allowance – ₹150 p.m.
Helper allowance –₹ 600 p.m. (He appointed an assistant during the year paying him ₹400 p.m.)
Uniform allowance – ₹150 p.m.
Education allowance – ₹400 p.m. (his 3 children are studying)
Hostel allowance –₹800 p.m. (all the 3 children stay in the college hostel)
He contributes 12 ½% of salary to RPF to which his employer contributes equally.
The interest credited to PF a/c during the year at 10% amounted to ₹ 50,000
LIC premium (own life) ₹14,000
Interest on NSC matured ₹2,000
NSC interest accrued ₹1,200

Compute the Net Salary and Deductions u/s 80C.

4. Shankar Shenoy owns four houses, the details of which are as under:

| | I<br>₹ | II<br>₹ | III<br>₹ | IV<br>₹ |
|---|---|---|---|---|
| Annual Municipal value | 10,000 | 9,000 | 15,000 | 20,000 |
| Fair Rental value | 12,000 | 10,000 | 12,500 | 16,000 |
| Rent value (per month) | 2,000 | 1,000 | Self occupied | 2,000 |
| Standard Rent | --- | 12,000 | 14,000 | 18,000 |
| Municipal taxes paid | 1,000 | 800 | --- | --- |
| Municipal taxes due | --- | -- | 1,200 | 2,000 |
| Repairs | Nil | 12,000 | 4,000 | 6,000 |

For the construction of IV th house he borrowed ₹3,50,000 at 12% p.a. on 1-2-2013 and the house was completed on 31-8-2015. As on 1st April of the PY the loan amount due was ₹3,00,000. Compute the Income from House Property.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Mr. Roopesh owns three residential houses and sells one of them on 1July 2016 for ₹5,00,000. Its cost of acquisition is ₹1,00,000 on January 1, 1985. On October 20, 2016 he purchased a residential house for ₹5,00,000. Compute the taxable capital gains. The CII 1984-85: 125, 2016-17:1125.

6. Mr. Ravi retired on 30th September of the previous year and received ₹95,640 as earned leave encashed. He had to his credit 9 months approved earned leave. His last drawn basic was ₹6,500 and DA (fixed) ₹1,500. Annual increment of ₹300 falls due on 1st July every year. D.A. was treated part of salary for retirement benefits. Compute taxable portion of Earned leave encashed.

7. Write a note on Tax Free Perquisites.

8. After serving for 33 years 9 months in Bharath Chemicals Ltd, Mr X, who is covered under the payment of Gratuity Act retires from service on 30th November of previous year. The employer pays him gratuity of ₹9,00,000. His monthly basic salary at the time of retirement was ₹30,000, D.A. ₹9,000 and H.R.A. ₹4,500.
   You are required to determine the amount of gratuity exempt under section 10 (10) of the Income Tax Act.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. Who is a Specified Employee?
10. Define Assessment year.
11. Mr. Bhuvan retired from service on 31 March of the PY and received a commuted pension of ₹1,60,000. Find out taxable commuted pension if he is not in receipt of gratuity.
12. Dividend (net) from a foreign company ₹7,000-TDS ₹2,000. What is the taxable amount under the head income from other sources?
13. How do you treat the following expenses under the head business income:

    a) Embezzlement of cash by an employee during the course of business.

    b) Compensation paid to an undesirable employee for retrenchment of his services.

**********

COM 202.2 Reg. No. .....

# CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION
## APRIL 2018
## COMMERCE
## FINANCIAL MANAGEMENT – I

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1. Sunrise Limited has given the following particulars. You are required to prepare a cash budget for three months ending 31st December 2016.

a)

| Months | Sales (₹) | Materials (₹) | Wages (₹) | Overheads (₹) |
|---|---|---|---|---|
| August | 40,000 | 20,400 | 7,600 | 3,800 |
| September | 42,000 | 20,000 | 7,600 | 4,200 |
| October | 46,000 | 19,600 | 8,000 | 4,600 |
| November | 50,000 | 20,000 | 8,400 | 4,800 |
| December | 60,000 | 21,600 | 9,000 | 5,000 |

Credit terms are:

b) Sales/Debtors: 10% sales are on cash basis, 50% of the credit sales are collected next month and the balance in the following months.
Creditors: Materials 2 months, Wages $^1/_5$ month, Overheads $^1/_2$ month.

c) Cash balance on 1st October 2016 is expected to be ₹8,000.

d) A machinery will be installed in August, 2016 at a cost of ₹1,00,000. The monthly installment of ₹5,000 is payable from October onwards.

e) Dividend at 10% on Preference Share Capital of ₹3,00,000 will be paid on 1st December, 2016.

f) Advance to be received for sale of vehicle ₹20,000 in December.

g) Income tax (advance) to be paid in December ₹5,000.

2. You are required to determine the weighted average cost of capital (K) of Fashions Limited. The capital structure of Fashions Limited is given below:

| | ₹ |
|---|---|
| Debentures (₹100 per Debenture) | 8,00,000 |
| Preference shares (₹100 per share) | 2,00,000 |
| Equity shares (₹10 per share) | 10,00,000 |
| | 20,00,000 |

Anticipated external financing opportunities are:

i) ₹100 per debenture redeemable at par: 20 year maturity 8% coupon rate, 4%flotation costs, Sale Price ₹100.

ii) ₹100 preference share redeemable at par: 15 year maturity, 10% dividend rate, 5% floatation costs, sale price ₹100.

iii) Equity shares: ₹2 per share floatation costs, sale price ₹22. In addition, the dividend expected on the equity share at the end of the year ₹2 per share, the anticipated growth rate in dividends is 5% and the company has the practice of paying all its earning in the form of dividends. The corporate tax rate is 50%.

3. Calculate the amount of working capital requirement for Veyon Limited from the following information.

| | (₹ Per Unit) |
|---|---|
| Raw Material | 160 |
| Direct Labour | 60 |
| Overheads | 120 |
| Total Cost | 340 |
| Profit | 60 |
| Selling Price | 400 |

a) Raw materials are held in stock on an average for one month.
b) Materials are in process on an average for half-a –month.
c) Finished goods are in stock on an average for one month.
d) Credit allowed by suppliers is one month and credit allowed to debtors is two months.
e) Time lag in payment of wages is 1 ½ weeks.
f) Time lag in payment of overhead expenses is one month.
g) One fourth of the Sales are made on Cash basis.
h) Cash in hand and at bank is expected to be ₹50,000 and expected level of production amounts to 1,04,000 units for a year of 52 weeks. You may assume that production is carried on evenly throughout the year.

4. What is Financial Management? Explain the objectives of Financial Management.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Briefly explain the merits and demerits of Debentures.

6. Calculate the Operating Cycle of a company which gives the following details:

| | ₹ |
|---|---|
| Raw Materials consumption per annum | 8,42,000 |
| Annual cost of production | 14,25,000 |
| Annual cost of sales | 15,30,000 |
| Annual sales | 19,50,000 |
| Average value of current assets held: | |
| Raw materials | 1,24,000 |
| Work-in-Progress | 72,000 |
| Finished goods | 1,22,000 |
| Debtors | 2,60,000 |

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.

7. Calculate the Cost of Capital in the following cases:
   a) X Limited issues 12% debentures of face value of ₹100 each and realizes ₹95 per debenture. The debentures are redeemable after 10 years at a premium of 10%.
   b) Y Limited issues 14% preference shares of face value ₹100 each at ₹92 per share. The shares are repayable after 12 years at par.
   Note: Both the companies are paying income tax at 50%.

8. Explain any five Marketable Securities.

## SECTION – C

**Answer ALL the questions:** (5x1=5)

9. What is Factoring?
10. The annual demand for an item is 3,200 units. The unit cost is ₹6 and inventory charges 25% p.a. If the cost of one procurement is ₹150, determine E.O.Q.
11. Give the meaning of Positive Working Capital.
12. What is meant by Cash Discount?
13. What is meant by Equity share?

**********

COM 215 CREDIT BASED SECOND SEMESTER B.COM DEGREE EXAMINATION

APRIL 2018

COMMERCE

PERFORMANCE MANAGEMENT

TIME: 3 HRS MAX. MARKS: 80

SECTION –A

**Answer THREE questions** (3x20=60)

1. Romeo Co is a business which makes and sells fresh pizza from a number of mobile food vans based at several key locations in the city centre. It offers a variety of toppings and dough bases for the pizzas and has a good reputation for providing a speedy service combined with hot, fresh and tasty food to customers. Each van employs a chef who is responsible for making the pizzas to Romeo Co's recipes and two sales staff who serve the customers. All purchasing is done centrally to enable Romeo Co to negotiate bulk discounts and build relationships with suppliers. Romeo Co operates a standard costing and variances system and the standard cost card for Romeo Co's basic tomato pizza is as follows:

| **Ingredient** | **Weight** (kg) | **Price** ($ per kg) |
|---|---|---|
| Dough | 0.20 | 7.60 |
| Tomato sauce | 0.08 | 2.50 |
| Cheese | 0.12 | 20.00 |
| Herbs | 0.02 | 8.40 |
| | 0.42 | |

In Month 3, Romeo Co produced and sold 90 basic tomato pizzas and actual results were as follows:

| Ingredient | Kgs bought and used | Actual cost per kg |
|---|---|---|
| Dough | 18.9 | 6.5 |
| Tomato sauce | 6.6 | 2.45 |
| Cheese | 14.5 | 21.00 |
| Herbs | 2.0 | 8.10 |

a) What was the total material price variance for Month 3 **(5 marks)**

b) What was the total materials mix variance for Month 3 **(5 marks)**

c) In Month 4, Romeo Co produced and sold 110 basic tomato pizzas. Actual results were as follows:

| Ingredient | Kgs bought &used | Actual cost per kg |
|---|---|---|
| Dough | 21.3 | 6.60 |
| Tomato sauce | 7.5 | 2.45 |
| Cheese | 14.2 | 20.00 |
| Herbs | 2.0 | 8.50 |
| | 45 | |

What was the materials yield variance for month 4 **(7 marks)**

d) In Month 6, 100 basic tomato pizzas were made using a total of 42 kg of ingredients. A new chef at Romeo Co used the expected amount of dough and herbs but used less cheese and more tomato sauce per pizza than the standard. It was noticed that the sales of the basic tomato pizza had declined in the second half of the month.

Based on the above information, which of the following statements are correct.

i)The actual cost per pizza in Month 6 was lower than the standard cost per pizza.

ii) The sales staff should lose their Month 6 bonus because of the reduced sales.

iii) The value of the ingredients usage variance and the mix variance are the same.

iv) The new chef will be responsible for the material price, mix and yield variances.

a) (iii) and (iv)
b) (i) and (ii)
c) (i) and (iii)
d) (i) and (iv) **(3marks)**

2. The Gadget Co produces three products, A, B and C, all made from the same material. Until now, it has used traditional absorption costing to allocate overheads to its products. The company is now considering an activity based costing system in the hope that it will improve profitability. Information for the three products for the last year is as follows:

| | A | B | C |
|---|---|---|---|
| Production and sales volumes (units) | 15,000 | 12,000 | 18,000 |
| Selling price per unit | $7.50 | $12 | $13 |
| Raw material usage (kg) per unit | 2 | 3 | 4 |
| Direct labour hours per unit | 0.1 | 0.15 | 0.2 |
| Machine hours per unit | 0.5 | 0.7 | 0.9 |
| Number of production runs per annum | 16 | 12 | 8 |
| Number of purchase orders per annum | 24 | 28 | 42 |
| Number of deliveries to retailers per annum | 48 | 30 | 62 |

The price for raw materials remained constant throughout the year at $1.20 per kg. Similarly, the direct labour cost for the whole workforce was $14.80 per hour. The annual overhead costs were as follows:

| | $ |
|---|---|
| Machine set up costs | 26,550 |
| Machine running costs | 66,400 |
| Procurement costs | 48,000 |
| Delivery costs | 54,320 |

Required:

a) Calculate the full cost per unit for products A, B and C under traditional absorption costing, using direct labour hours as the basis for apportionment. **(7 marks)**

(b) Calculate the full cost per unit of each product using activity based costing. **(9 marks)**

(c) Using your calculation from (a) and (b) above, explain how activity based costing may help The Gadget Co. to improve the profitability of each product. **(4 marks)**

3. Yam Co is involved in the processing of sheet metal into products A, B and C using three processes, pressing, stretching and rolling. Like many businesses Yam faces tough price competition in what is a mature world market. The factory has 50 production lines each of which contain the three processes: Raw material for the sheet metal is first pressed then stretched and finally rolled. The processing capacity varies for each process and the factory manager has provided the following data:

| | Processing time per metre in hours | | |
|---|---|---|---|
| | Product A | Product B | Product C |
| Pressing | 0.50 | 0.50 | 0.40 |
| Stretching | 0.25 | 0.40 | 0.25 |
| Rolling | 0.40 | 0.25 | 0.25 |

The factory operates for 18 hours each day for five days per week. It is closed for only two weeks of the year for holidays when maintenance is carried out. On average one hour of labour is needed for each of the 225,000 hours of factory time. Labour is paid $10 per hour.

The raw materials cost per metre is $3.00 for product A, $2.50 for product B and $1.80 for product C. Other factory costs (excluding labour and raw materials) are $18,000,000 per year. Selling prices per metre are $70 for product A , $60 for product B and $27 for product C.

(a) Identify the bottleneck process and briefly explain why this process is described as a 'bottleneck'. **(6 marks)**

(b) Calculate the throughput accounting ratio (TPAR) for each product assuming that the bottleneck process is fully utilized. **(9 marks)**

(c) Assuming that the TPAR of product C is less than 1 how Yam could improve the TPAR of product C. **(5marks)**

4. The Cosmetic Co is a company producing a variety of cosmetic creams and lotions. The creams and lotions are sold to a variety of retailers at a price of $23.20 for each jar of face cream and $16.80 for each bottle of body lotion. Each of the products has a variety of ingredients, with the key ones being silk powder, silk amino acids and aloe vera. Six months ago, silk worms were attacked by disease causing a huge reduction in the availability of silk powder and silk amino acids. The Cosmetic Co had to dramatically reduce production and make part of its workforce, which it had trained over a number of years, redundant. The company now wants to increase production again by ensuring that it uses the limited ingredients available to maximise profits by selling the optimum mix of creams and lotions. Due to the redundancies made earlier in the year, supply of skilled labour is now limited in the short-term to 160 hours (9,600 minutes) per week, although unskilled labour is unlimited. The purchasing manager is confident that they can obtain 5,000 grams of silk powder and 1,600 grams of silk amino acids per week. All other ingredients are unlimited.

The following information is available for the two products:

| | Cream | Lotion |
|---|---|---|
| Materials required:<br>Silk powder(at $2.20 per gram) | 3 grams | 2 grams |
| Silk amino acids (at $0.80 per gram ) | 1 gram | 0.5 grams |
| Aloe vera (at $1.40 per gram) | 4 grams | 2 grams |
| Labour required:<br>Skilled ($12 per hour) | 4 minutes | 5minutes |
| unskilled (at $8 per hour) | 3 minutes | 1.5 minutes |

Each jar of cream sold generates a contribution of $9 per unit, whilst each bottle of lotion generates a contribution of $8 per unit. The maximum demand for lotions is 2,000 bottles per week, although demand for creams is unlimited. Fixed costs total $1,800 per week. The company does not keep inventory although if a product is partially complete at the end of one week, its production will be completed in the following week.

Required:

(a) On the graph paper provided, use linear programming to calculate the optimum number of each product that the Cosmetic Co should make per week, assuming that it wishes to maximise contribution. Calculate the total contribution per week for the new production plan. **(14 marks)**

(b) Calculate the shadow price for silk powder and the slack for silk amino acids. **(6 marks)**

## SECTION –B

**Answer any THREE questions** **(3x5=15)**

5. a) The budgeted electricity cost for a business is $30,000based upon production of 1,000 units. However if 1400 units were to be produced the budgeted cost rises to $31,600 .Using high low approach what would be the budgeted electricity cost if 2,100 units were produced. **($2^1/_2$ marks)**

b) A company uses activity-based costing to calculate the unit cost of its products. The figures for Period 3 are as follows: production set-up costs are $84,000. Total production is 40,000 units of each of products A and B, and each run is 2,000 units of A or 5,000 units of B. What is the set-up cost per unit of B. **($2^1/_2$ marks)**

6. The ABC Company manufactures two products, Product Alpha and Product Beta. Both are produced in a very labour-intensive environment and use similar processes. Alpha and Beta differ by volume. Beta is a high-volume product, while Alpha is a low-volume product. Details of product inputs, outputs and the costs of activities are as follows:

| | Direct labour hours/unit | Annual output (units) | Number of purchase orders | Number of set-ups |
|---|---|---|---|---|
| Alpha | 5 | 1,200 | 75 | 40 |
| Beta | 5 | 12,000 | 85 | 60 |

Fixed overhead costs amount to a total of $420,000 and have been analyzed as follows:

| | $ |
|---|---|
| Volume-related | 100,000 |
| Purchasing related | 145,000 |
| Set-up related | 175,000 |

Using Activity Based Costing as method of overhead absorption, what is the overhead cost per unit for each unit of product Alpha. **(5 marks)**

7. a) A company has recently adopted throughput accounting as a performance measuring tool. Its results for the last month are shown below.

| | |
|---|---|
| Units produced | 1,150 |
| Units sold | 800 |
| Materials purchased 900 Kg costing | $13,000 |
| Opening material inventory used 450 Kg costing | $7,250 |
| Labour costs | $6,900 |
| Overheads | $4,650 |
| Sales price | $35 |

There was no opening inventory of finished goods or closing inventory of materials. What is the throughput accounting ratio for this product **($2^1/_2$ marks)**

b) AB Company has been asked to quote for a special contract. The contract requires 100 hours of labour. However, the labourers, who are each paid $15 per hour, are working at full capacity. There is a shortage of labour in the market. The labour required to undertake this special contract would have to be taken from another contract, Z, which currently utilizes 500 hours of labour and generates $5,000 worth of contribution.

If the labour was taken from contract Z, then the whole of contract Z would have to be delayed, and such delay would invoke a penalty fee of $1,000. What is the relevant cost of the labour for the special contract. **($2^1/_2$ marks)**

8. The Organic Bread Company makes a range of breads for sale direct to the public. The production process begins with workers weighing out ingredients on electronic scales and then placing them in a machine for mixing. A worker then manually removes the mix from the machine and shapes it into loaves by hand, after which the bread is then placed into the oven for baking. All baked loaves are then inspected by OBC's quality inspector before they are packaged up and made ready for sale. Any loaves which fail the inspection are donated to a local food bank. The standard cost card for OBC's 'Mixed Bloomer', one of its most popular loaves, is as follows:

| | | |
|---|---|---|
| White flour | 450 grams at $1.80 per kg | $0.81 |
| Wholegrain flour | 150 grams at $2.20 per kg | $0.33 |
| Yeast | 10 grams at $20 per kg | $0.20 |
| Total | 610 grams | $1.34 |

Budgeted production of Mixed Bloomers was 1,000 units for the quarter, although actual production was only 950 units. The total actual quantities used and their actual costs were:

| | Kgs | $ per kg |
|---|---|---|
| White flour | 408.50 | 1.90 |
| Wholegrain flour | 152.00 | 2.10 |
| Yeast | 10.00 | 2.00 |
| Total | 570.50 | |

Calculate total Material usage variance & Material mix variance (5marks)

## SECTION - C

**Answer ALL the questions** (5x1=5)

9. A company has produced the following information for a product it is about to launch:

| | | | |
|---|---|---|---|
| Units | 2,000 | 5,000 | 7,000 |
| Variable production cost per unit | $2.30 | $1.80 | $1.20 |
| Fixed production costs | $3,000 | $3,500 | $4,000 |
| Variable selling cost per unit | $0.50 | $0.40 | $0.40 |
| Fixed selling costs | $1,500 | $1,600 | $1,600 |
| Administrative costs | $700 | $700 | $700 |

What is the life-cycle cost per unit.

10. Bloom Limited was the subject of the following press story:"Bloom is proud to announce that it has managed to maintain its market share despite an overall increase in the market size by 10%." However, the sales director when challenged, by this journalist recently admitted having been forced to reduce prices by $1.50 per bunch on average on a budget volume of 12,000 bunches. All is not as rosy as it seems in Bloom's garden! If the standard variable cost of a bloom bunch of flowers is $20 and the standard contribution gained is $5 what is the adverse sales price variance.

11. The management accountant of a business has identified the following information: Activity level 800 units 1,200 units Total cost $16,400 $23,600 .The fixed costs of the business step up by 40% at 900 units. What is the variable cost per unit.

12. A company makes and sells product X and product Y. Twice as many units of product Y are made and sold as that of product X. Each unit of product X makes a contribution of $10 and each unit of product Y makes a contribution of $4. Fixed costs are $90,000. What is the total number of units which must be made and sold to make a profit of $45,000.

13. Revenue $ 7,300 operating costs $ 6, 800, operating profit $500, profit before tax $180.Equity shares $1, 500, Debt $ 900, total assets $ 3,400, current liabilities $1,000, Calculate return on capital employed.

**********

COM 203.1 Reg. No. .....

# CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
## BUSINESS LAW

**Time: 3 Hrs.** **Max. Marks: 80**

### SECTION – A

**Answer any THREE questions:** 3×20=60

1. Explain the different types of Contract.
2. Who is an Agent? Explain the various modes by which an agency may be created and terminated.
3. What is meant by Breach of contract? Explain the remedies available to an aggrieved party for the breach of contract.
4. Define Partnership. Explain the Rights and Duties of a Partner.

### SECTION – B

**Answer any THREE questions:** 3×5=15

5. Briefly explain the sources of Indian Mercantile Law.
6. Distinguish between a contract of sale and an agreement to sell.
7. Explain the different kinds of Partners.
8. Explain the facts of the case "Balfour v/s Balfour".

### SECTION – C

**Answer ALL the questions:** 5×1=5

9. What is Pledge?
10. What is Quasi Contract?
11. What is a Contingent Contract?
12. Sate the objective of Law.
13. Explain Contract of Guarantee.

**********

COM 204.2 Reg. No.....

# CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
### International Trade

**Duration: 3 Hrs.** **Max. Marks: 80**

---

## SECTION – A

**Answer any Three of the following:** 3×20=60

1) Explain the comparative cost theory of international trade. What are its criticisms?

2) What is free trade? Explain the arguments for and against free trade policy.

3) What is Terms of Trade? Explain the concepts of Terms of Trade.

4) What is foreign exchange rate? Explain the factors determining exchange rate.

## SECTION – B

**Answer any Three of the following:** 3×5=15

5) Explain the types of Quotas.

6) Briefly explain the causes of disequilibrium in balance of payments.

7) Write a note on participants in foreign exchange market.

8) Explain the various methods of quoting exchange rates.

## SECTION – C

**Answer All the following:** 5×1=5

9) Distinguish between internal and international trade.

10) What is infant industry argument?

11) What is TRIMS?

12) What is balance of trade?

13) What is Nostro Account?

**********

COM 205.1 Reg. No. .....

CREDIT BASED SECOND SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
COMMERCE
INSURANCE MANAGEMENT

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1.

| | |
|---|---|
| Sum Assured | ₹1,50,000 |
| Age | 35 Years |
| Date of Commencement | 1/4/2002 |
| Term | 20 Years |
| Mode of Payment | a) Yearly b) Half yearly c) Quarterly d) Monthly |
| Last Premium paid | 1/4/2013 |
| Surrender Value factor | 70% |

You are required to calculate Paid up Value and Surrender Value.

2. Explain the functions and powers of IRDA.
3. Explain the basic principles of Insurance.
4. Define Fire Insurance. Explain the types of policies under Fire Insurance.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Explain the settlement of Marine Insurance claims.
6. Explain the good qualities of Insurance Salesman.
7. Write a note on Motor Accident Claims Tribunal (MACT).
8. Explain any five types of Life Insurance.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. Define Insurance.
10. What is Underwriting?
11. Write any two essentials of valid Insurance contract.
12. Who is a Composite Agent?
13. Define Reinsurance.

**********

COM 401 Reg. No. .....

# CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
## FINANCIAL ACCOUNTING – IV

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1. S, T and U were in partnership sharing Profits and Losses in the proportion of 5: 4:3. They agreed to dissolve the partnership on 31March 2014 on which date their Assets and Liabilities were as under:

| Liabilities | (₹) | Assets | (₹) |
|---|---|---|---|
| Creditors | 76,000 | Debtors | 1,45,000 |
| T's Loan | 9,000 | Stock | 1,50,000 |
| Capitals: | | Plant | 50,000 |
| S | 1,20,000 | Furniture | 10,000 |
| T | 90,000 | | |
| U | 60,000 | | |
| | 3,55,000 | | 3,55,000 |

The Assets were realized in the following instalments and the proceeds were distributed as and when realized:

| | | |
|---|---|---|
| April | Instalment | ₹50,000 |
| May | " | ₹30,000 |
| June | " | ₹21,000 |
| July | " | ₹90,000 |
| August | " | ₹84,000 |

The cost of realization was estimated at ₹5000 and the amount was kept as reserve before distribution of the proceeds. But actual amount spent in June was ₹4,000.
Show the Statement of Piecemeal Distribution of Cash.

2. Following were the Balance Sheets of two firms M/S A & B and M/S X &Y as at 31-3-2015.

| Liabilities | A & B ₹ | X &Y ₹ | Assets | A & B ₹ | X & Y ₹ |
|---|---|---|---|---|---|
| Creditors | 20,000 | 25,000 | Cash at Bank | 5,600 | 6,700 |
| Mrs. A's loan | 5,000 | --- | Stock | 20,400 | 18,300 |
| Capitals: A | 40,000 | --- | Debtors | 15,000 | 20,000 |
| B | 20,000 | --- | Office Furniture | 4,000 | 5,000 |
| X | --- | 24,000 | Premises | 40,000 | -- |
| Y | --- | 16,000 | Investments | -- | 15,000 |
| | 85,000 | 65,000 | | 85,000 | 65,000 |

The two firms decided to amalgamate their business as from 1st April 2015. For this purpose it was agreed that:

a) Mrs. A's loan should be repaid.
b) Goodwill of M/S A & B be fixed at ₹8,000 and that of X & Y at ₹10,000
c) Premises be valued at ₹50,000

d) Stock of M/S A&B be written down by ₹4,000 and that of M/S X&Y be written up by ₹2,000
e) A provision of debtors be created in both firms at 5%
f) The total capital of the new firm be fixed at ₹80,000 to be contributed in Profit sharing ratio of A-3, B-2, X-3 &Y -2
g) Goodwill A/c in the new firm be written off.

Close the books of the two firms and prepare the Balance Sheet of the New Firm.

3. Mr. Khanna is a scientist. He holds the patent of a new type of electronic watch. Hind Watch Company obtained a license from him to manufacture and sell the watch on following terms:
   a) Hind Watch Company to pay a royalty of ₹10 for every watch produced with a minimum payment of ₹30,000 per year.
   b) Excess of minimum payment over actual royalty is recoverable during the two years, subsequent to the year in which excess is paid. The details of sale and stock are as follows:

| Year | Watches Sold | Watches in Stock |
|---|---|---|
| 2010 | 900 | 200 |
| 2011 | 2,500 | 500 |
| 2012 | 5,200 | 1,000 |
| 2013 | 5,400 | 600 |

Prepare necessary Ledger Accounts in the books of Hind Watch Company.

4. A firm has two departments X and Y. 'X' department supplies material to 'Y' department at its usual selling price. From the following figures prepare Departmental Trading and Profit and Loss A/c and General P & L A/c for the year 2016.

| Particulars | Dept. X ₹ | Dept.Y ₹ |
|---|---|---|
| Opening Stock | 6,00,000 | 1,00,000 |
| Purchases | 40,00,000 | 30,000 |
| Sales | 44,00,000 | 9,00,000 |
| Transfer to Y Dept | 6,00,000 | -- |
| Manufacturing Expenses | -- | 1,20,000 |
| Selling Expenses | 40,000 | 12,000 |
| Closing Stock | 4,00,000 | 1,20,000 |

The stocks in the Dept. Y may be considered as consisting of 80% of material and 20% otl expenses. Dept. X earned a Gross Profit at the rate of 15% in the year 2015. Common expenses of the business as a whole are, General Manager's salary -₹80,000, Office Expenses ₹30,000, Audit fees ₹20,000.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. S, T and R are partners sharing Profits and Losses as 5:3:2. The following is their Balance Sheet as at 31 March 2015 when they dissolved the business:

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Creditors | 40,000 | Machinery | 70,000 |
| S's Loan | 10,000 | Stock | 30,000 |
| Capitals: | | Debtors | 60,000 |
| S | 50,000 | | |
| T | 15,000 | | |
| R | 45,000 | | |
| | 1,60,000 | | 1,60,000 |

Calculate surplus capital under Proportionate Capital Method.

6. Mr. Bhanu, author of Financial Accounting has entered into an agreement with Mangalore Publishers on 1-1-2009 for Publication and sale of a book. The terms agreed were as follows:

a) Royalty payable is 20% on sale price of book. The book is priced at ₹75 per copy.

b) The author is to be paid the minimum amount of ₹50,000 p.a

c) Power to recoup short workings over the first three years of the lease.

d) Following are the particulars of sales

| Year | No. of copies sold |
|---|---|
| 2009 | 2,000 |
| 2010 | 4,000 |
| 2011 | 4,500 |
| 2012 | 6,000 |
| 2013 | 4,000 |

Prepare an Analytical Table of Royalty.

7. From the Following information, Prepare Branch Account in the books of H.O., when goods are supplied at Cost Price.

| | ₹ |
|---|---|
| Stock on 1-1-2013 | 1,00,000 |
| Stock on 31-12-2013 | 1,20,000 |
| Petty cash on 1-1-2013 | 2,000 |
| Petty cash on 31-12-2013 | 3,000 |
| Furniture on 1-1-2013 | 50,000 |
| Goods sent to Branch | 3,00,000 |
| Goods returned by Branch | 10,000 |
| Cash sent to Branch | 40,000 |
| Cash remitted by Branch to H.O | 3,20,000 |

Charge Deprecation on Branch Furniture at 10% p.a.

8. A, B & C share profits and losses of a business as to 3:2:1

Balance Sheet as on 31.12.2017

| Liabilities | ₹ | Assets | | ₹ |
|---|---|---|---|---|
| Capitals: A | 70,000 | Goodwill | | 10,000 |
| B | 80,000 | Machinery | | 2,56,000 |
| C | 43,000 | Furniture | | 40,000 |
| Reserve | 22,000 | Investments | | 18,000 |
| Mrs. A's loan | 15,000 | Loose tools | | 7,000 |
| Creditors | 96,000 | Stock | | 18,000 |
| Bills Payable | 14,000 | Debtors | 40,000 | |
| Bank O/D | 60,000 | Less: RBD | 2,000 | 38,000 |
| | | Cash | | 13,000 |
| | 4,00,000 | | | 4,00,000 |

The business of the firm was converted into a Ltd. Company called Bloom Company Ltd. on the above date on the following conditions:

a) The company to take all Assets (expect Cash & goodwill) at their book values.
b) The company to take over only bills payable and Bank Overdraft.
c) A agrees to pay his Wife's Loan.
d) Creditors were paid ₹90,000 in full settlement.
e) Realisation expenses paid by the firm ₹15,000
f) The Purchase consideration is payable by the company as under:
1000 Equity shares of ₹100 each and balance in the form of cash. Calculate Purchase Consideration and Prepare Realisation Account.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. What is Purchase Consideration?
10. What is meant by Royalty and Short Working?
11. What is Dependent Branch?
12. What is the Order of Payment on Dissolution?
13. What is meant by "Cash in Transit" and "Goods in Transit" in Branch Accounts?

**********

COM 402.1 Reg. No. .....

# CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION
## APRIL 2018
## COMMERCE
## COST ACCOUNTING – II

**Time: 3 Hrs.** **Max. Marks: 80**

## SECTION – A

**Answer any THREE questions:** **3×20=60**

1. A Company of builders having an Authorized Capital of ₹1,00,000 divided into 1000 Equity shares of ₹100 each commenced its operation on 1-1-2017 and during the year it was engaged in a contract, the contract price of which was ₹4,00,000. The Trial Balance extracted from the books on 31-12-2017 is as follows:

| Particulars | Dr ₹ | Cr ₹ |
|---|---|---|
| Share capital of ₹80 paid up | | 80,000 |
| Sundry Creditors | | 8,000 |
| Land and Building at cost | 34,000 | |
| Cash at Bank | 9,000 | |
| Charges to Contract: | | |
| Materials | 80,000 | |
| Plant | 15,000 | |
| Wages | 1,05,000 | |
| Expenses | 5,000 | |
| Cash received being 80% of work certified | | 1,60,000 |
| Total | 2,48,000 | 2,48,000 |

Of the plant and materials charged to the contract, Plant costing ₹2,000 and materials costing ₹2,000 were destroyed by accident on 31-12-2017, Plant which cost ₹4,000 was returned to the stores, value of materials on site was ₹4,000. Cost of work done but not certified was ₹2,000. Charge 10% depreciation on plant.

Prepare Contract Account for the year and Balance Sheet as on 31-12-2017.

2. A bus with a capacity of 50 passengers makes a round trip from Delhi to Gazipur via Nawalbad per day. The distance between Delhi and Nawalbad is 75 Kms and between Nawalbad and Gazipur is 25 Kms. During the onward journey the bus is full of its capacity up to Nawalbad but only 60% full between Nawalbad and Gazipur. On the otherhand on the return journey, it is full of its capacity from Gazipur to Nawalbad but 80% of the capacity between Nawalbad and Delhi.

Following additional information is provided:

The bus runs on an average 25 days in a month. The cost of the bus is ₹25,00,000 and its estimated scrap value after 10 years of its effective life is ₹2,50,000. Annual road tax ₹25,000, Insurance charges per year ₹24,000, Garage rent per year ₹12,000, Driver's salary per month ₹15,000, Cleaner's wage per month ₹10,000, Accountant's salary ₹12,000 per month, Supervisor's salary per month ₹10,000.

Cost of diesel per liter ₹60, Kms run per liter of diesel 4 Kms, proportionate charges for tyres per Km ₹2, repairs and maintenance per Km ₹5, interest on capital at 5%. You are required to compute the Cost per passenger Km of operating the bus.

3. A product passes through three distinct processes to completion. During the quarter ending 31st March 2017, the cost and production were as under:

| Particulars | Process A | Process B | Process C |
|---|---|---|---|
| Other materials (₹) | 20,000 | 30,000 | 32,000 |
| Direct Labour (₹) | 30,000 | 40,000 | 50,000 |
| Direct Expenses (₹) | 5,000 | 3,000 | 2,000 |
| Normal Loss in input | 10% | 5% | 10% |
| Sale of scrap per unit (₹) | 30 | 50 | 60 |
| Production in Units (₹) | 920 | 870 | 800 |

Total production overheads ₹60,000. 1000 units at ₹50 per unit were introduced to process A. Production overhead is allocated to each process on the basis of 50%of direct labour. Prepare Process Accounts, Abnormal Loss Account and Abnormal Gain Account.

4. Calculate the Machine hour rate from the following information:

| Particulars | ₹ |
|---|---|
| Cost of Machine | 2,00,000 |
| Cost of installation of machine | 60,000 |
| Scrap value after10 years | 20,000 |
| Rent & rates per month | 2,000 |
| Supervisor's salary per month | 9,000 |
| Insurance premium per annum | 4,800 |
| Repairs &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 ¼ of the total area of the factory. The supervisor spends ¼ of his time on this machine.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Explain the treatment of Profits on Incomplete Contracts.
6. Distinguish between Job Costing and Contract Costing.

7. The information given below has been taken from Engineering Works in respect of Job No 303:

| | |
|---|---|
| Materials | ₹5020 |
| Wages: Department A | 60 hours at ₹ 3/hour |
| Department B | 40 hours at ₹2/hour |
| Department C | 20 hours at ₹5/hour |
| The Works Overheads are: | |
| Variable Overhead: | |
| Department A | ₹5,000 for 5,000 labour hours |
| Department B | ₹3,000 for 1,500 labour hours |
| Department C | ₹2,000 for 500 labour hours |
| Fixed expenses: | ₹20,000 for 10,000 working hours. |

Calculate the cost of Job No. 303 and the price for job to earn a profit of 25% on selling price.

8. A factory produces 3 products A, B, and C of equal value from the same manufacturing process.

Subsequent costs are given as under:

| Particulars | Joint Cost ₹ | A (₹) | B (₹) | C (₹) |
|---|---|---|---|---|
| Material | 22,000 | 1,500 | 1,300 | 1,000 |
| Labour | 14,000 | 200 | 150 | 100 |
| Overheads | 13,000 | 800 | 550 | 400 |

Selling price ₹30,000, ₹24,000 and ₹20,000 respectively. Estimated Profit on selling price 30%, 25% and 20%. Show how you would propose to apportion the Joint Cost of manufacturer.

## SECTION – C

**Answer all the questions:** 5×1=5

9. What is Retention Money?
10. Name the two industries in which operating costing is applied for ascertaining Cost.
11. What is Escalation Clause?
12. What is Batch Costing?
13. Calculate the Economic Batch Quantity from the following information:

Annual demand for the components: 8000 units
Setting up cost: ₹200
Cost of Manufacture per unit: ₹400
Rate of interest per annum: 10%

**********

COM 403.1 Reg.No. .....

# CREDIT BASED FOURTH SEMESTER B.COM. DEGREE EXAMINATION – APRIL 2018

## 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 firm manufactures two types of products A and B and sells them at a profit of ₹2/unit on A and ₹3/ unit on type B. Each product is processed on two machines $M_1$ and $M_2$. Type A requires one minute of processing time on $M_1$ and two minutes on $M_2$; type B requires one minute on $M_1$ and one minute on $M_2$. The machine $M_1$ is available for not more than 6 hours 40 minutes and machine $M_2$ is available for 10 hours during any working day. Formulate the problem as a linear programming problem. (5)

   b) Solve the following LPP by Graphical method.

   Maximize $Z = x_1 + x_2$

   Subject to $x_1 + 2x_2 \le 2,000$

   $x_1 + x_2 \le 1,500$

   $x_2 \le 600$

   $x_1, x_2 \ge 0$

   (10)

   c) Find the compound interest on 1,200 at 8% p.a. for 2 years if the interest is calculated quarterly. (5)

2. a) Solve the following LPP using simplex method.

   Max. $Z = 3x_1 + 2x_2 + 5x_3$

   Subject to $x_1 + 2x_2 + x_3 \le 430$

   $3x_1 + 2x_3 \le 460$

   $x_1 + 4x_2 \le 420$

   $x_1, x_2, x_3 \ge 0$ (15)

b) Find an initial basic feasible solution to the following transportation problem by North-west corner Rule.

| Source | Destination | | | | Availability |
|---|---|---|---|---|---|
| | $D_1$ | $D_2$ | $D_3$ | $D_4$ | |
| $F_1$ | 27 | 23 | 31 | 69 | 150 |
| $F_2$ | 10 | 45 | 40 | 32 | 40 |
| $F_3$ | 30 | 54 | 35 | 57 | 80 |
| Required | 90 | 70 | 50 | 60 | |

(5)

3. a) From the following data, find the member of shops with sales between 3 lakhs and 7 lakhs.

| Sales (Lakhs) | 0-2 | 2-4 | 4-6 | 6-8 | 8-10 |
|---|---|---|---|---|---|
| No. of Shops | 5 | 4 | 5 | 5 | 2 |

(10)

b) Solve the following assignment problem where the entries of the table represents the time taken by various typists to complete this job

| Typist | JOB | | | | |
|---|---|---|---|---|---|
| | P | Q | R | S | T |
| A | 85 | 75 | 65 | 125 | 75 |
| B | 90 | 78 | 66 | 132 | 78 |
| C | 75 | 66 | 57 | 114 | 69 |
| D | 80 | 72 | 60 | 120 | 72 |
| E | 76 | 64 | 56 | 112 | 68 |

(10)

4. a) Find the optimal solution to the following transportation problem.

| | $D_1$ | $D_2$ | $D_3$ | $D_4$ | ai |
|---|---|---|---|---|---|
| $0_1$ | 15 | 10 | 17 | 18 | 2 |
| $0_2$ | 16 | 13 | 12 | 13 | 6 |
| $0_3$ | 12 | 17 | 20 | 11 | 7 |
| bj | 3 | 3 | 4 | 5 | |

(10)

b) From the following data find the sales for the year 2013 using Binomial Method.

| Year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Sales | 126 | 132 | 150 | - | 148 | 162 |

(5)

c) At certain rate of interest compounded monthly, a sum doubles in 3 years. Find
   i) The nominal rate of interest
   ii) Effective rate of interest (5)

## SECTION - B

**Answer any THREE of the following:** 5X3=15

5. Briefly explain the meaning of interpolation and extrapolation. (5)

6. Find the rate of interest at which a sum doubles in 5 years compounded annually. (5)

7. If the true discount on a certain sum due 6 months hence at 15% is ₹120, what is the banker's discount on the sum for the same time and at the same rate? (5)

8. Find equated due date of the following bills.
   ₹3,000 due on 10.07.2016
   ₹5,000 due on 30.07.2016
   ₹8,000 due on 01.11.2016
   ₹2,000 due on 28.02.2017 (5)

## SECTION - C

**Answer all the questions** **5x1=5**

9. State any two applications of OR.
10. Define i) Feasible solution ii) optimal solution of a LPP.
11. Write the standard form of a transportation problem.
12. Find the simple interest and amount payable for ₹10,000 for 5 years at 6%p.a
13. The rate of trade discount and cash discount on a T.V. set costing ₹20,000/-are 3% and 2.5%. find the selling price.

**********

COM 405.4

Reg. No. .....

# CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION
## APRIL 2018
## COMMERCE
## PERSONAL TAXATION– II

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1. a) Define 'Transfer of capital assets U/S 2(47). **( 10 Marks)**

   b) From the following information compute the Taxable Capital Gain.
      1. Cost of acquisition of a residential house in May 1999-₹2,00,000.
         Sale consideration 2-6-16 –₹15,00,000
         Cost of new house purchased for residential purpose-₹5,00,000
         Amount deposited as per the scheme- ₹1,00,000
      2. Would it make any difference if the assesses deposits ₹5,00,000 as per the scheme by the due date of filing the returns for the AY 2017-18 but does not utilize for acquiring residential house before 2-6-19 (CII for 1999-2000:389, 2016-17:1125) **(10 Marks)**

2. From the following P/L A/c of Mr. Vinod, Compute the Income from business.

| | ₹ | | ₹ |
|---|---|---|---|
| To Salary | 15,000 | By Gross profit | 1,60,000 |
| To General expenses | 15,000 | By Bad debts recovered (disallowed earlier) | 2,000 |
| To Advertisements | 4,000 | | |
| To Interest on capital | 2,000 | By Profit on Sale of residential house | 3,25,000 |
| To Interest on bank loan | 500 | By Rent received | 3,000 |
| To Bad debts | 2,000 | By Dividend on Indian Company Shares | 3,000 |
| To Fire Insurance premium on LOP | 100 | By Interest on POSB A/c | 1,000 |
| To Depreciation | 4,000 | | |
| To Reserve for sales tax | 10,000 | | |
| To Income tax | 9,500 | | |
| To Donation to NDF | 1,000 | | |
| To Local tax on LOP | 500 | | |
| To Motor car expenses | 1,000 | | |
| To Net profit | 4,29,400 | | |
| | 4,94,000 | | 4,94,000 |

Consider the following:

1. Salary includes ₹500 p.m. drawn by Vinod as salary.
2. Advertisement includes ₹1,200 being cost of one neon sign board.
3. General expenses include ₹1,200 being the fee paid to the C.A. in connection with income tax appeal before appellate tribunal.
4. ¼ of the car expenses relate to personal use.
5. Depreciation is found to be in excess by ₹1,500.
6. Actual bad debt amounted to ₹1,000

3. Mrs. Anil has the following investments in the previous year.

a) ₹30,000, 10% UP Government Bonds
b) ₹25,000, 8% Agra Municipal Bonds
c) ₹22,500, 10% Improvement Trust debentures purchased at par on 1st November of the previous year.
d) ₹20,000 units of UTI (dividend received ₹2,000)
e) ₹1,50,000 in fixed deposit with SBI on which interest at 9% p.a. is payable.
f) ₹20,000, 12% tax free debentures (listed) of Reliance Ltd purchased on 1st October of previous year.
g) ₹2,000, 12% interest received on the debentures of a Co-operative society.
h) ₹10,000 in POSB A/c which earns interest at 5% p.a.
i) ₹3,600 as interest on Government Securities.
j) ₹5,400 as interest on debentures of Meghdoot Ltd.
k) ₹7,200 as interest on debentures of Mercury Ltd.
l) ₹15,000 dividend received on equity shares of an Indian Company.

Mrs. Anil inherited ₹25,000, 12% Bombay Government Bonds from her father on 1st December of PY. The interest on securities is payable on 1st January and 1st July each year.

She received ₹78,000 as family pension.

Compute the Income from other sources, considering collection charges at 1% of interest realized on securities.

4. A submits the following particulars: (He contributes 10% of his basic +DA to RPF)

| | ₹ |
|---|---|
| Basic pay | 2,20,000 |
| Dearness allowance | 12,000 |
| Project allowance | 24,000 |
| Dearness Pay | 12,000 |
| Commission (at 2% of turnover of ₹10 lakh) | 20,000 |
| House Rent allowance (Rent paid ₹60,000) | 48,000 |
| Profits from publication of journals | 51,400 |
| Interest on Bank FD (gross) | 1,24,000 |
| Interest on Bank SB A/c | 12,482 |
| Rent received from let out house | 30,000 |
| Profits from dairy farming (non agricultural activity) | 18,000 |
| Interest on Govt. Securities held by him | 20,000 |
| Payments: | |
| Donation to PMNRF | 60,000 |
| Municipal taxes on let out house | 2,000 |
| Interest on money borrowed to pay taxes | 3,000 |
| Professional tax paid | 4,000 |
| Expenses for filing income tax appeal | 5,000 |
| Life insurance premium | 18,000 |
| Deposits in PPF | 66,000 |
| Premium on Jeevan Suraksha | 12,000 |
| Independent income of minor son | 25,000 |

Compute the Total Income and Tax Liability.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Distinguish between Short Term Capital Gain and Long Term Capital Gain.

6. Following donations were made by Mr. Rohith.
   i) Kargil Fund ₹12,000
   ii) National Foundation for Communal Harmony ₹15,000
   iii) National Blood Transfusion Council ₹20,000
   iv) Rajiv Gandhi Foundation ₹16,000
   v) Construction of school building ₹26,000

   His GTI is ₹5,00,000. Compute his Total Income.

7. Rahim furnishes the following particulars for the year 2016-17

| | ₹ |
|---|---|
| Salary Income | 1,40,000 |
| Loss from houses 'A' | 25,000 |
| Income from house 'B' | 45,000 |
| Loss from business | 50,000 |
| Winnings from Lotteries | 10,000 |

Compute the Gross Total Income applying the provisions of set off of losses.

8. What is Grossing up of Interest? State the rules of grossing up of interest under the head Income from other sources.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. How do you treat the following items under the head 'Business Income'?
   a) Legal expenses incurred to defend against criminal liability.
   b) Expenditure incurred on raising loan for business.
10. What is meant by Deemed Income?
11. Describe the meaning of the term "Profession"
12. What is meant by "Tax Free Government Securities"?
13. What is meant by "Cost of Acquisition"?

**********

COM 411 Reg. No. .....

# CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018

## COMMERCE

## CORPORATE REPORTING

Time:3Hrs Max. Marks: 80

## SECTION – A

**Answer any THREE questions** 3x20=60

1. a) Mehran, a public limited company, has just acquired a company, which comprises a farming and mining business. Mehran wishes advice on how to fair value some of the assets acquired.

One such asset is a piece of land, which is currently used for farming. The fair value of the land if used for farming is $5 million. If the land is used for farming purposes, a tax credit currently arises annually, which is based upon the lower of 15% of the fair market value of land or $500,000 at the current tax rate. The current tax rate in the jurisdiction is 20%.

Mehran has determined that market participants would consider that the land could have an alternative use for residential purposes. The fair value of the land for residential purposes before associated costs is thought to be $7.4 million. In order to transform the land from farming to residential use, there would be legal costs of $200,000, a viability analysis cost of $300,000 and costs of demolition of the farm buildings of $100,000. Additionally, permission for residential use has not been formally given by the legal authority and because of this, market participants have indicated that the fair value of the land, after the above costs, would be discounted by 20% because of the risk of not obtaining planning permission.

In addition, Mehran has acquired the brand name associated with the produce from the farm. Mehran has decided to discontinue the brand on the assumption that it is similar to its existing brands. Mehran has determined that if it ceases to use the brand, then the indirect benefits will be $20 million. If it continues to use the brand, then the direct benefit will be $17 million. Other companies in this market do not have brands that are as strong as Mehran's and so would not see any significant benefit from the discontinuation.

**Required: Discuss the way in which Mehran should fair value the above assets with reference to the principles of IFRS 13 Fair Value Measurement.**

**(10 marks)**

(b) Mehran wishes to fair value the inventory of the entity acquired. There are three different markets for the produce, which are mainly vegetables. The first is the local domestic market where Mehran can sell direct to retailers of the produce. The second domestic market is one where Mehran sells directly to manufacturers of canned vegetables. There are no restrictions on the sale of produce in either of the domestic markets other than the demand of the retailers and manufacturers. The final market is the export market but the government limits the amount of produce which can be exported. Mehran needs a licence from the government to export its produce. Farmers tend to sell all of the produce that they can in the export market

and, when they do not have any further authorisation to export, they sell the remaining produce in the two domestic markets.

It is difficult to obtain information on the volume of trade in the domestic market where the produce is sold locally direct to retailers but Mehran feels that the market is at least as large as the domestic market – direct to manufacturers. The volumes of sales quoted below have been taken from trade journals.

| | Domestic market – direct to retailers | Domestic market – direct to manufacturers | Export market |
|---|---|---|---|
| Volume – annual | Unknown | 20,000 tonnes | 10,000 tonnes |
| Mehran – sales per month | 10 tonnes | 4 tonnes | 60 tonnes |
| Price per tonne | $1,000 | $800 | $1,200 |
| Transport costs per tonne | $50 | $70 | $100 |
| Selling agents' fees per tonne | – | $4 | $6 |

**Required: Discuss the way in which Mehran should fair value the above assets with reference to the principles of IFRS 13 Fair Value Measurement. (10 marks)**

2. (a) It is sometimes claimed that the primary financial statements and disclosure notes do not satisfy the information needs of user groups, particularly shareholders and other providers of financial capital. As a result, many entities now produce an array of nonfinancial reports. Integrated Reporting <IR>, in particular, has received increased international recognition. The International Integrated Reporting Framework outlines the purpose and proposed content of an Integrated Report. Although optional, it is hoped that the preparation of Integrated Reports by companies will address some of the problems associated with traditional financial reporting.

**Required:**

(i) Identify and explain the limitations of financial reporting. **(5marks)**

(ii) According to the International Integrated Reporting Framework, what is the purpose and suggested content of an Integrated Report? **(10 marks)**

(iii) Discuss the extent to which Integrated Reporting addresses the limitations of traditional financial reporting. **(5 marks)**

3. H has owned 80% of the ordinary shares of S and 30% of the ordinary Shares of A for many years. The information below is required to prepare the consolidated statement of profit or loss for the year ended 30 June 20X8. Statements of profit or loss for the year ended 30 June 20X8

| | H | S | A |
|---|---|---|---|
| | $ | $ | $ |
| Revenue | 5,00,000 | 2,00,000 | 100,000 |
| Cost of sales | (100,000) | (80,000) | (40,000) |
| Gross profit | 400,000 | 120,000 | 60,000 |
| Distribution costs | (160,000) | (20,000) | (10,000) |
| Administrative expenses | (140,000) | (40,000) | (10,000) |
| Profit from operations | 100,000 | 60,000 | 40,000 |
| Tax | (23,000) | (21,000) | (14,000) |
| Profit after tax | 77,000 | 39000 | 26000 |

**Note**: There were no items of other comprehensive income in the year.

At the date of acquisition, the fair value of S' s plant and machinery, which at that time had a remaining useful life of ten years, exceeded the book value by $10,000.

During the year S sold goods to H for $10,000 at a margin of 25%. By the year-end H had sold 60% of these goods.

The group accounting policy is to measure non-controlling interests using the proportion of net assets method. The current year goodwill impairment loss was $1,200, and this should be charged to Administrative expenses.

By 30 June 20X8 the investment in A had been impaired by $450, of which the current year loss was $150.

On 1 January 20X8, H signed a contract to provide a customer with support services for the following twelve months. H received the full fee of $30,000 in advance and recognised this as revenue

**Required:**

Prepare the consolidated statement of profit or loss for the year ended 30 June 20X8. **(20 marks)**

4. Hague has held a 60% investment in Maude for several years, using the full goodwill method to value the non-controlling interest. Half of the goodwill has been impaired prior to the date of disposal of shares by Hague. Details are as follows

| | $000 |
|---|---|
| Cost of investment | 6,000 |
| Maude – Fair value of net assets at acquisition | 2,000 |
| Maude – Fair value of a 40% investment at acquisition daten | 1,000 |
| Maude – Net assets at disposal | 3,000 |
| Maude – Fair value of a 25% investment at disposal date | 3,500 |

**Required:**

(a) Assuming a full disposal of the holding and proceeds of $10 million, calculate the profit or loss arising:

(i) In Hague's individual financial statements **(5 marks)**

(ii) In the consolidated financial statements. Tax is 25%. **(10 marks)**

(b) Assuming a disposal of a 35% holding and proceeds of $5 million: Calculate the profit or loss arising in the consolidated financial statements Ignore tax. **(5 marks)**

## SECTION – B

**Answer any THREE questions:** **3X5=15**

5. Vache leases machinery to Toro. The lease is for four years at an annual cost of $2,000 payable annually in arrears. The present value of the lease payments is $5,710. The implicit rate of interest is 15%.

   **Required:** How should Vache account for their net investment in the lease?

6. On 31 December 20X1, an entity noticed that one of its items of plant and machinery is often left idle. On this date, the asset had a carrying amount of $500,000 and a fair value of $325,000. The estimated costs required to dispose of the asset are $25,000.

   If the asset is not sold, the entity estimates that it would generate cash inflows of $200,000 in each of the next two years. The discount rate that reflects the risks specific to this asset is 10%.

   **Required:** Discuss the accounting treatment of the above in the financial statements for the year ended 31 December 20X1.

7. Paloma purchased a new financial asset on 31 December 20X3. The asset is a bond that will mature in three years. Paloma buys debt investments

with the intention of holding them to maturity although has, on occasion, sold some investments if cash flow deteriorated beyond acceptable levels. The bond pays a market rate of interest. The Finance Director is unsure as to whether this financial asset can be measured at amortised cost.

**Required:**

Advise the Finance Director on how the bond will be measured.

8. The Conceptual Framework for Financial Reporting 2010 ('the Framework') sets out the concepts that underlie the preparation and presentation of financial statements for external users. In recent years, the International Accounting Standards Board (the Board) has been working to revise certain key areas of the Framework. This project resulted in the issue of an Exposure Draft on the Framework in July 2015.

   **Required:** Outline the definitions of the elements per the Framework.

## SECTION C

**Answer all the questions:** **5X1=5**

9. What is meant by 'Date of Transition'?
10. What is meant by 'Variable Consideration'?
11. Mention any two types of Pension Plans.
12. What is meant by 'Vesting Date'?
13. When can a provision be recognised?

******

COM 414 Reg. No. .....

CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018

COMMERCE

BUSINESS ANALYSIS

Time: 3 Hrs. Max. Marks: 80

## SECTION-A

**Answer any THREE questions:** (3×20=60)

1. Explain the Macro-environment of an organisation using PESTEL Analysis.

2. Evaluate through the strategy clock, generic strategy options available to an organisation.

3. Assess the contribution of the lifecycle model, the cycle of competition and associated costing implications to understanding competitive behaviour.

4. A University which derives most of its funds from the government provides undergraduate courses and post graduate courses. Some of its funds come from contributions from student fees, consultancy work and research. In recent years, the University has placed emphasis on recruiting lecturers who have achieved success in delivering good academic research. This has led to the University improving its reputation within its national academic community and applications from prospective students for its courses have increased.

   The University has good student support facilities in respect of a library, books and journals and up to date equipments. It also has a gymnasium and sports facilities. Courses at the University are administered by well-qualified and trained non-teaching staffs that provide non-academic support to the lecturers and students.

   The University has had no difficulty in filling its courses to the level permitted by the government, but has experienced an increase in the number of students who have withdrawn from the first year of their courses after only a few months. An increasing number of students are also transferring from their three year undergraduate courses to other courses within the university but many have left and gone to different Universities. This increasing trend of student withdrawal is having a detrimental effect on the University income as the Government pays only for students who complete a full year of their study.

   You are the university's management accountant and have been asked by the Vice-Chancellor (who is the chief executive of the University) to review the withdrawal rate of students from the University courses.

   Required:

   Apply Value chain Analysis to the University's activities and advise the Vice-Chancellor how this analysis will help to determine why the rate of student withdrawal is increasing.

## SECTION-B

**Answer any THREE questions:** **(3×5=15)**

5. Explain how strategy may be formulated at different levels of an organisation.

6. Explore, using Porter's Diamond, the influence of national competitiveness on the Strategic position of an organisation.

7. Explain how internal relationship can be organised to deliver a selected strategy.

8. Explain the capabilities required to sustain competitive advantage.

## SECTION-C

**Answer ALL questions:** **(5×1=5)**

9. State the levels of Strategic Planning.
10. Which are the most common approach to Scenario Planning?
11. What is meant by Resource Audit?
12. What is meant by Strategic Capabilities?
13. What is Key Performance Indicator?

**********

COM 415 Reg. No. .....

# CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018

## COMMERCE

## GOVERNANCE, RISK AND ETHICS

**Time: 3 Hrs.** **Max. Marks: 80**

## SECTION-A

**Answer any THREE questions:** (3×20=60)

1. Define Corporate Governance. Explain the principles of Corporate Governance.

2. What is Induction and Continuing Professional Development? Assess the execution of Induction and CPD of directors on board.

3. Explain and evaluate the concepts of 'CSR strategy and Strategic CSR'

4. In Yaya Company, operations director Ben Janoon recently realised there had been an increase in products failing the final quality checks. These checks were carried out in the QC (quality control) laboratory, which tested finished goods products before being released for sale. The product failure rate had risen from 1% of items two years ago to 4% now, and this meant an increase of hundreds of items of output a month which were not sold on to Yaya's customers. The failed products had no value to the company once they had failed QC as the rework costs were not economic. Because the increase was gradual, it took a while for Mr. Janoon to realise that the failure rate had risen.

   A thorough review of the main production operation revealed nothing that might explain the increase failure and so attention was focused instead on the QC laboratory. For some years, the QC laboratory at Yaya, managed by Jane Goo, had been marginalised in the company, with its two staff working in a remote laboratory well away from other employees. Operations director Ben Janoon, who designed the internal control systems in Yaya, rarely visited the QC lab because of its remote location. He never asked for information on product failure rates to be reported to him and did not understand the science involved in the QC process. He relied on the two QC staff, Jane Goo and her assistant Johan Zong, both of whom did have relevant scientific qualifications.

   The two QC staff considered themselves low paid .Whilst in theory they reported to Mr. Janoon, in practice, they conducted their work with little contact with colleagues'. The work was routine and involved testing products against a set of compliance standards. A single signature on a product compliance report was required to pass or fail in QC and these reports were then filed away with no-one else seeing them.

   It was eventually established that Jane Goo had found a local buyer to pay her directly for any of Yaya's products which had failed the QC tests. The increased failure rate had resulted from her signing products as having 'failed QC' when, in fact, they had passed. She kept the proceeds from the sales for herself, and also paid her assistant, John Zong, a proportion of the proceeds from the sale of the failed products.

Required:

a) Explain typical reason why an internal control system might be ineffective. **(4 Marks)**

b) Explain the internal control deficiencies that led to the increased product failure at Yaya. **(8 Marks)**

c) Discuss the general qualities of useful information₹, stating clearly how they would be of benefit to Mr. Janoon, and recommend specific measures which would improve information flow from the QC lab to Mr. Janoon. **(8 Marks)**

## SECTION-B

**Answer any THREE questions:** **(3×5=15)**

5. Define and explain the key concept in Agency Theory.
6. Explain two types of Board structure.
7. Explain the role and responsibilities of Remuneration Committee.
8. Describe and explore the objectives and contents of Organisation for Economic Cooperation and Development (OECD)

## SECTION-C

**Answer ALL questions:** **(5×1=5)**

9. For each of the following scenarios, identify which kind of principal agent conflict exists.
   a) An employee discovers that one of the key financial controls in his area is not operating as it should, and could potentially result in losses to the company. He has not said anything because he does not want to get into trouble.
   b) The financial director decides to gamble £1 million of company money, obtained from a bank loan, on a football match result.
10. What is Board Diversity?
11. From the following identify the responsibility of Nomination Committee.
    a) Agree any compensation for loss of office of any executive director
    b) Ensure that the executive director are fairly rewarded for their individual contribution to the overall performance of the company.
    c) Review the structure, size and composition of the board and make recommendation to the board.
    d) Agree any compensation for loss of office of any executive director
12. What is Proxy Voting System?
13. Mention any two objectives of Internal Control System.

**********

COM 602.1 Reg. No. .....

# CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION - APRIL 2018
## COMMERCE
## MANAGEMENT ACCOUNTING - II

**Time: 3 Hrs.** **Max. Marks: 120**

### SECTION – A

**Answer any THREE questions:** 3×25=75

1. Explain Standard Costing, and its advantages and disadvantages. Write the steps involved in the establishment of Standard Costing.

2. The following data is made available to you

| Material | Standard | | | Actual | | |
|---|---|---|---|---|---|---|
| | Qty. Kgs. | Price (₹) | Total | Qty. Kgs. | Price (₹) | Total |
| X | 5,000 | 6.000 | 30,000.00 | 4000 | 6.00 | 24,000.00 |
| Y | 4,000 | 3.75 | 15,000.00 | 5000 | 3.60 | 18,000.00 |
| Z | 3,000 | 3.00 | 9,000.000 | 4000 | 2.80 | 11,200.00 |
| Total | 12,000 | | | 13,000 | | |

Calculate:

a) Material Cost Variance
b) Material Price Variance
c) Material Usage Variance
d) Material Mix Variance

3. Raj Corporation Limited has prepared the following budget estimates for the year.

| | |
|---|---|
| Sales (Units) | 15,000 |
| Fixed Expenses | ₹34,000 |
| Sales Value | ₹1,50,000 |
| Variable Costs | ₹6 per unit |

Your are required to

i) Find the P/V ratio, break even point and margin of safety
ii) Calculate the revised P/V ratio, break even point and margin of safety in each of the following cases:
   a) Decrease of 10% in selling price
   b) Increase of 10% variable costs

4. What is a Cost Audit Programme? What are the functions of a Cost Auditor?

### SECTION – B

**Answer any THREE questions:** 3×10=30

5. Calculate:

a) Labour cost variance b) Labour rate variance

c) Labour efficiency variance for Department A & B.

| | Department A | Department B |
|---|---|---|
| Actual direct wages | ₹2000 | ₹1800 |
| Std. hours produced | 8000 | 6000 |
| Std. rate per hour | ₹3 | 3.5 paise |
| Actual hours worked | 8200 | 5800 |

6. Define Management Audit, What are its objectives?

7. Briefly explain the techniques of value analysis?

8. A factory engaged in manufacturing plastic toys is working at 40% capacity and produces 10,000 toys per annum.

   The present cost break up for one toy is as under.

| | ₹ |
|---|---|
| Material | 10 |
| Labour cost | 3 |
| Overhead | 5 (60% fixed) |

   The selling price is ₹20 per toy.
   If it is decided to work the factory at 50% capacity, the selling price falls by 3%.

   You are required to calculate the profit at 40% and 50% capacity.

## SECTION – C

**Answer ALL the questions:** **3×5=15**

9. Explain briefly any 5 costs relevant for management decision making.

10. Briefly explain the areas of cost reduction.

11. Lucky watch works sold 14,000 watches and 18,000 watches at ₹50 per watch in two consecutive years. The company incurred a loss of ₹10,000 in the first year and earned a profit of ₹10,000 in the second year. Fixed cost ₹80,000.

    Find out P/V ratio and BEP Quantity.

**********

COM 603.1 Reg. No. .....

# CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
## ADVERTISING AND SALES MANAGEMENT

**Time: 3 Hrs.** **Max. Marks: 80**

### SECTION – A

**Answer any THREE questions:** 3×20=60

1. What is Advertising Media? Briefly explain the different types of Advertising Media.
2. Who is a Sales Manager? Explain different types of Sales Managers. What are the essentials qualities of a Sales Manager?
3. Explain the various sales promotion methods undertaken at the dealers as well as consumers level.
4. How can the Advertising Manager evaluate the effectiveness of a firm's Advertising through testing Methods? Explain.

### SECTION – B

**Answer any THREE questions:** 3×5=15

5. Explain Behavioral Equation Theory of Selling.
6. What are the functions of Public Relation Department?
7. What is an Advertisement Copy? Explain the essentials of a good Advertisement Copy.
8. Write a note on Ethics in Advertising.

### SECTION – C

**Answer ALL the questions:** 5×1=5

9. What is an Advertisement Layout?
10. What is Ad Co-ordination?
11. Write any two differences between Advertising and Publicity.
12. Mention any two types of Salesmen.
13. Expand AIDA.

**********

COM 604.1 Reg. No. .....

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
COMMERCE
HUMAN RESOURCE MANAGEMENT – II

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1. What is meant by Human Resource Accounting? Briefly explain its Nature, Importance and Objectives.
2. Describe various methods of prevention and settlement of Industrial Disputes.
3. Explain the causes for Poor Industrial Relation and suggest measures to improve them.
4. Explain the factors affecting wage/ salary administration in an organization. Mention the various types of Incentive Plans.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. What are the essential conditions for the successful functioning of Collective Bargaining?
6. Write a note on Talent Management.
7. What is a Trade Union? State its objectives.
8. Write a note on Lev & Schwart Model.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. Expand ESI
10. What is Emotional Intelligence?
11. What is Whistle Blowing?
12. What is meant by Employer's Brand?
13. What is Human Resource Research?

**********

COM 605.1 Reg. No. .....

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
COMMERCE
CORPORATE GOVERNANCE

Time: 3 Hrs. Max. Marks: 80

## SECTION – A

**Answer any THREE questions:** 3×20=60

1. What is Corporate Social Responsibility? Enumerate on the pros and cons of Corporate Social Responsibility.
2. What is meant by Corporate Governance? Explain the issues relating to Corporate Governance.
3. Explain the role of Corporate Governance in Consumer Protection.
4. Who is a Director? Describe the role of a director in promoting Corporate Governance.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. What are the unethical issues that come across in the business of a company?
6. Write a note about SEBI and explain its powers and functions.
7. Explain Agency Theory and Stewardship Theories of Corporate Governance.
8. Who is non-executive director? Briefly explain his role as a committee member.

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. Who is a nominee director?
10. Explain any two rights available to shareholder.
11. What is corporate image?
12. State the types of board structure.
13. List any two differences between managing and governing.

**********

COM 606.3 Reg. No. .....

# CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
## ENTREPRENUERSHIP 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 opportunities and challenges faced by a Rural Entrepreneur.
2. What is MSME's? Explain the features and problems faced by MSME's.
3. Who is a Woman Entrepreneur? Explain the functions and the problems faced by Women Entrepreneurs. Suggest the remedial measures to overcome their problems.
4. What is a Project Report? State the importance and contents of a Project Report.

### SECTION – B

**Answer any THREE questions:** 3×5=15

5. Explain in brief the contents of an EDP.
6. Explain any five types of Entrepreneurs.
7. What is Project Appraisal? Mention the contents of Project Appraisal.
8. Differentiate between an Entrepreneur and a Manager.

### SECTION – C

**Answer ALL the questions:** 5×1=5

9. Expand SIDO and SSICs.
10. State any two government schemes to promote Women Entrepreneurship.
11. State any two types of Women Entrepreneurs.
12. Write any two objectives of EDP.
13. Who is a Social Entrepreneur?

**********

COM 607.6 Reg. No. .....

# CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
## COMMERCE
## SECURITY ANALYSIS & PORTFOLIO MANAGEMENT – II

**Time: 3 Hrs.** **Max. Marks: 80**

### SECTION – A

**Answer any THREE questions:** 3×20=60

1. Explain the Weak form and Semi-Strong form of Market Efficiency with empirical evidences.

2. Your client is holding the following securities:

| Particulars of Securities | Cost ₹ | Dividend/ Interest ₹ | Market Price ₹ | Beta |
|---|---|---|---|---|
| Equity Shares: | | | | |
| Gold Ltd. | 10,000 | 1,725 | 9,800 | 0.6 |
| Silver Ltd. | 15,000 | 1,000 | 16,200 | 0.8 |
| Bronze Ltd. | 14,000 | 700 | 20,000 | 0.6 |
| GOI bonds | 36,000 | 3,600 | 34,500 | 1.0 |

Average returns of the portfolio is 15.7%, Calculate:

(i) Expected rate of return in each using the Capital Asset Pricing Model (CAPM)
(ii) Risk free rate of return.

3. A portfolio Manger has the following information about several stocks. From the following information build an optimum portfolio for his client.

| Security | Expected Return | β | $\sigma_{ei}^2$ |
|---|---|---|---|
| A | 22 | 1.0 | 35 |
| B | 20 | 2.5 | 30 |
| C | 14 | 1.5 | 25 |
| D | 18 | 1.0 | 80 |
| E | 16 | 0.8 | 20 |
| F | 12 | 1.2 | 10 |
| G | 19 | 1.6 | 25 |
| H | 17 | 2.0 | 30 |

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

4. The following results were obtained from a study for a period of six months in 2017.

| | Ri | $\sigma_p$ | β |
|---|---|---|---|
| Birla | 25.38 | 4.0 | 0.23 |
| Cipla | 36.28 | 6.86 | 0.52 |
| Reliance | 45.56 | 4.31 | 0.63 |
| S&P 500 CNX | 36.74 | 3.69 | 1.00 |
| $R_f$ | 9.00 | ---- | --- |

Using the inputs, rank the stocks according to the Sharpe's, Trynors and Jensen's Index.

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Distinguish between Forward Contracts & Future Contracts.
6. Comment on the Investment Strategies as proposed by John Templeton and John Bogle.
7. What is an Option? State the advantages of Option contracts.
8. Assume yourself as a portfolio manager and with the help of the following details find out the securities that are overpriced and underpriced in terms of the security market line.

| Security | Expected Return | β | $\sigma$ |
|---|---|---|---|
| A | 33 | 1.7 | 0.50 |
| B | 13 | 1.4 | 0.35 |
| C | 26 | 1.1 | 0.40 |
| D | 12 | 0.95 | 0.24 |
| E | 21 | 1.05 | 0.28 |
| F | 14 | 0.70 | 0.18 |
| Nifty Index | 13 | 1.00 | 0.20 |
| T-Bills | 9 | 0 | 0.0 |

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. State any two forbidden investment recommendations.
10. What is Derivative?
11. A Ltd's share gives a return of 20% and B Ltd's share gives 32% return. Mr. David invested 25% in A Ltd. shares and 75% in B Ltd. shares. What would be the expected return of the portfolio?
12. Use the following data to calculate standard deviation for a portfolio containing stocks 1 and 2.

    $\gamma_{1,2} = 0.65$ $\sigma_1=13$ $\sigma_2=27$, $W_1=0.70$, $W_2= 0.30$
13. List any two differences between Capital Asset Pricing Model and Arbitrage Pricing Model.

**********

COM 601.1 Reg. No. .....

CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2018
COMMERCE
CORPORATE ACCOUNTING – II

Time: 3 Hrs. Max. Marks: 120

SECTION – A

Answer any THREE questions: 3×25=75

1. Anjaneya Company Ltd., went into voluntary liquidation on 31st December 2015. The balance in its books on that date were:

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Share Capital | | Land and Buildings | 2,50,000 |
| 5,000, 6% Cumulative Preference Shares of ₹100 each fully paid | 5,00,000 | Plant and Machinery | 6,25,000 |
| 2,500 Equity Shares of ₹100 each, ₹75 paid up | 1,87,500 | Patents | 1,00,000 |
| 7,500 Equity Shares of ₹100 each, ₹60 paid up | 4,50,000 | Stock | 1,37,500 |
| 5% Mortgage Debentures | 2,50,000 | S. Debtors | 2,75,000 |
| Debenture interest outstanding | 12,500 | Bank | 75,000 |
| Creditors | 3,62,500 | Profit & Loss A/c | 3,00,000 |
| | 17,62,500 | | 17,62,500 |

The liquidator is entitled to a commission of 3% on all assets realized except bank balance and 2% on amount distributed to Unsecured Creditors other than Preferential Creditors.
Creditors include Preferential Creditors of ₹37,500 and a Loan for ₹1,25,000 is secured by mortgage on Land & Buildings. Dividends on preference shares are in arrears for 2 years and they are payable on liquidation. The assets realized are as follows.

| | ₹ |
|---|---|
| Land & Buildings | 3,00,000 |
| Plant & Machinery | 5,00,000 |
| Patents | 75,000 |
| Stock | 1,50,000 |
| Sundry debtors | 2,00,000 |

The expenses of liquidation amounted to ₹27,250. Debenture holders were paid on 30th June 2016. Prepare the Liquidators Final Statement of Account.

2. H Ltd., acquired 80% shares in S Ltd on 30.09.2015 at a total cost of ₹3,60,000. The Balance Sheet as on 31.3.2016 are as follows.

| Liabilities | H (₹) | S (₹) | Assets | H (₹) | S (₹) |
|---|---|---|---|---|---|
| Share Capital | 7,50,000 | 2,50,000 | Land & Buildings | 4,15,000 | --- |
| Share Premium | 50,000 | 10,000 | Plant & Machinery | 2,25,000 | 1,50,000 |
| General Reserve | 4,00,000 | 1,10,000 | Furniture & Fixtures | 1,50,000 | 65,000 |
| Profit & Loss A/c | 2,40,000 | 80,000 | Investments | 3,60,000 | --- |
| Creditors | 60,000 | 70,000 | Stock | 1,45,000 | 1,61,000 |
| | | | Debtors | 85,000 | 79,000 |
| | | | Cash at Bank | 1,20,000 | 55,000 |
| | | | Preliminary Expenses | ----- | 10,000 |
| | 15,00,000 | 5,20,000 | | 15,00,000 | 5,20,000 |

On 1.04.2015, S Ltd's., Profit and Loss Account showed a credit balance of ₹40,000. S Ltd declared, interim dividend on 1.1.2016. Profit and Loss Account of H Ltd., includes interim dividend at 10%p.a. received from S Ltd.
Prepare a Consolidated Balance Sheet as at 31.3.2016.

3. From the following information you are required to prepare a Profit & Loss Account and the Balance Sheet of Aparna Bank Ltd.

Trial Balance as on 31st December 2016

| | ₹ | ₹ |
|---|---|---|
| 10000 shares of ₹100 each | | 10,00,000 |
| Cash in hand | 3,00,000 | |
| Statutory Reserve Fund | | 5,00,000 |
| Deposits | | 15,00,000 |
| Cash at Bank | 5,00,000 | |
| Loan from Vijaya Bank | | 7,00,000 |
| Money at call and short Notice | 3,00,000 | |
| Pension Fund | | 50,000 |
| Govt. Securities | 8,00,000 | |
| Loan and Cash Credits | 18,30,000 | |
| Bills Discounted | 1,50,000 | |
| Commission | 5,000 | 35,000 |
| Interest & Discount | | 7,15,000 |
| Profit on sale of Investments | | 10,000 |
| Interest paid on deposits | 1,55,000 | |
| Premises less depreciation | 3,00,000 | |
| Furniture less depreciation | 60,000 | |
| Directors fees | 10,000 | |
| Audit fees | 10,000 | |
| Salaries & Allowances | 60,000 | |
| Depreciation on property | 15,000 | |
| Printing & Stationery | 6,000 | |
| Postage & Telegrams | 6,000 | |
| Other Expenses | 3,000 | |
| | 45,10,000 | 45,10,000 |

a) Provide ₹25,000 for doubtful debts.
b) Make provisions for Income tax ₹30,000
c) A claim of ₹45,000 for bonus to workers is pending award.
d) The average due date of all the bill discounted is 60 days including grace days. Bills have been discounted @ 10%p.a.

4. Prepare a Revenue Account in respect of Fire Business from the following details for the year ended 31st March 2016.

| Particulars | ₹ |
|---|---|
| Claims admitted but not paid | 42,376 |
| Commission paid | 50,000 |
| Commission on re-insurance received | 12,000 |
| Share transfer fees | 5,000 |
| Expenses of Management | 78,000 |
| Bad Debts | 2,500 |
| Claims paid | 15,000 |
| Profit and loss appropriation account | 10,000 |
| Premiums received (less re-insurance) | 5,52,000 |
| Reserve for unexpired risks as on 1.4.2015 | 2,30,000 |
| Additional reserve on 1.4.2015 | 40,000 |
| Claims outstanding as on 1.4.2015 | 27,000 |
| Dividend on share capital | 18,500 |

Further following information has also to be considered.

1) Premiums outstanding at the end of the year ₹40,000.
2) It is the policy of the company to maintain 50% of premium towards reserve for unexpired risks.
3) Additional reserve at 10% of net premium to be maintained.

## SECTION – B

**Answer any THREE questions:** 3×10=30

5. Vaccum Ltd., went into voluntary liquidation on 1.1.2016 on which date dividends on the Preference Shares were in arrears for two years. The subscribed capital of the company consisted of:
   1) 40,000 6% Cumulative Preference Shares of ₹10 each fully paid.
   2) 50,000 Equity Shares of ₹10 each ₹6 paid

   The assets realized ₹3,50,000. The expenses of liquidation came to ₹9,800. The liquidator is entitled to a remuneration of ₹11,000 and a commission of 2 ½% on the amount paid to the preference share holders as capital and dividend. The liabilities amounted to ₹20,000. Prepare Liquidators Final Statement of Account.

6. On 31st March 2016, the Asian Bank Ltd., had the following bills in its portfolio.

| Date of the Bill 2016 | Amount (₹) | Term Months | Discount % p.a. |
|---|---|---|---|
| Feb 11 | 50,000 | 4 | 6 |
| Feb 16 | 60,000 | 3 | 5 |
| March 7 | 40,000 | 4 | 5.5 |

   Calculate Rebate on bills discounted.

7. The following are the balances of Indian Bank Ltd., for the year ended 31.12.2016.

| Particulars | ₹ |
|---|---|
| Interest on Loan | 5,18,000 |
| Interest on Fixed Deposits | 5,50,000 |
| Commission received | 16,400 |
| Salaries and allowances | 1,08,000 |
| Discount on bills discounted | 3,90,000 |
| Interest on cash credit | 4,46,000 |
| Interest on current accounts | 84,000 |
| Rent and taxes | 36,000 |
| Interest on overdrafts | 3,08,000 |
| Directors fees | 8,400 |
| Interest on savings accounts | 1,36,000 |
| Postage and telegram | 8,600 |
| Locker rent | 2,000 |
| Transfer fees | 1,400 |
| Depreciation on banks properties | 10,000 |
| Sundry charges | 3,400 |

Other Information:

a) Rebate on bills discounted ₹98,000

b) Bad debts ₹80,000

c) Provision for Income Tax ₹3,00,000

From the above information, prepare the Profit and Loss Account of the bank for the year ended 31.12.2016.

8. The Life Insurance Fund of Hindustan Life Insurance Company Ltd., was ₹34,00,000 on 31st March 2016. Its actuarial valuation on 31st March 2016 disclosed a net liability of ₹28,80,000. An interim bonus of ₹40,000 was paid to the policyholders during the previous two years. It is now proposed to carry forward ₹1,10,000 and to divide the balance between the policyholders and the shareholders.

   Show
   a) The valuation Balance Sheet
   b) The net profit for the two year period
   c) The distribution of the profits

## SECTION – C

**Answer all the questions:** 3×5=15

9. Explain the different methods of calculating liquidator's remuneration.

10. Write a note on Non Performing Assets.

11. State the name of schedules for the following items in Banking Company.
    a) Employee Salary
    b) Loan, cash credit
    c) Unclaimed dividend
    d) Traveller's cheque
    e) Interest accrued on investments.

**********

COM 607.5 Reg. No. .....

# CREDIT BASED SIXTH SEMESTER B.Com. DEGREE EXAMINATION
## APRIL 2018
## COMMERCE
## BUSINESS TAXATION – II

Time: 3 Hrs. Max. Marks: 80

### SECTION – A

**Answer any THREE questions:** 3×20=60

1. From the following information you are required to calculate assessable value and amount of GST payable by the dealer on his transaction. (GST rate @18%)

The Sale price of ₹1,50,000 does not include the following

| Particulars | Amount ₹ |
|---|---|
| Pre delivery inspection charges | 10,000 |
| Publicity Expenses | 25,000 |
| Packing Cost | 15,000 |
| Material Purchased (Exclusive of GST) | 10,000 |
| Design and Development charges | 5,000 |
| Advertising Charges | 14,000 |
| Servicing Charges | 5,000 |
| Selling Expenses | 25,000 |
| Freight charges | 30,000 |
| Installation and erecting charges | 6,000 |
| Insurance cost | 5,000 |
| Transportation Charges | 6,000 |
| Taxes, Duties and Fees | 4,000 |
| Warranty Expenses | 3,000 |

But the selling price includes the following

a) Trade discount (It is allowed before or at the time of supply) ₹ 10,000.

b) Cost of durable and returnable packing ₹15,000

2. A) M/S Radhav and Company a registered dealer in Bhopal submits the following information for the month of November 2017. Compute turnover, which is taxable under IGST, CGST, SGST and also tax payable.

a) Product C worth ₹2,04,000 sold to a registered dealer of Punjab (GST @28%)

b) Product M amounting to ₹2,00,000 supplied to a dealer of Srinagar (GST @12%)

C) Product M worth ₹2,20,000 transferred to their branch at Kolkata (GST @18%)

d) Commodity Z worth ₹3,00,000 supplied to job worker of Madhya Pradesh (GST @12%)

e) Ayurvedic Medicines worth ₹1,64,800 are sold to the registered dealer of MP (GST @12%)

f) Product S worth ₹54,000 are sold to the registered dealer of UP (GST@5%)

g) Product G amounting to ₹3,10,000 were sold to a firm of London in the course of export outside India (GST @5%)

h) Product S amounting to ₹5,40,000 are sold to a Registered dealer of UP (GST @5%)

i) Commodity X imported from UK for ₹8,00,000 (GST @12%)

j) Received goods from a registered dealer of Haryana for ₹5,00,000 (GST @12%)

k) Sale of petroleum products to a Registered dealer of UP ₹2,50,000.

l) Sale of alcoholic liquor for human consumption to a registered dealer in Bihar for ₹3,00,000

m) Supplied product L worth ₹8,00,000 to a dealer in Bhopal.

n) Product R amounting to ₹3,45,000 sold to an unregistered dealer of Bhuvaneshwar (GST@12%)

o) Rendering a service worth ₹3,00,000 to a person of New Delhi (GST@18%)

p) Product S sold to a dealer of Arunachal Pradesh for ₹3,55,000 (GST @5%)

**(15 Marks)**

B) Explain Composite Supply and Mixed Supply with suitable examples.

**(5 Marks)**

3. Ms. Srilatha a dealer of Mangaluru submits the following information in relation to Manufacture and selling of a machine. Compute the Net GST payable by Srilatha.

Particulars:

Import of raw materials (excluding BCD @10% and IGST @5%) ₹1,40,000

Raw materials purchased from Mangaluru (including GST @28%) ₹2,81,600.

Raw materials purchased from Goa (including GST @5%) ₹63,000

Subsidy received from an NGO which was directly related to price of the goods ₹13,000.

Penalty levied by Mr. Pavan for delayed payment ₹ 975.

Subsidy received from Central Govt. which was directly linked to the price of the output ₹34,000.

Additional incentives paid to the employer's of Sales department ₹5,000

Warranty charges ₹8,500

Manufacture Expenses ₹6,000

Services received from a registered dealer to manufacture machinery. (Rate of GST@18%) ₹23,000

Along with the machine he supplied 3 different components at a fixed price of ₹25,000 each, these components are not naturally bundled with the supply of the machine. The GST rate of the three products is 5%, 12% and 28% respectively.

Ms. Srilatha sold the machine to Mr.Pradeep a registered dealer in New Delhi at a profit of 15% on the cost of production and the GST rate @ 18%.

4. A) An Importer imported Commodity Z from People Republic of China covered by a notification issued by CG U/S 9A of CTA. Assessable value was US$20,000 and quantity 1000 Kgs. Exchange rate was 1US$ =₹44, on date of presentation of Bill of Entry. Custom Duty rate are:
i) BCD @10% ii) Education Cess @2% iii) SAH Education Cess@1%. Anti-dumping duty had been imposed on these goods imported from China. The anti-dumping duty will be equal to the difference between the cost of commodity calculated @US $ 27.97 per Kg and the landed value of the commodity imported IGST @5%. Compute Custom duty payable and anti-dumping duty payable. **(15 Marks)**

B) Explain the salient features of GST. **(5 Marks)**

## SECTION – B

**Answer any THREE questions:** 3×5=15

5. Write a note on Special Provisions for Casual Taxable Person.
6. Briefly explain the types of Relief under International Taxation.
7. Determine the Time of Supply in each of the following independent cases in accordance with the GST Act.

| Sl. No | Date of Removal | Date of Invoice | Date of Payment | Date of Receipt shown by Recipient |
|---|---|---|---|---|
| 1. | 25/11/17 | 30/11/17 | Bank credit on 5/12/17 book on 4/12/17 | 1/12/17 |
| 2. | 25/11/17 | 21/11/17 | Bank credit on 5/12/17 books on 4/12/17 | 1/12/17 |
| 3. | 25/11/17 | 30/11/17 | Bank credit on 19/11/17 books on 16/11/17 | 1/12/17 |
| 4. | 25/11/17 | 30/11/17 | Bank credit on 5/12/17 books on 4/12/17 | 23/11/17 |
| 5. | 22/11/17 | 30/11/17 | Bank credit on 5/12/17 books on 7/12/17 | 23/11/17 |

8. Determine the duty payable by Mr. Vivek from the following details.
   a) Assessable value of imported goods ₹2,00,000
   b) BCD @ 10% which also attract CUD @ 12.5%

c) Goods is liable for payment of Safeguard duty @15%

d) Compensation Cess @ 28% and IGST @12%

## SECTION – C

**Answer ALL the questions:** 5×1=5

9. What is Deemed Registration for GST?
10. Who is Non-Resident Taxable Person?
11. Write the due dates for payment of GSTR-2 and GSTR-3B.
12. Expand DTAA.
13. Define Works Contract.

**********