

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023

COMMERCE

Advanced Financial Accounting

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. On January 1, 2020 Prakash Electronics, Udupi bought 5 television sets from BPL Television Co. on hire purchase. The cash price of each set was Rs.20,000. It was agreed that Rs.25,000 should be paid immediately and the balance in three installments of Rs.30,000 each at the end of each year. The Television Co. charges interest @ 10% p.a. The buyer depreciates Television sets at 20% p.a. on the diminishing balance method.

Prakash Electronics paid cash down and two installments but failed to pay the last installment. Due to this, the Television Co. repossessed three TV sets, leaving two TV sets with the buyer and adjusting the value of 3 sets against the full amount due. The Hire vendor charged depreciation at 30% per annum on the written down value method. The sets repossessed were sold by the Television Co. for Rs.30,000 after necessary repairs amounting to Rs.5,000.

Prepare: TV Sets A/c and BPL Television Co. A/c in the books of hire purchaser and the Repossessed Stock A/c in the books of hire vendor.

2. Bangalore Coal Company took a lease of a mine from Mr. Mohanlal on a royalty of Rs. 5 per ton with a minimum rent of Rs.1,00,000 in the first year and thereafter an increase of Rs.10,000 every year till it reaches Rs.1,30,000 when it becomes fixed for all future years. The short workings of every year is recoverable during the subsequent three years. The output of the mine was as follows:

Year	In tons
2018	3,000
2019	8,000
2020	24,000
2021	30,000
2022	32,000

From the above particulars prepare:

- i) Minimum Rent A/c ii) Short workings A/c iii) Yashpal's A/c
3. Mithilesh Industries Ltd., Mangalore has a branch at Kundapur to which goods are invoiced at cost plus 25%. The branch sells goods both for cash and credit. Branch

expenses are paid from Head Office and branch has to remit all cash received into Head Office bank account. Branch does not maintain any books of account, but sends weekly returns to the Head Office.

	Rs.
Stock at Branch on 1-4-2022 (at cost)	48,000
Debtors at branch on 1-4-2022	72,000
Goods sent to branch (at invoice price)	6,00,000
Goods returned to Head office (at invoice Price)	12,000
Total sales at Branch	5,60,000
Cash sales at Branch	2,00,000
Cash received from Debtors	3,20,000
Discount, bad debts and allowances to debtors	10,000
Sales return	?
Rent, rates and taxes	18,000
Salaries, wages and bonus	60,000
Office expenses	6,000
Stock at Branch on 31-3-2023 (at invoice price)	1,20,000
Debtors at Branch on 31-3-2023	94,000

From the following details prepare (a) Branch Stock A/c (b) Branch Debtors A/c (c) Branch Expenses A/c (d) Branch Adjustment A/c e) Branch P & L A/c and (f) Goods sent to branch A/c.

Section-B

Answer any TWO of the following :

2×10= 20

4. What is meant by Hire Purchase System? How does it differ from installment system?
5. a) Name the three types of Branches from the accounting point of view.
b) Give Journal entries in the books of Head Office under Debtors system.
 - i) For Goods sent to Branch by the Head Office.
 - ii) For cash/cheque sent by Head Office to Branch for expenses etc.
 - iii) For cash remitted by the Branch to Head Office..
 - iv) For closing balances of Branch Assets.
 - v) For goods returned by the Branch to Head Office.
 - vi) For transfer of balance of goods sent to Branch.
6. From the following balances of Rajesh, prepare Departmental Trading and Profit and Loss Account for the year ended 31st December, 2023 after adjusting the unrealized profit if any:

	Dept. A	Dept. B
	Rs.	Rs.
Opening Stock	25,000	20,000
Purchases	4,50,000	7,78,000
Sales	6,40,000	9,60,000

General Expenses incurred for both departments were Rs.75,000.

Other information:

- i) Closing Stock of Dept. A Rs.27,000 (including goods received from Dept. B for Rs.9,000).
- ii) Closing stock of Dept. B Rs.30,000 (including goods received from Dept. A for Rs.8,000)
- iii) Opening stock of Dept. A and Dept. B include goods of the value of Rs.3,000 and Rs.2,000 received from Dept. B and Dept. A respectively.
- iv) The gross profit is uniform from year to year.

Section-C

Answer any TWO of the following :

2×5= 10

7. From the following information, prepare Analytical statement of irrecoverable short workings.

Year	Output in Rs.
2019	80,000
2020	90,000
2021	1,20,000
2022	1,30,000

Minimum Rent is Rs.1,00,000 with a right to recoup short workings in the subsequent year following the short workings.

8.
 - a) What are Departmental Accounts? Why are they prepared?
 - b) Mention the basis for the allocation of following departmental expenses:
 - i) Repair to Machinery
 - ii) Discount allowed
 - iii) Canteen Expenses
9.
 - a. What is Forensic Accounting? What are its benefits?
 - b. Write the meaning of Outsourced Accounting.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE

Advanced Financial Accounting

Duration: 2 Hours

Max Marks: 60

SECTION – A

Answer any TWO questions:

(15×2= 30)

1. A fire occurred in the business premises of Rajan on 20th July 2022. The stocks were insured for a sum of Rs.40,000 with a provision of average clause. From the following details, ascertain the amount of fire claim to be lodged with the insurance company.

	Rs.
Stock as on 1.01.2021	31000
Purchases from 1.1.21 to 31.12.2021	122000
Sales from 1.1.21 to 31.12.2021	180000
Stock as on 31.12.2021	27000
Purchases from 1.1.22 to the date of fire	147000
Sales from 1.1.22 to the date of fire	150000
The stock salvaged	18000

2. On January 1, 2019 Prakash Electronics Udipi Bought 5 television sets from BPL Television Co. on hire purchase. The cash price of each set was Rs.20,000. It was agreed that Rs.25,000 should be paid immediately and the balance in three installments of Rs.30,000 each at the end of each year. The Television Co. charges interest @ 10% p.a. The buyer depreciates Television sets at 20% p.a. on the diminishing balance method.

Prakash Electronics paid cash down and two installments but failed to pay the last installment. The Television Co. repossessed three sets, leaving two sets with the buyer and adjusting the value of 3 sets against the full amount due. The sets repossessed were sold by the Television Co. for Rs.30,000 after necessary repairs amounting to Rs.5,000.

Prepare TV Sets A/c & BPL Television Co., A/c in the books of the Hire Purchaser and Repossessed Stock A/c in the books of the Hire Vendor.

3. Sanju Co. acquired on lease a colliery on 1st January 2018 at a minimum of Rs.20,000 p.a., merging into a royalty of Rs.2 per ton with a power to recover shortworking over the first three years only. The output for the first four years were:

Year	2018	2019	2020	2021
Output (tons)	8000	10000	11500	13000

Show Minimum Rent Account, Royalty A/c, Short working A/c and Landlord's A/c in the books of Sanju Co.

4. Kokila Ammai of Bangalore has a branch at Mangalore. Goods are invoiced to the branch at cost plus 25%. Branch is instructed to deposit cash every day in the Head Office account with the Bank. All expenses are paid through cheques by the HO except the petty expenses which are paid by the Branch Manager. Prepare Branch Account in the books of HO after taking into the account the following information.

	Rs.
Stock at invoice price on 1 st January 2021	82000
Stock at invoice price on 31 st December 2021	96000
Debtors on 1 st January 2021	31700
Debtors 31 st December 2021	42150
Furniture on 1 st January 2021	23400
Cash Sales	401300
Credit sales	372100
Cash collected from Debtors	?
Goods invoiced to Branch by the HO	628000
Branch expenses paid by the HO	132000
Petty expenses paid by the branch Manager	10450

Charge depreciation on branch furniture @ 10% p.a

SECTION – B

Answer any FOUR questions :

(5×4= 20)

5. A fire occurred in the premises of Agnimithra on 31.3.2022. The stock salvaged was Rs. 500. The stocks were insured for a sum of Rs. 26,000 with a provision of average clause. From the details given below ascertain the claim to be lodged:

	Rs.
Stock on 1.1.2022	25300
Purchases from 1.1.2022 till the date of fire	52400
Wages for the period 1.1.2022 to 31.3.2022	61300
Sales from 1.1.2022 till the date of fire	156000
The rate of Gross Profit is 30% on Sales.	

6. A fire occurred on 28 February, 2022 in the boutique of Saina Agarwal. From the following figures, ascertain the claim to be lodged:

	Rs.
Stock on 1.01.2022	4,00,000
Purchases from 1.01.2022 to the date of fire	16,00,000
Goods used by the trader for personal use	80,000
Other direct expenses	1,20,000
Sales from 1.01.2022 to the date of fire	12,40,000
Goods distributed as free samples	20,000

The rate of gross profit is 40% on Sales. The stock salvaged was valued at Rs.1,16,000.

7. Vijay purchased a Motor Car from Mangalore Motors on 1st January, 2022 on Hire Purchase System. The payment is to be made as: Rs.4,000 on delivery, Rs.7,600 at the end of the first year, Rs.6,000 at the end of the second year and Rs. 5,500 at the end of the third year. Interest at 10% per annum is included in these installments. Vijay charged depreciation on the Motor Car at 20 percent per annum on the diminishing balance. You are required to show the interest calculation and Cash price of the Motor Car.
8. Sam bought a Motor Bike on hire purchase system, payable Rs.30,000 down and the balance as under: Rs.26000 at the end of 1st year, Rs.24000 at the end of 2nd year and Rs.22000 at the end of 3rd year. Interest is charged at 10% p.a. Ascertain the Interest and Cash Price of the Motor Bike.
9. Write Short note on:
 - a. Minimum Rent
 - b. Short workings
10. Kisan Ltd. Mumbai, invoices goods to its Mangalore branch at Cost. The branch sells the goods only for cash. From the following information, prepare Branch Account for the year ending 31.3.2021.

	Rs.		Rs.
Stock on 1.04.2021	15500	Cash sales	96000
Petty cash 1.04.2021	1500	Cash remitted to branch for:	
Stock on 31.03.2021	21000	Salary	6000
Petty cash 31.03.2021	3200	Rent	3600
Goods sent to branch	64400	Petty Cash	2400
Goods returned to branch	5600		12000

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11 What is under insurance? Explain with an example.

- 12 Kiran bought two chairs on hire purchase system for Rs.10000 each, payment to be made as Rs. Rs.5000 down and 3 instalments of Rs.6000 each at the end of each year. Calculate the total interest payable to the Hire Vendor.
- 13 Calculate the amount of short workings from the following details:
No. of books Sold 4500, Royalty Rs.10 per book sold, Minimum Rent Rs.50000 per annum.
- 14 Pass journal entry for transferring the irrecoverable short workings.
- 15 Choose the correct answer from the following:
Under "Stock & Debtors System", loading adjustments are incorporated in the Branch Adjustment A/c.
a. True b. False
- 16 What is the journal entry required to be passed to record the unrealised profit included in the Opening stock of the transferee department?
- 17 Pass journal entry when branch accounts are maintained under "Debtors System"
Goods returned by the Branch to Head Office Rs. 5000

CHOICE BASED CREDIT SYSTEM**B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023****COMMERCE****Financial Accounting II**

Duration:3 Hours

Max Marks:120

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

1. A and B doing business separately as building contractors undertake jointly to construct a building for a new Joint Stock Company for a contract price of Rs.1,00,000 payable as to Rs.80,000 by installments in cash and Rs.20,000 in fully paid shares of the company. A bank account is opened in their Joint names. A paying in Rs.25,000 and B Rs.15,000. They are to share profits or losses in the proportion of 2/3rd and 1/3rd.

Their transactions were as follows:	Rs.
Paid wages	30,000
Bought Materials	70,000
Materials supplied by A	5,000
Materials supplied by B	4,000
Architect's Fees paid by A	2,000

The contract was completed and the price duly received, the joint venture was closed by A taking up all the shares of the Co. at an agreed valuation of Rs.16,000 and B taking up the stock of materials at an agreed value of Rs.30,000. Show the necessary ledger Accounts.

2. The Rose Oil Mills, Bombay consigned 40,000 Kgs of Castor Oil (in 10 Kgs. Tins) to Chandrika, Karwar on 1st April 2020. The cost of oil was Rs.2 per Kg. The Consignor paid Rs.10,000 as freight and insurance. During transit 50 tins were totally destroyed for which the Insurance Company paid directly to the Consignor Rs.900 in full settlement of the claim.

Chandrika took delivery of the consignment on 10th April and accepted a bill for Rs.20,000 for 3 months; On 30th June 2020 Chandra reported that 35,000 Kgs were sold at Rs.3 per Kg. The expenses were as follows:

Godown Rent Rs.400, Advertisement Rs.2,000, Salaries of Salesmen Rs.4,000. Chandrika charges a commission of 3% plus 3% Del credere.

Chandrika sold the remaining stock to Z & Co. for Rs.19,000 who were declared bankrupt after two months and 50 paise per Rupee was realised from them.

Prepare Consignment Account and Chandrika's Account in the books of the Consignor and Rose Oil Mills Account and Commission Account in the books of the Consignee.

3. Mr. Desai keeps his books in Single Entry System. From the following particulars, prepare Trading and Profit and Loss Account for the year ending 31st December 2020 and the Balance Sheet as on that date.

On 1st January his assets and liabilities were:

Stock Rs.50,000; Sundry Debtors Rs.60,000; Machinery Rs.60,000; Furniture Rs.5,000; Sundry Creditors Rs.30,000 and Bank Overdraft Rs.10,000.

The cash Book gives the following information:

	Rs.
Receipts from Debtors	80000
Cash Sales	30000
Payment to Creditors	40000
Cash Purchases	25000
Interest on Bank Overdraft	1500
Salaries	5000
Drawings	4000
General Expenses	800
Rent	2200

Discount allowed to debtors was Rs.4,000 and discount earned from creditors was Rs.2,500. Goods worth Rs.3,000 were returned by the customers and goods worth Rs.1,500 were returned to suppliers.

On 31st December 2020 his position was as follows:

Stock Rs.45,000; Sundry Debtors Rs.70,000; Bills Receivable Rs.6,000; Bills Payable Rs.4,000; Machinery Rs.60,000; furniture Rs.5,000; Sundry Creditors Rs.25,000 and Salary Outstanding Rs.500.

Depreciate Machinery by 10% and Furniture by 6%.

4. Messers Rai and Alva purchased from Souza Motor Co. three trucks costing Rs.1,00,000 each on hire purchase system. Payment was to be made Rs.60,000 down and the remainder in 3 equal annual installments with interest at 9% per annum. Messrs Rai and Alva write off depreciation at 20% per annum on the diminishing balance. They paid the first installment but could not pay the next. Souza Motor Co. agreed to leave one truck with Messers Rai and Alva, adjusting the value of other two trucks against the amount due. The trucks were valued on the basis of 30% depreciation per annum on the written down value. Show the necessary accounts in the books of both the parties

II. Answer any FOUR of the following :

(4×10= 40 Marks)

5. Shahid consigned 800 packets of lipsticks, each packet containing 200 lipsticks. Cost price of each packet was Rs.600. Shahid spent Rs.100 per packet as cartage, freight, insurance and forwarding commission. Two 'packets were lost on the way and Shahid lodged claim with the insurance company and could get only Rs.540 as claim on average basis. Consignee took delivery of the rest of the packets and spent Rs.39,900 as other non- recurring expenses and Rs.22,500 as recurring expenses. He sold 740 packets at the rate of Rs.13 per lipstick. He was entitled to 4% commission on sales plus 2% Del credere commission. Prepare the Consignment Account
6. From the following, prepare total debtors account and total creditors account and find out credit sales and credit purchases.

	Rs.
Debtors on 1 st January	5,000
Creditors on 1 st January	4,000
Debtors on 31 st December	4,000
Creditors on 31 st December	6,000
Bills payable issued during the year	8,000
Cash received from customers	3,000
Cash paid to suppliers	20,700
	270

Cash returned to customers	150
Discount allowed to customers	1,200
Bad debts written off	4,000
Bills receivable endorsed to creditors	1,000
Bills receivable dishonoured by customers	500
Endorsed bill receivable dishonoured	700
Discounted bills receivable dishonoured	600
Sales returns	200
Purchase returns	

7. On 1.1.2015 Dawn Ltd., purchased a machinery on instalment system from Dusk Ltd. The cash price of the machinery was Rs.1,11,750. The payment was to be made as follows:

Rs.30,000 on signing the agreement and the balance in three annual instalments of Rs.30,000 at the end of each year. Interest at 5% per annum is charged by Dusk Ltd. Dawn Ltd., has decided to write off 10% depreciation on diminishing balance. Show Machinery A/c and Dusk Ltd's A/c in the books of Dawn Ltd.

8. A fire occurred on April 15, 2021 and destroyed the business premises of X & Co. The books of accounts and stock amounting to Rs.1,80,000 were saved and the following information was rendered available from the books:

	Sales Rs.	Gross Profit Rs.
Year ending Dec. 31, 2016	86,00,000	21,50,000
Year ending Dec. 31, 2017	71,00,000	21,30,000
Year ending Dec. 31, 2018	60,00,000	20,00,000
Year ending Dec. 31, 2019	55,00,000	18,70,000
Year ending Dec. 31, 2020	48,00,000	16,00,000

The stock on Dec. 31st, 2020 was valued at Rs. 9,70,000. The purchases, Sales and production wages from Jan. 1, 2021 to April 14, 2021 were ascertained at Rs. 7,50,000, Rs15,90,000 and Rs. 3,00,000 respectively. Ascertain the amount of Claim. The insurance policy was for Rs.6,00,000 subject to average clause.

9. Following is the summarized Balance Sheet of ABC Ltd. as on 31st March 2014.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	250000	Goodwill	20000
6% Preference Shares	150000	Building	250000
General Reserve	20000	Machinery	175000
P and L Account	15000	Furniture	10000
5% Debenture	100000	Stock	90000
Creditors	28000	Debtors	21000
Bills Payable	12000	Bank	5000
		Preliminary Expenses	4000
	575000		575000

Additional information:

- a) Total sales Rs.4,00,000 which 20% is made on credit.
b) Gross Profit for the year amounted to Rs.80,000 and net profit Rs.20,000.

Calculate:

- 1) Current ratio
2) Liquid ratio

- 3) Debt-Equity ratio
- 4) Gross profit ratio
- 5) Net Profit ratio
- 6) Fixed assets turnover ratio

III. Answer any FOUR of the following :

(4×5= 20 Marks)

10. Write any three differences between Joint Venture and Consignment transactions with an example each.
11. Explain the different types of commission paid to the Consignee in case of Consignment.
12. Write any five differences between Single entry and Double entry system of Accounting.
13. Kumar purchases a motor-cycle on hire purchase system. The total price of motor cycle payable is Rs.4,000 as down payment and thereafter the instalment of Rs.6,000, Rs.5,000 and Rs.2000 payable at the end of first, second and third year respectively. Interest is charged at 5% p.a. Calculate the cash price.
14. A firm sent five T- Shirts costing Rs 160 each at an invoice price of Rs 200 to Mr Ramesh on sale or return basis. Ramesh approved two T-shirts and returned one T-shirt. The remaining T-shirts were neither approved nor returned at the end of the period. Give the Journal entries to record the above transactions assuming that sale or return transactions are treated as Actual sales by the firm. How would you show these transactions in the Profit and Loss Account and Balance sheet of the firm.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE

Law and Practice of Banking

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Who is a Customer? Explain the special relationship between a Banker and a Customer.
- 2) Briefly explain the duties and responsibilities to be performed by the 'Collecting Banker'.
- 3) Explain the different kinds of Endorsement.
- 4) What is a Digital Wallet? Explain the significance and the types of Digital Wallets.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) What are the utility functions of Commercial Banks?
- 6) Elaborate the duties of 'Paying Banker'.
- 7) Write a note on 'Joint Account' and 'Minor Account'.
- 8) What are the precautions taken by the banker at the time of opening 'Partnership Firm'?
- 9) Explain the rules of 'Endorsement'.
- 10) State differences between NEFT and IMPS.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What is Saving Bank Account?
- 12) Mention any four recent trends in Banking.
- 13) Define the term 'Paying Banker'.
- 14) What is Partnership Firm?
- 15) What is Promisory Note?
- 16) What is meant by Payments Bank?
- 17) What is meant by E-banking?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Business Mathematics

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Find the Present Value of an Annuity of Rs.300 p.a. for 5 years at 3% compounded a) annually b) half yearly c) quarterly
- 2) a) Solve the equation $x^2 + 10x + 24 = 0$ by using factorisation and Shridhara Acharaya method and interpret the result.
b) The cost of eight mathematics and four statistics book is Rs.432 and the cost of five mathematics and three statistics book is Rs.294. Find the cost of each book.
- 3) a) In how many ways can 10 people line up at a ticket window of a booking office.
b) A box contain 7 red, 6 white, and 4 blue balls. How many selection of three balls can be made so that (i) all three are red balls (ii) none is red ball
- 4) a) Explain the properties of a Square.
b) A square field has the area of 408.04m^2 . Find the cost of putting fence around it at the rate of 150 per meter.
c) The area of square is 1296 sq.feet. Find its Perimeter.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) a) An army contingent of 616 members is to march behind an army band of 32 members in a parade. The two groups are to march in same number of columns. What is the maximum number of columns in which they can march?
b) Find the LCM of 75, 500
- 6) Explain the Law of Indices with an example.
- 7) Find the Compound Interest on Rs.10,000 at 9% p.a. for 7 years.
- 8) To complete a piece of work, Joy takes 4 days and Ram takes 6 days. Joy and Ram took Rs.6500 to do this work. When Amir joined them, the work was done in 3 days. What amount was paid to Amir?
- 9) $3(x+5)-7=5(x-2)$; find the value of x.
- 10) If $A = \begin{bmatrix} 1 & -2 & 4 \\ 5 & 6 & 8 \\ 5 & 2 & 8 \end{bmatrix}$, $B = \begin{bmatrix} 6 & 2 & 1 \\ 5 & 3 & -1 \\ 3 & 5 & 2 \end{bmatrix}$, then compute $A \times B$

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What are whole numbers?
- 12) Find the sum of first 30 odd numbers.
- 13) Find the 4th proportional of 2, 5 and 24?
- 14) Find the the ratios and their inverse ratio 8kg and 160gms.
- 15) In how many years will a sum double of itself at 10% p.a. simple interst?
- 16) Solve the equation $8x-5=12$.
- 17) Find the perimeter of the equilateral triangle with side 8 cm.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE
Corporate Administration

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Explain the stages in the formation of a Company.
- 2) Define Company Secretary. Describe the liabilities of a Company Secretary.
- 3) Explain the requisites of a Valid Meeting.
- 4) a) Explain the procedure for Winding Up of the Company. (10 Marks)
b) Explain the consequences of Winding Up Order. (5 Marks)

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Write the highlights of Companies Act of 2013.
- 6) Write a note on Register of Members.
- 7) Write a note on appointment of a Company Secretary.
- 8) Explain the provisions of the Companies Act 2013 with regard to voting.
- 9) Write a note on Defunct Company.
- 10) Explain the classification of company on the basis of Incorporation and Control.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Define Associate Company.
- 12) Define Promotion of a Company.
- 13) Define Resident Director.
- 14) Define Resolution.
- 15) Differentiate between Winding Up and Dissolution.
- 16) What is Company?
- 17) What is the meaning of Prospectus?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Financial Reporting I

Duration:2 Hours

Max Marks:60

Section A

Answer any TWO of the following:

(2×15= 30)

1. i. During the current year an entity had in place \$1 million of 6% loan finance and \$2 million of 9% loan finance. It constructed a new factory which cost \$600,000 and this was funded out of the existing loan finance. The factory took 8 months to complete. To the nearest thousand, what borrowing costs should be capitalised? (4 marks)

ii. Which of the following statements is correct? (2 marks)

Statement 1 If the revaluation model is used for property, plant and equipment, revaluations must subsequently be made with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at each reporting date.

Statement 2 When an item of property, plant and equipment is revalued, there is no requirement that the entire class of assets to which the item belongs must be revalued.

	Statement 1	Statement 2
True		
False		

iii. Which TWO of the following items should be capitalised within the initial carrying amount of an item of plant? (2 marks)

- Cost of transporting the plant to the factory
- Cost of installing a new power supply required to operate the plant
- A deduction to reflect the estimated realisable value
- Cost of a three-year maintenance agreement
- Cost of a three-week training course for staff to operate the plant

iv. Tibet acquired a new office building on 1 October 20X4. Its initial carrying amount consisted of:

	\$000
Land	2,000
Building structure	10,000
Air conditioning system	4,000
	16,000

The estimated lives of the building structure and air conditioning system are 25 years and 10 years respectively. When the air conditioning system is due for replacement, it is estimated that the old system will be dismantled and sold for \$500,000. Depreciation is time-apportioned where appropriate. At what amount will the office building be shown in Tibet's statement of financial position as of 31 March 20X5? (4 marks)

v. The following trial balance extract relates to a property which is owned by Veeton as at 1 April 20X4.

	Dr	Cr
	\$000	\$000
Property at cost (20 year original life)	12,000	
Accumulated depreciation as at 1 April 20X4		3,600

On 1 October 20X4, following a sustained increase in property prices, Veeton revalued its property to \$10.8 million. What will be the depreciation charge in Veeton's statement of profit or loss for the year ended 31 March 20X5? (3 marks)

2. St. Valentine produced cards and sold roses. However, half way through the year ended 31 March 20X6, the rose business was closed and the assets sold off, incurring losses on the disposal of non-current assets of \$76,000 and redundancy costs of \$37,000. The directors reorganised the continuing business at a cost of \$98,000.

Trading results may be summarised as follows:

	Cards	Roses
	\$000	\$000
Revenue	650	320
Cost of sales	320	150
Distribution	60	90
Administration	120	110

Other trading information (to be allocated to continuing operations) is as follows:

	\$000
Finance costs	17
Tax	31

- a. Draft the statement of profit or loss for the year ended 31 March 20X6.

(10 marks)

- b. Explain how an IFRS 5 Discontinued Operations presentation can make information more useful to the users of financial statements. (5 marks)

3. i. Neville has only two items of inventory on hand at its reporting date.

Item 1 – Materials costing \$24,000 bought for processing and assembly for a customer under a 'one off' order which is expected to produce a high profit margin. Since buying this material, the cost price has fallen to \$20,000.

Item 2 – A machine constructed for another customer for a contracted price of \$36,000. This has recently been completed at a cost of \$33,600. It has now been discovered that in order to meet certain health and safety regulations modifications at an extra cost of \$8,400 will be required. The customer has agreed to meet half of the extra cost. What should be the total value of these two items of inventory in the statement of financial position? (3 Marks)

- ii. Mario has incurred the following costs in relation to a unit of inventory:

	\$
Raw materials cost	1.50
Import duties	0.40
Direct labour	0.50
Subcontracted labour costs	0.80
Recoverable sales tax	0.20
Storage costs	0.05
Production overheads (per unit)	0.25

There was a problem with the first batch of items produced, so abnormal wastage costs of \$0.10 per unit have also been incurred by Mario. At what cost should Mario value this inventory in its financial statements? (4 Marks)

- iii. On 30 September 20X4 Razor's closing inventory was counted and valued at its cost of \$1 million. This included some items of inventory which had cost \$210,000 and had been damaged in a flood on 15 September 20X4. These are not expected to achieve their normal selling price which is calculated to achieve a gross profit margin of 30%. The sale of these goods will be handled by an agent who sells them at 80% of the normal selling price and

charges Razor a commission of 25%. At what value will the closing inventory of Razor be reported in its statement of financial position as at 30 September 20X4? **(5 Marks)**

iv. Identify whether the following items would be accounted for under IAS 41 Agriculture or not. **(3 Marks)**

	Accounted for under IAS 41 Agriculture	Outside the scope of IAS 41 Agriculture
Dairy cattle		
Milk		
Cheese		

4. Shawler constructed a furnace on 1 April 20X3, causing significant environmental damage which must be repaired at the end of the asset's useful life of ten years. The present value of this is estimated to be \$4 million. Shawler has a cost of capital of 8%. On 1 October 20X3, Shawler received a government grant of \$1.2 million relating to the cost of plant with a five year life. Shawler accounts for grants using the deferred credit method. On 1 October 20X3, Shawler also acquired land for 12 million dinars. The land was used to construct a factory during the year. Shawler's functional currency is the dollar (\$). On 1 October 20X3 the exchange rate was 4 Dinars: \$1. At 31 March 20X4 the exchange rate was 2 Dinars:\$1 and the average rate for the year was 3 Dinars:\$1.
- What is the total finance cost (to the nearest thousand) to be recorded in the statement of profit or loss in respect of the environmental damage caused by the furnace for the year ended 31 March 20X4? **(3 marks)**
 - What is the non-current liability in respect of the government grant to be shown in Shawler's statement of financial position as at 31 March 20X4? **(5 marks)**
 - What is the carrying amount of the land to be shown in the statement of financial position of Shawler as at 31 March 20X4? **(3 marks)**
 - The costs below are the costs associated with the construction of the factory. Which of the following can NOT be capitalised? **(2 marks)**
 - Legal fees relating to the site purchase
 - Health and safety training for new construction workers
 - Direct labor costs associated with the construction
 - Costs of site preparation
 - In the following year it was discovered that Shawler had breached the conditions relating to the government grant and therefore the grant had to be repaid. Which TWO of the following describe the correct accounting treatment to record the repayment of the grant? **(2 marks)**
 - Remove all deferred income balances
 - Record an expense in the statement of profit or loss
 - Increase the cost of plant
 - Make an adjustment to the prior year's financial statement.

Section B

Answer any TWO of the following:

(2×10= 20)

5. On 1 April 20X8, the fair value of Xu's property was \$100,000 with a remaining life of 20 years. Xu's policy is to revalue its property at each year-end. At 31 March 20X9 the property was valued at \$86,000. The balance on the revaluation surplus at 1 April 20X8 was \$20,000 which relates entirely to the property. Xu does not make a transfer to realized profit in respect of excess depreciation.
- Prepare extracts of Xu's financial statements for the year ended 31 March 20X9 reflecting the above information. **(7 marks)**

2. State how the accounting would be different if the opening revaluation surplus did not exist. (3 marks)

6. On 1 January 20X1, Michelle Co bought a stamping machine for \$20,000. It has an expected useful life of 10 years and a nil residual value. On 30 September 20X3, Michelle Co decides to sell the machine and starts actions to locate a buyer. The machines are in short supply, so Michelle Co is confident that the machine will be sold fairly quickly. Its market value at 30 September 20X3 is \$13,500 and it will cost \$500 to dismantle the machine and make it available to the purchaser. The machine has not been sold at the year-end. At what value should the machine be stated in Michelle Co's statement of financial position at 31 December 20X3?

7. Convert Co issues a convertible loan that pays interest of 2% per annum in arrears. The market rate is 8%, being the interest rate for an equivalent debt without the conversion option. The loan of \$5 million is repayable in full after three years or convertible to equity. Discount factors are as follows:

Year	Discount factor at 8%
1	0.926
2	0.857
3	0.794

Split the loan between debt and equity at inception and calculate the finance charge for each year until conversion/redemption.

8. ABC Co has a year end of 31 December 20X1 and uses the dollar (\$) as its functional currency. On 25 October 20X1 ABC Co buys goods from a Swedish supplier for Swedish Krona (SWK) 286,000.

Rates of exchange:

25 October 20X1 \$1 = SWK 11.16

16 November 20X1 \$1 = SWK 10.87

31 December 20X1 \$1 = SWK 11.02

Show the accounting treatment for the above transactions if:

a. A payment of SWK286,000 is made on 16 November 20X1.

b. The amount owed remains outstanding at the year-end date.

Section C

Answer any TWO of the following:

(2×5= 10)

9. Improve has deferred development expenditure of \$600,000 relating to the development of New Miracle Brand X. It is expected that the demand for the product will stay at a high level for the next three years. Annual sales of 400,000, 300,000 and 200,000 units respectively are expected over this period. Brand X sells for \$10. How should the development expenditure be amortised?

10. The following information relates to three assets:

	A	B	C
	\$000	\$000	\$000
Carrying amount	100	150	120
Net realisable value	110	125	100
Value in use	120	130	90

Calculate the recoverable amount and impairment loss for each of the three assets.

11. On 1 October 20X3, Fresco acquired an item of plant under a five-year lease agreement. The agreement had an implicit interest rate of 10% and required annual rentals of \$6 million to be paid on 30 September each year for five years. The present value of the annual rental payments was \$23 million. What would be the correct accounting treatment as at 30 September 20X4?

12. I. The International Accounting Standards Board's Conceptual Framework for Financial Reporting lists two fundamental qualitative characteristics of financial statements, relevance and faithful representation. Place the qualities listed alongside the appropriate qualitative characteristic. (3 Marks)

	Faithful representation	Relevance
Completeness		
Predictive value		
Neutrality		

II. The International Accounting Standards Board's Conceptual Framework for Financial Reporting identifies qualitative characteristics of financial statements. Which TWO of the following characteristics are NOT fundamental qualitative characteristics according to the IASB's The Conceptual Framework for Financial Reporting? (2 Marks)

1. Relevance
2. Reliability
3. Faithful representation
4. Comparability

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE

International Financial Management I

Duration: 2 Hours

Max Marks: 60

Section A

Answer any TWO of the following:

(2×15= 30)

1. The directors of Arizona Co are considering a planned investment project costing \$25m, payable at the start of the first year of operation. The following information relates to the investment project:

	Year 1	Year 2	Year 3	Year 4
Sales volumes (units/year)	520,000	624,000	717,000	788,000
Selling price (\$/unit)	30.00	30.00	30.00	30.00
Variable costs (\$/unit)	10.00	10.20	10.61	10.93
Fixed costs (\$/year)	700,000	735,000	779,000	841,000

This information needs adjusting to take account of selling price inflation of 4% per year and variable cost inflation of 3% per year. The fixed costs, which are incremental and related to the investment project, are in nominal terms. The year 4 sales volume is expected to continue for the foreseeable future.

Arizona Co pays a corporation tax of 30% one year in arrears. The company can claim tax-allowable depreciation on a 25% reducing balance basis.

The views of the directors of Arizona Co are that all investment projects must be evaluated over four years of operations, with an assumed terminal value at the end of the fourth year of 5% of the initial investment cost. Both net present value and discounted payback must be used, with a maximum discounted payback period of two years. The real after-tax cost of capital of Arizona Co is 7% and its nominal after-tax cost of capital is 12%.

a)(i) Calculate the net present value of the planned investment project. **(10 marks)**

(ii) Calculate the discounted payback period of the planned investment project.

(2 marks)

b) Discuss the financial acceptability of the investment project. **(3 marks)**

2. Lucas Co is considering the acquisition of a new machine with an operating life of three years. The new machine could be leased for three payments of \$55,000, payable annually in advance.

Alternatively, the machine could be purchased for \$160,000 using a bank loan at a cost of 8% per year. If the machine is purchased, Lucas Co will incur maintenance costs of \$8,000 per year, payable at the end of each year of operation. The machine would have a residual value of \$40,000 at the end of its three-year life.

Lucas Co's production manager estimates that if maintenance routines were upgraded, the new machine could be operated for a period of four years with maintenance costs increasing to \$12,000 per year, payable at the end of each year of operation. If operated for four years, the machine's residual value would fall to \$11,000.

Taxation should be ignored.

a) (i) Assuming that the new machine is operated for a three-year period, evaluate whether Lucas Co should use leasing or borrowing as a source of finance. **(7 marks)**

(ii) Using a discount rate of 10%, calculate the equivalent annual cost of purchasing and operating the machine for both three years and four years, and recommend which replacement interval should be adopted. **(8 marks)**

3. Aviva Co wishes to improve its working capital management as part of an overall cost-cutting strategy to increase profitability. Two areas the company has been considering are working capital funding strategy and inventory management. Aviva Co currently follows a policy of financing working capital needs as much as possible from long-term sources of finance, such as equity. The company has been considering its inventory management and has been looking specifically at component K.

Current position

Aviva Co purchases 1,500,000 units of component K each year and consumes the component at a constant rate. The purchase price of component K is \$14 per unit. The company places 12 orders each year. Inventory of component K in the financial statements of Aviva Co is equal to average inventory of component K. The holding cost of component K, excluding finance costs, is \$0.21 per unit per year. The ordering cost of component K is \$252 per order.

Economic order quantity

Aviva Co wishes to investigate whether basing ordering of component K on the economic order quantity will reduce costs.

Bulk order discount

The supplier of component K has offered Aviva Co a discount of 0.5% on the purchase price of component K, provided the company orders 250,000 units per order.

a) (i) Calculate the annual holding and ordering costs of Aviva Co's current inventory management system. **(1 mark)**

ii) Calculate the financial effect of adopting the Economic Order Quantity as the basis for ordering inventory. **(4 marks)**

iii) Calculate the financial effect of accepting the bulk order discount. **(4 marks)**

iv) Recommend, with justification, which option should be selected by Aviva Co. **(1 mark)**

b) Discuss any TWO key factors in determining working capital funding strategies. **(5 marks)**

4. Edwards Co has credit sales of \$45 million per year and on average settles accounts with trade payables after 60 days. One of its suppliers has offered the company an early settlement discount of 0.5% for payment within 30 days. Administration costs will be increased by \$500 per year if the early settlement discount is taken. Edwards Co buys components worth \$1.5 million per year from this supplier.

From a different supplier, Edwards Co purchases \$2.4 million per year of Component K at a price of \$5 per component. Consumption of Component K can be assumed to be at a constant rate throughout the year. The company orders components at the start of each month in order to meet demand and the cost of placing each order is \$248.44. The holding cost for Component K is \$1.06 per unit per year.

The finance director of Edwards Co is concerned that approximately 1% of credit sales turn into irrecoverable debts. In addition, he/she has been advised that customers of the company take an average of 65 days to settle their accounts, even though Edwards Co requires settlement within 40 days.

Edwards Co finances working capital from an overdraft costing 4% per year. Assume there are 360 days in a year.

a) Evaluate whether Edwards Co should accept the early settlement discount offered by its supplier. **(6 marks)**

b) Evaluate whether Edwards Co should adopt an economic order quantity approach to ordering Component K. (9 marks)

Section B

Answer any TWO of the following:

(2×10= 20)

5. Ace Co is considering a new project. Ace currently installs burglar alarms, putting contact points on access portals and movement sensors in general areas of a property. The new project is in the fire alarm business, a business considered to be similar in many ways to what Ace currently does. A junior member of the finance team has estimated the cash flows for the project as follows:

Time	Description	Cash flow \$
0	Loose tools	(6,000)
1- 4	Contribution	25,000
1- 4	Allocated overheads	(8,000)
2- 5	Tax @ 25% of profit	(4,250)

No tax-allowable depreciation is available for loose tools.

Ace is entirely equity financed with a cost of equity correctly calculated as 12%.

- a) What is the NPV of the above project to the nearest \$100? (5 marks)
- b) One of the directors thinks that calculating the payback period would be a useful addition. What is the project's payback period in months to one decimal place? (5 marks)
6. A project has the following cash flows before allowing for inflation, i.e. they are stated at their T0 values. The company's money discount rate is 15.5%. The general rate of inflation is expected to remain constant at 5%.

Timing	Cash flow
	\$
0	(750)
1	330
2	242
3	532

Evaluate the project in terms of:

- a) real cash flows and real discount rates (5 marks)
- b) money cash flows and money discount rates (5 marks)
7. Shane Co is a furniture manufacturer whose auditors have pointed out that its working capital position is far from satisfactory. The main problem is the high level of inventory, which has led to the company building up a larger and larger bank overdraft. Managers at Shane Co have been to numerous public lectures discussing various types of inventory control systems and technologies, but have felt that most of them are impractical.
- a) The production manager has established the following information about a major inventory item.
- Purchase price per unit \$480
 Annual demand 4,000
 Supplier's delivery costs per order \$10
 Chief buyer's salary per year \$30,000
 Total number of orders placed per year* 1,000
 Annual storage costs per unit \$2
 Cost of capital 10% per year
- *Relates to all product lines, not just this one.
- What is the economic order quantity for this inventory item? (5 marks)

b) Assume that Shane Co adopts the EOQ as its order quantity for that item of inventory and that it takes one week for an order to be delivered. How much inventory will Shane Co have on hand when the order is placed? Assume there are 52 weeks in a year.

(5 marks)

8. Mitchell is a medium-sized company producing a range of engineering products, which it sells to wholesale distributors. Recently, its sales have begun to rise rapidly due to economic recovery. However, it is concerned about its liquidity position and is looking at ways of improving cash flow. Its sales are \$16 million per year, and average receivables are \$3.3 million (representing about 75 days of sales). One way of speeding up collection from receivables is to use a factor.

Determine the relative costs and benefits of using the factor in each of the following scenarios.

a) The factor will operate on a service-only basis, administering and collecting payment from Mitchell's customers. This is expected to generate administrative savings of \$100,000 each year. The factor has undertaken to pay outstanding debts after 45 days, regardless of whether the customers have actually paid or not. The factor will make a service charge of 1.75% of Mitchell's revenue. Mitchell can borrow at an interest rate of 8% per year.

b) It is now considering a factoring arrangement with a different factor where 80% of the book value of invoices is paid immediately, with finance costs charged on the advance at 10% per year.

Suppose that this factor will charge 1% of sales as their fee for managing the sales ledger, that there will be administrative savings of \$100,000 as before, but the outstanding balances will be paid after 75 days (i.e. there is no change in the typical payment pattern by customers this time).

Section C

Answer any TWO of the following:

(2×5= 10)

9. Jones Ltd plans to spend \$90,000 on an item of capital equipment on 1 January 20X2. The expenditure is eligible for 25% tax-allowable depreciation, and Jones pays corporation tax at 30%. Tax is paid at the end of the accounting period concerned. The equipment will produce savings of \$30,000 per year for its expected useful life deemed to be receivable every 31 December. The equipment will be sold for \$25,000 on 31 December 20X5. Jones has a 31 December year-end and has a 10% post-tax cost of capital. What is the present value at 1 January 20X2 of the tax savings that result from the tax-allowable depreciation?
10. What amount should be invested now to receive \$10,000 in four years' time if $r = 8\%$ per year. Show your workings using the formula approach and then compare this with using the present value table.
11. a) Mention FIVE Connected stakeholders for an organization. **(2.5 marks)**
 b) Mention any THREE features of certificates of deposit. **(2.5 marks)**
12. Mile Co is looking to change its working capital policy to match the rest of the industry. The following results are expected for the coming year:

	\$000
Revenue	20,500
Cost of sales	(12,800)
Gross Profit	7,700

Revenue and cost of sales can be assumed to be spread evenly throughout the year. The working capital ratios of Mile Co, compared with the industry, are as follows

	Mile Co	Industry
Receivable days	50	42
Inventory days	45	35
Payable days	40	35

Assume there are 365 days in each year.

If Mile Co matches its working capital cycle with the industry, what will be the decrease in its net working capital?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Indian Taxation

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) From the following information compute the total income of Mr. Raj for the PY if he is:
- a) Resident b) Not Ordinarily Resident and c) Non-resident
- Profit from business in Iran received in India Rs.1,10,000
 - Income from house property in Sri Lanka deposited in an Indian Bank there Rs. 85,000
 - Income from agriculture in Bangladesh remitted to India Rs. 45,000
 - Profit from business in England Rs. 25,000; this business is controlled from Delhi
 - Income accrued in India but received in England Rs. 35,000
 - Profit from business in Karnataka received in Mumbai Rs. 48,000
 - Income from agriculture in Nepal Rs. 78,000
 - Income from business in USA (75% received in India) Rs. 3,00,000
 - Profit on sale of a capital asset in Canada (50% remitted to India) Rs. 48,000
 - Salary for services rendered at the Indian Embassy in UK received there from Government of India Rs. 65,000
 - Remuneration received from an Indian company for service rendered in Singapore credited to his bank account in Singapore Rs. 1,20,000
 - Salary from an Indian employer for services rendered in South Africa Rs. 95,000 (directly deposited by the Indian employer in his bank account in India)
 - Dividend from French company received in London Rs. 11,000
 - Income from business in Sri Lanka but controlled from India, remitted to India Rs. 55,000
 - Past untaxed foreign income brought into India during the PY Rs. 2,20,000
- 2) Mr. Naithik is working in a limited company in Mangaluru and he furnishes the following particulars of his income for the financial year ending:
- Basic salary – Rs. 19,800 p.m.
D.A. – Rs. 6,000 p.m. (Rs. 4,000 p.m. enters into retirement benefits)
D.P. – Rs. 600 p.m.
C.C.A. – Rs. 1,000 p.m.
H.R.A. – Rs. 3,000 p.m.
Tour allowance – Rs. 15,000
Bonus equal to a month's salary
Education allowance – Rs. 800 p.m. (his son is studying in the Mangalore University)
Helper allowance – Rs. 600 p.m. (he has appointed an assistant to help him in his office work)

Daily allowance – Rs. 6,000 (80% only spent for official purposes)

Profession tax – Rs. 6,000

He contributed Rs. 65,000 to RPF and the company contributed Rs. 50,000 for the same.

The interest credited at 10% p.a. on the accumulated balance Rs. 2,50,000.

He paid Rs. 14,000 as life insurance premium during the PY.

Compute the taxable salary and deduction U/S 80C of Mr. Naithik for the PY.

3) Mr. Sathish owns four houses. The details are as follows:

-The first house of the annual municipal value of Rs. 4,44,400 was occupied by him for his own residence. He paid Rs. 11,000 as interest on loan taken to buy the house and Rs. 1,200 as municipal taxes.

-The second house with the AMV of Rs. 2,88,600 was let-out at Rs. 22,000 per month. He paid Rs. 1,500 as interest on money borrowed for its construction, Rs. 700 as municipal taxes and Rs. 900 as ground rent.

-The fair rental value of this house is Rs. 2,82,000 p.a. It is let out at Rs. 150 p.m. The tenant has agreed to bear the cost of repairs. There is a legal maintenance charge of Rs.3,000 p.a. in favour of his brother.

-The AMV of this house is Rs. 3,12,000 and was let out at Rs. 20,800 p.m. It remained vacant for 3 months in the previous year. The municipal taxes of Rs. 600 were not paid. One month rent is outstanding as on 31 March.

Compute income from house property.

4) A. From the following particulars compute the income of Mr. A under the head income from other sources. A's investment on 1st April were as follows:

7% Rs. 10,000 Haryana Govt.Loan

10% Rs. 18,000 tax free debentures (listed) of a steel company

11% Rs. 15,000 preference shares (listed) of a company

9% Rs. 20,000 debentures of a Tea company

He received during the year:

Rs. 1,000 as interest on POSB a/c

Rs. 2,000 as interest on fixed deposits in Canara Bank

Rs. 800 as interest on loan given to a friend

On 1st September he sold his tea company debentures at a profit of Rs. 1,000 and purchased Rs. 50,000 9% Indian Railway Bonds for Rs. 48,000. For this purpose he borrowed a loan of Rs. 30,000 from his friend at 8%. The bank commission for collecting interest was Rs. 250 and for buying and selling securities 1%. The interest is payable on 1st July and 1st January every year. **(10 Marks)**

B. Mr. Deepak is the proprietor of a business. His Profit and Loss A/C for the year ended 31-3-2022 is a follows:

	Rs.		Rs.
To opening stock	20,000	By sales	3,42,400
To purchases	1,02,550	By closing stock	18,000
To rent, rates and taxes	2,900	By interest on tax-free GOI bonds	2,000
To bad debts	1,750	By dividend from foreign company	3,000
To household expenses	730	By interest on Karnataka Govt. loan	2,400
To interest on bank loan	1,500	By Income tax refund	3,000
To provision for depreciation	1,450		
To provision for tax	1,200		
To net profit	2,38,720		
	3,70,800		3,70,800

Following further information is given:

- Actual bad debts written off during the year amounted to Rs. 550.
- Amount of income tax actually paid during the year is Rs. 4,200.
- Depreciation allowable is Rs.1,900 as per income tax rules.
- Bank Loan is taken for business purpose.

Compute the business income for the PY 2021-22. (5 Marks)

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Describe the tax liability of an AOP and Trust.
- 6) From the following particulars compute the capital gains for the PY:

Particulars	Rs.
Date of purchase (acquisition)	June 2015
Cost of acquisition	20,00,000
Cost of additional construction in 2000-01	-
Fair market value on 1-4-2001	
Cost of additional construction in 2016-17	1,00,000
Sale proceeds of property in 2021-22	65,00,000

He purchased a new house for Rs.10,00,000 in October and deposited Rs.90,000 in the capital gains accounts scheme.

(CII: 2015-16: 254; 2016-17: 264; 2021-22: 317)

- 7) Basic salary is Rs. 80,000 & DA is Rs. 36,000 (60% is part of retirement benefit), commission is 1% on Rs.10,00,000 & DP is Rs. 2000 pm. Compute the taxable HRA.
- 8) Mr. Danish is a registered medical practitioner. He keeps his books on cash basis and his summarized cash account for the year ended is as follows:

Receipts	Rs.	Payments	Rs.
To balance b/d	1,22,000	By motor car	1,20,000
To sale of medicines	13,000	By car expenses	6,000
To consultation fees	25,250	By Rent dispensary	
To visiting fees	15,000	2019-20:	3,600
To dividend from co-operative society	34,000	2020-21:	3,000
		By subscription to Indian Medical Council	2,000
		By Balance c/d	74,650
	2,09,250		2,09,250

Compute profession income for the PY taking into account the following information:

- 40% of the motor car expenses are in respect of his personal use.
- Depreciation allowable on car is 15%.

- 9) During the year Mr. A paid Rs. 8,000 as medical insurance premium. He also paid Rs. 5,000 as LIC premium, deposited Rs. 5,000 in PPF. He paid the following donations.
- Orissa Fund Rs. 5,000
 - PMNRF Rs. 10,000
 - Tsunami Fund Rs. 12,000
 - Zilla Saksharatha Samithi Rs. 4,000
 - Books to a local college worth Rs. 6,000
 - Construction of a resting room for Hindu pilgrims at Udupi Rs. 50,000
 - Repairs of Belur Temple (recognized) Rs. 30,000

Promotion of family planning Rs. 8,000

Compute his total income if the GTI is Rs. 30,00,000.

- 10) Mr. Rajesh retired as a manager of a limited company on 31 August 2021, after serving for 32 years and 8 months. His basic salary on the date of his retirement was Rs. 38,000 p.m. including the increment of Rs. 1,000 p.m. which falls due on the 1 of June every year. He also received Rs. 3,000 p.m. D.A. (Rs.1,000 paid under the terms of employment), Rs.1,800 p.m. H.R.A. and Rs.600 p.m. conveyance allowance. During the last 10 months he achieved sales of Rs. 5,00,000 on which he is entitled to get 1% of commission. He received Rs. 22,80,000 from the company as gratuity. Calculate the taxable gratuity if Mr. Rakesh is not covered by the Payment of Gratuity Act of 1972.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Who is a Person as per Income Tax Act of 1961?
- 12) State any two inclusions in Income from Salary.
- 13) Ms. Krithi was appointed as a superintendent in a limited company on 1-7-2016 in the salary grade 3,600-200-4200-300-5,100-400-6,300. Find out her basic salary for the PY if she is a private employee.
- 14) From the following particulars calculate deduction U/S 80C:
Rs.8,000 paid to the Mutual Fund of UTI
Rs.4,000 Unit Linked Insurance Policy of UTI
Contribution to Public Provident fund Rs.12,000, Interest accrued thereon Rs.9,400
Repayment of Rs.12,000 which was taken for extension of the house
Rs.1,000 deposited in Post Office Savings Bank Account
- 15) Mr. Shahid a non-government employee retired from service when his pension was fixed at Rs. 17,000 p.m. He commuted 2/3rd of his pension and received Rs. 2,40,000 for the same. Compute the exempt amount of the commuted value of pension if he did not receive any gratuity.
- 16) The GTI of Mr. Khan is Rs. 32,00,000. He paid Rs. 19,000 as medical insurance premium, spent Rs. 6,000 for health checkup. Compute the total income.
- 17) Determine the annual value of the house in following cases:
Expected Rent Rs. 1,00,000
House let out at Rs. 10,000 p.m.
House tax paid by the owner (10% of municipal value) Rs. 9,000
The house remains vacant for 3 months

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE

Professional Accounting II

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I . Answer The Following Question :

1×20= 20

1. (A) JHP Limited is a company with an authorised share capital of Rs 10,00,000 in equity shares of Rs10 each, of which 6,00,000 shares had been issued and fully paid on 30th June, 2020. The company proposed to make a further issue of 1,00,000 of these Rs 10 shares at a price of Rs 14 each, the arrangements for payment being:

- a. Rs 2 per share payable on application, to be received by 1st July, 2020;
- b. Allotment to be made on 10th July, 2020 and a further Rs 5 per share (including the premium) to be payable;
- c. The final call for the balance to be made, and the money received by 30th April, 2021.

Applications were received for 3,55,000 shares and were dealt with as follows:

- i. Applicants for 5,000 shares received allotment in full;
- ii. Applicants for 30,000 shares received an allotment of one share for every two applied for; no money was returned to these applicants, the surplus on application being used to reduce the amount due on allotment;
- iii. Applicants for 3,20,000 shares received an allotment of one share for every four applied for; the money due on allotment was retained by the company, the excess being returned to the applicants; and
- iv) the money due on final call was received on the due date.

You are required to record these transactions (including cash items) in the Journal of JHP Limited. **(16 Marks)**

(B) Write a short note on :

- i. Small Company
- ii. One Person Company **(4 Marks)**

Section- B

II. Answer any Four of the following :

4×10= 40

2. Revenue, Expenses and Gross Profit Balances of M/s ABC Traders for the year ended on 31st March 2020 were as follows:

Gross Profit Rs 4,20,000, Salaries Rs 1,10,000, Discount (Cr.) Rs 18,000, Discount (Dr.) Rs 19,000, Bad Debts Rs 17,000, Depreciation Rs 65,000, Legal Charges Rs.25,000, Consultancy Fees Rs 32,000, Audit Fees Rs 1,000, Electricity Charges Rs.17,000, Telephone, Postage and Telegram Rs 12,000, Stationery Rs 27,000, Interest paid on Loans Rs 70,000.

Required:

Prepare Profit and Loss Account of M/s ABC Traders for the year ended on 31st March, 2020. Show necessary closing entries in the Journal Proper of M/s. ABC Traders also.

3. (A) The following information of M/s. TT Club is related for the year ended 31st March, 2018:

(1)

Balances	As on 01-04-2017 (Rs.)	As on 31-3-2018 (Rs.)
Stock of Sports Material	75,000	1,12,500
Amount due for Sports Material	67,500	97,500
Subscription due	11,250	16,500
Subscription received in advance	9,000	5,250

(2) Subscription received during the year Rs. 3,75,000

(3) Payments for Sports Material during the year Rs. 2,25,000

You are required to: (a) Calculate the amount of Subscription and Sports Material that will appear in Income & Expenditure Account for the year ended 31.03.2018 and

(b) Also show how these items would appear in the Balance Sheet as on 31.03.2018. **(6 Marks)**

(B) Salaries paid during 2018 were Rs.23,000. The following further information is available:

Salaries unpaid on 31st March 2017	Rs. 1,400.00
Salaries pre-paid on 31st March 2017	Rs. 400.00
Salaries unpaid on 31st March 2018	Rs. 1,800.00
Salaries pre-paid on 31st March 2018	Rs. 600.00

Calculate the amount to be debited to Income and expenditure account in respect of salaries and also show necessary ledger accounts. **(4 Marks)**

4. (A) Rose, Lilly and Lotus start business with capital of Rs. 2,00,000/-, Rs. 3,00,000/- and Rs.4,00,000 on 1st April 2019. Lotus is entitled to a salary of Rs. 50,000 per annum. Interest is allowed on capitals at 12% p.a. and is charged on drawings at 12% per annum. Profits are to be distributed in the ratio 1:2:3 after the above-mentioned adjustments. Rose was given guarantee of minimum profit of Rs. 50,000 by Lotus. Partners drawings during the year were Rose Rs. 40,000/-Lilly Rs. 30,000/- Lotus

Rs. 20,000/-. Lotus had paid Rs. 10,000/- as tuition fees of his son on 31st March 2020, which was wrongly debited to salaries account. The profit for the year 2019-20 before allowing interest on capital and charging interest on drawings and salary paid to Lotus was Rs.3,34,600/-. Assuming the capitals to be fixed, prepare the Profit and Loss Appropriation Account and the Capital and Current Accounts relating to the partners. **(5 Marks)**

(B) J and K are partners in a firm. Their capital are J Rs. 3,00,000 and K Rs. 2,00,000. During the year ended 31st March, 2017 the firm earned a profit of Rs. 1,50,000. Assuming that the normal rate of return is 20%, calculate the value of goodwill on the firm:

1. By Capitalization Method; and
 2. By Super Profit Method if the goodwill is valued at 2 years' purchase of Super Profit.
- (5 Marks)**

5. X supplied goods on sale or return basis to customers, the particulars of which are as under;

Date of dispatch	Party's name	Amount (Rs.)	Remarks
10.12.2016	M/s. ABC	10,000.00	No information till 31.12.2016
12.12.2016	M/s. DEF	15,000.00	Returned on 16.12.2016
15.12.2016	M/s. GHI	12,000.00	Goods worth Rs. 2,000 returned on 20.12.2016
20.12.2016	M/s. DEF	16,000.00	Goods Retained on 24.12.2016
25.12.2016	M/s. ABC	11,000.00	Good Retained on 28.12.2016
30.12.2016	M/s. GHI	13,000.00	No information till 31.12.2016

Goods are to be returned within 15 days from the dispatch, failing which it will be treated as sales. The books of 'X' are closed on the 31st December, 2016.

Prepare the following accounts in the books of 'X'

- a. Goods on "sales or return, sold and returned day books"
- b. Goods on sales or return total account.

6. Monika, Yedhant and Zoya are in partnership, sharing profits and losses equally. Zoya died on 30th June 2020. The Balance Sheet of Firm as at 31st March 2020 stood as;

Liabilities	Amount	Assets	Amount
Creditors	20,000	Land and Building	1,50,000
General Reserve	12000	Investments	65000
Capital accounts:		Stock in trade	15000
Monika	100000	Trade receivables:	35000
Yedhant	75000	Less: Provision for doubtful debt (2000)	33000
Zoya	75000	Cash in hand	7000
		Cash at bank	12000
	2,82,000		2,82,000

In order to arrive at the balance due to Zoya, it was mutually agreed that:

- (i) Land and Building be valued at Rs. 1,75,000
- (ii) Debtors were all good, no provision is required
- (iii) Stock is valued at Rs. 13,500
- (iv) Goodwill will be valued at one Year's purchase of the average profit of the past five years.

Zoya's share of goodwill be adjusted in the account of Monika and Yedhant.

(v) Zoya's share of profit from 1st April 2020, to the date of death be calculated on the basis of average profit of preceding three years.

(vi) The profit of the preceding five years ended 1st March were:

2020	2019	2018	2017	2016
25,000.00	20,000.00	22,500.00	35,000.00	28,750.00

You are required to prepare: (1) Revaluation account and (2) Capital accounts of the partners as at 1st July 2020.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE

Business Mathematics for Professionals

Duration: 2 Hours

Max Marks: 60

Section- A (compulsory)

I. Answer The Following Question :

1×20= 20

1. a. Find the logarithm of 1728 to the base $2\sqrt{3}$
- b. The sum of the ages of 3 persons is 150 years. 10 years ago their ages were in the ratio 7 : 8 : 9. Find the present ages.
- c. Find the mean proportion to 9 kg and 4kg.
- d. Find the sub triplicate ratio of 64:343

Section- B

II. Answer any Four of the following :

4×10= 40

2. a. What is the inverse ratio of 11:15?
- b. What is the sub-duplicate ratio of 144: 196
3. S borrows Rs. 5,00,000 to buy a house. If he pays equal instalments for 20 years and 10% interest on outstanding balance what will be the equal annual instalment?
4. a. Evaluate $\int (5x^3 + 2x^2 + x) dx$.
- b. A mixture contains milk and water in the ratio 7:3. If there are 15 liters of milk in the mixture, how many liters of water are there?
5. a. Evaluate $\int (x^2 + 2x + 7) dx$.
- b. Let $U = \{1, 2, 3, 4, 5, 6, 7, 8, 9, 10\}$ be the universal set. If $A = \{1, 2, 3, 4\}$ and $B = \{3, 4, 5\}$, find $(A \cup B)'$.
6. a. Find the duplicate ratio of 5:7
- b. Find the sub triplicate ratio of 64: 125

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Mercantile Law

Duration:2 Hours

Max Marks:60

Section- A (compulsory)

I . Answer The Following Question :**1×20= 20**

1. (a) Celebrant Ltd., a public company, its articles of association empowers the managing agents to borrow both short and long term loans on behalf of the company, Mr. Arun, the director of the company, approached Sastha Funds Ltd., a non banking finance company for a loan of ₹ 50,00,000 in name of the company. The Lender agreed and provided the above said loan. Later on Celebrant Ltd. refused to repay the money borrowed on the pretext that no resolution authorizing such loan have been actually passed by the company and the lender should have enquired about the same prior providing such loan hence company not liable to pay such loan.

Analyse the above situation in terms of the provisions of Doctrine of Indoor Management under the Companies Act, 2013 and examine whether the contention of Celebrant Ltd. is correct or not? **(8 marks)**

- (b) 'X' entered into a contract with 'Y' to supply him 1,000 water bottles @ ` 5.00 per water bottle, to be delivered at a specified time. Thereafter, 'X' contracts with 'Z' for the purchase of 1,000 water bottles @` 4.50 per water bottle, and at the same time told 'Z' that he did so for the purpose of performing his contract entered into with 'Y'. 'Z' failed to perform his contract in due course and market price of each water bottle on that day was ` 5.25 per water bottle. Consequently, 'X' could not procure any water bottle and 'Y' rescinded the contract. Calculate the amount of damages which 'X' could claim from 'Z' in the circumstances? What would be your answer if 'Z' had not informed about the 'Y's contract? Explain with reference to the provisions of the Indian Contract Act, 1872 **(6 marks)**

- (c) State the modes by which a partner may transfer his interest in the firm in favour of another person under the Indian Partnership Act, 1932. What are the rights of such a transferee? **(6 marks)**

Section- B

II. Answer any Four of the following :

4×10= 40

2. (a) Raj agreed to purchase 300 tons of rice from Rahul out of a larger stock. Raj sent his men with the sacks and 200 tons of rice were put into the sacks. Then there was a sudden flood and the entire stock was gutted. Who will bear the loss and why? **(5 marks)**
- (b) Virat, who is an agent of a buyer, had obtained the goods from the Shipping Authorities and loaded the goods on his truck. In the meantime, the Shipping Authorities received a notice from Shashank, the seller for stopping the goods in transit as the buyer has become insolvent. Referring to the provisions of Sale of Goods Act, 1930, decide whether the Shipping Authorities can stop the goods in transit as instructed by the seller? **(5 marks)**
3. (a) Examine the concept of LLP **(6 marks)**
- (b) What do you mean by Designated Partner? Whether it is mandatory to appoint Designated partner in a LLP? **(4 marks)**
4. (a) Mr. Rao aspired to get a sculpture made by an artist. He went to the workshop of Mr. Mohammed an artist and asked whether he could carver a sculpture of himself on a marble block . Mr. Mohammed agreed to the offer and asked for ₹ 800,000 as full advance payment for the above creative work. Mr. Mohammed clarified that the painting shall be completed in 15 sittings and shall take 4 months.
- On reaching to the workshop for the 9th sitting, Mr. Rao was informed that Mr. Mohammed became paralyzed and would not be able to paint for near future. Mr Mohammed had a son Mr. Shameer who was still pursuing his studies and had not taken up his father's profession yet. Discuss in light of the Indian Contract Act, 1872?
- i) Can Mr. Rao ask Mr. Shameer to complete the artistic work in lieu of his father?
- ii) Could Mr. Rao ask Mr. Shameer for refund of money paid in advance to his father? **(6 marks)**
- (b) Manju agrees to sell to Abhi 100 bags of coffee powder arriving on a ship from Brazil to India within next three months. Unknown to the parties, the ship has already sunk. Does Abhi have any right against Manju under the Sale of Goods Act, 1930? **(4 marks)**

5. (a) What is the procedure of registration of a partnership firm under the Indian Partnership Act, 1932? **(5 marks)**
- (b) Can a non-profit organization be registered as a company under the Companies Act, 2013? If so, what procedure does it have to adopt? **(5 marks)**
6. (a) "Explain the type of contracts in the following agreements under the Indian Contract Act, 1872:
- i) A coolie in uniform picks up the luggage of A to be carried out of the railway station without being asked by A and A allows him to do so.
 - ii) Obligation of finder of lost goods to return them to the true owner.
 - iii) A contracts with B (owner of the factory) for the supply of 10 tons of sugar, but before the supply is effected, the fire caught in the factory and everything was destroyed. **(5 marks)**
- b) Explain the concept of 'misrepresentation' in matters of contract. Akhil induced Adithya to buy his car saying that it was in a very good condition. After taking the car, Adithya complained that there were many defects in the car. Akhil proposed to get it repaired and promised to pay 40% cost of repairs. After few days, the car did not work at all. Now Adithya wants to rescind the contract. Decide giving reasons whether Adithya can rescind the contract? **(5 marks)**

21COMC243

Reg No :

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023

COMMERCE

Financial Analytics and Control

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. Explain the Theory of Constraints (TOC) and its five focusing steps.
2. Discuss some of the methods companies adopt to protect themselves from the cyber-attacks
3. What are processing controls as part of Application control? Give any 7 examples of processing controls.

Section-B

Answer any TWO of the following :

2×10= 20

4. What are the advantages of Block Chain?
5. Explain Input Controls, Processing Controls, and Output Controls.
6. What does Preventive Controls include?

Section-C

Answer any TWO of the following :

2×5= 10

7. What are the block chain uses in financial sector?
8. Name five organizations who have established Committee of Sponsoring Organizations (COSO).
9. Define - (i) Kanban (ii) Kaizen.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE
Financial Environment

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Discuss the secondary objectives of monetary policy that help the economic growth, price and exchange rate stability of India.
- 2) Inflation is a rise in the general level of prices. Elaborate the statement.
- 3) Discuss the various objectives of public debt .
- 4) Explain the purpose, recommendations and government's action on recommendations of Narasimham committee-I.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Describe the various types of costs of production that businesses may incur in the course of manufacturing a product or offering a service.
- 6) Describe the supply side approach in brief.
- 7) Explain Labour Market's interaction with production system.
- 8) Write a brief note on Kelkar committee.
- 9) How can unemployment rate can be found? What are the different reasons for unemployment?
- 10) Trace the history of Basel norms.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What are Lagging Indicators?
- 12) Mention two broad types of Inflation.
- 13) What is a sacrifice ratio?
- 14) What is the Current Reverse REPO Rate?
- 15) What is a Term Deposit Rate?
- 16) Define Fiscal Policy as per Arthur Smith.
- 17) What is a Possession Utility?

21COME22

Reg No :

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE

Investing in Stock Market

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Explain Investment Process.
- 2) Elaborate on Economic Analysis and Industry Analysis.
- 3) Explain the major participants in Stock Market.
- 4) Define Mutual Fund? Explain its types.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Explain any five merits of Debentures.
- 6) What is Financial Analysis? Explain the techniques of Financial Analysis.
- 7) Explain the uses of Charts.
- 8) What is Demat account? Explain the procedure of opening a Demat account.
- 9) Write short note on MCX.
- 10) Enumerate the functions of CRISIL.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Give the meaning of Index Funds.
- 12) What is meant by Trend Analysis?
- 13) State the Share holding pattern of a company.
- 14) What is Primary Trend?
- 15) What is meant by Strong Buy recommendation given by analyst?
- 16) What is BSE Sensex?
- 17) At the close of trading on 5.03.2023 a particular mutual fund held Rs.1,05,00,000 worth of securities, Rs.20,00,000 of cash and Rs. 5,00,000 of liabilities. The fund had 10,00,000 shares outstanding. Calculate NAV as on 5.03.2023.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE
Business and Technology

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Explain the responsibility of an individual and organisation towards compliance with law on data protection, data security and health and safety of an employee in the work place.
- 2) a) Write a note on fraudulent financial reporting. (7 Marks)
b) Explain the methods for detecting and preventing money laundering and how suspicions of money laundering should be reported to the appropriate authorities. (8 Marks)
- 3) Explain the following financial systems used within an organisation with an example.
a) Purchase System
b) Sales System
- 4) a) Describe Henry Fayol's five functions of management. (5 Marks)
b) Explain any ten skills mentioned by Mintzberg that managers need to maximise their effectiveness in the organisation. (10 Marks)

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Explain the contribution made by writer Hofstede on Culture.
- 6) Explain the different elements in Communication Process.
- 7) Explain the advantages of Computerisation.
- 8) What is Simple Contract? Explain the features of Simple Contract.
- 9) Briefly explain Training and Development process in an organisation.
- 10) Explain the benefits of effective appraisal.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What is an Organisation?
- 12) What is Inflow and Outflow of Communication? Give an Example.
- 13) What is meant by Fraud?
- 14) State five main books of Prime Entry.
- 15) What is Recruitment?
- 16) What is Managerial Grid - 5.5 Middle of the Road Management according to Blake and Mounon?
- 17) Define Mentoring.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Art of Business

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I . Answer The Following Question : **1×20= 20**

1. Describe the functions and role of the following business facilitator.
 - a) RBI
 - b) SEBI

Section- B

II. Answer any Four of the following : **4×10= 40**

2. What is Sole Proprietorship? Explain the features.
3. Explain the different characteristics of economic activities.
4. a) Explain the following terminologies.
 - i) Marketing Mix
 - ii) Book Value
 - iii) Price Discrimination
 - iv) Put Option
 - v) Market Segmentation **(5 Marks)**

b) Write about Wipro Company. **(5 Marks)**
5. a) Write a note on Privatisation. **(5 Marks)**

b) Write the answer for the following questions. **(5 Marks)**

 - I) Which of the following policy/ies pertain to macroeconomic management?
 - i) Fiscal Policy
 - ii) Physical Policy
 - iii) Monetary Policy
 - iv) i and ii

II) The method of FDI other than Automatic route is called:

- i) NRI Route
- ii) Government Route
- iii) Institutional Route
- iv) Priority Route

III) FDI is allowed

- i) Tea Plantation
- ii) Coconut Plantation
- iii) Sugarcane Plantation
- iv) None of the above

IV) Simplification of trade restrictions related to import is an example of:

- i) Globalization
- ii) Privatization
- iii) Disinvestment
- iv) Aggregation

V) BRICS is an economic organisation comprising:

- i) Brazil, Russia, India, China, South Korea
- ii) Brazil, Russia, India, China and South Africa
- iii) Bangladesh, Russia, India, China, South Africa
- iv) Bhutan, Russia, India, China, South Africa

6. Write a note on impact of protective, restrictive and regulatory policies on business.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**B.Com. SECOND SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023****COMMERCE****Advanced Corporate Accounting****Duration:2 Hours****Max Marks:60****Section-A****Answer any TWO of the following :****2×15= 30**

1. Karach Co. Ltd. went into voluntary liquidation on 31.12,2022. The Capital of the company consisted of 5,000 shares of Rs.100 each.

Following were the assets and liabilities:

	Rs.
Assets	
Cash in Hand	750
Stock realised	29,600
Book debts realised	49,200
Furniture realised	1,050
Investments lodged with the Bankers against overdraft realised	4,900
Liabilities	
Trade Creditors	53,775
Creditors for wages and salaries prior to one month of liquidation	5,295
Bank overdraft	4,000
6% Debentures having a floating charge on the understanding that interest will be paid up to 30th June 2023	44,000

The excess amount realised by the sale of investments were remitted to the Liquidator.

Liquidator's remuneration was calculated at 3% on the net assets realised (excluding the amount paid to secured creditors) and 2% on the amount paid to unsecured creditors (other than preferential).The expenses of winding up were Rs.1015.

Prepare the Liquidator's Final Statement of Accounts.

2. The following are the Balance Sheets of X Ltd. and Y Ltd. as on 31.12.2022

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Equity Share capital (Rs.100 per share)	1,00,000	60,000	Land & Buildings	30,000	--
6% Debentures of Rs.10 each	20,000	--	Plant & Machinery	1,10,000	50,000
Reserve Fund	34,000	--	Stock	16,000	8,000
Dividend Equalisation Fund	4,000	--	Cash	3,000	1,000
Employees' Provident Fund	3,000	--	Debtors	14,000	9,000
Trade Creditors	10,000	8,000			
Profit & Loss A/c	2,000	--			
	1,73,000	68,000		1,73,000	68,000

The two companies agree to amalgamate and form a new company called Z Ltd. which takes over the assets and liabilities of both the companies.

The authorised share capital of Z Ltd. is Rs.10,00,000 consisting of 1,00,000 Equity shares of Rs.10 each.

The assets of X Ltd. are taken over at a reduced valuation of 10% with the exception of land and buildings which are accepted at book value.

Both the companies are to receive 5% of the net valuation of their respective business as goodwill.

The entire purchase price is to be paid by Z Ltd. in fully paid Equity shares.

In return for debentures in X Ltd., debentures of the same amount and denomination are to be issued by Z Ltd.

You are required to compute the purchase consideration and Journalize the transactions & present the Balance Sheet of Z Ltd. assuming that the amalgamation is in the nature of Purchase.

3. The following are the summarized Balance Sheets of H Ltd. and its subsidiary S Ltd. as on 31st March 2023.

Liabilities	H Ltd. Rs.	S Ltd. Rs.	Assets	H Ltd. Rs.	S Ltd. Rs.
Share Capital: Shares of Rs.10 each fully paid	3,00,000	1,50,000	Premises	2,56,000	90,000
General Reserve	1,90,000	6,000	Machinery	60,000	81,300
Profit & Loss A/c	1,60,000	1,08,000	Debtors	56,000	47,400
Creditors	30,000	48,300	Stock	68,000	60,600
			Cash	60,000	33,000
			Investments in Shares of S Ltd	1,80,000	-
	6,80,000	3,12,300		6,80,000	3,12,300

H Ltd. acquired 12,000 shares of S Ltd. on 1st April 2022. On Scrutiny of Balance Sheet of H Ltd., the following details were obtained on 31st March 2023.

1. Profit and Loss account includes the interim dividend at the rate of 10% from S Ltd.
2. Stock includes Rs.6,000 of stock purchased from S Ltd.
3. Creditors include Rs.18,000 due to S Ltd. for purchases on which the later made a profit of Rs.4,500.
4. It is further stated that on 1st April 2022, the Profit and Loss A/c of S Ltd. showed a balance of Rs.76,000 only and the General Reserve stood at Rs.4,500. No final dividends are yet proposed by S Ltd.

Prepare the consolidated balance sheet.

Section-B

Answer any TWO of the following :

2×10= 20

- a) Write a note on how to calculate Liquidator's remuneration.
- b) The Optimist Company went into voluntary liquidation. The following was its

position on the date of liquidation:

	Rs.
Assets realized (excluding amount realized on secured assets)	3,50,000
Secured creditors (securities realized Rs.40,000)	35,000
Unsecured creditors	1,50,000
Debentures (floating carriage on all assets)	2,50,000
Liquidation expenses	5,000
Liquidator's remuneration	7,500

Prepare Liquidator's Final Statement of Account.

5. The following are the Balance Sheet of A Ltd. & B Ltd. as on 31.12.2022

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Capital:			Fixed Assets	60,000	32,000
Shares of Re.1	1,00,000	50,000	Goodwill	-	5,000
P & L a/c	24,500	6,000	45,000 shares in B Ltd.	60,000	-
Debentures	20,000	-	Current Assets	32,000	22,000
Creditors	7,500	3,000			
	1,52,000	59,000		1,52,000	59,000

Fixed assets of A Ltd. and B Ltd. are worth Rs.71,000 and Rs.36,000 respectively. Value of Goodwill is nil. Find out intrinsic value of shares of both companies.

6. The Balance sheet of Calico Ltd. as on 31st March, 2023 stands as under:-

Liabilities	Rs.	Assets	Rs.
<u>Share Capital:</u>		Fixed Assets	14,30,000
8,000 Equity Shares of Rs.100/- each	8,00,000	Stock	80,000
Debentures	13,80,000	Sundry Debtors	30,000
Creditors for Goods	4,50,000	Investments	17,000
Creditors for Income Tax	10,000	Cash at Bank	13,000
		Profit and Loss A/c	10,70,000
	26,40,000		26,40,000

The following scheme of re-construction was agreed upon:

1. The Equity share holders are prepared to have their capital reduced to 5% of their present holdings.
2. The Debenture holders are ready to have their claims reduced to 50%, balance is to be satisfied half by the issue of 7% mortgage debentures and half by the issue of 8% Preference Shares of Rs.100 each.
3. The unsecured creditors are prepared to forego 20% of their dues. For the balance they received Equity Shares of the like amount.
4. The assets are to be reduced to the re-valued figures as under.

	Rs.
Fixed Assets	11,00,000
Stock in Trade	50,000
Debtors	20,000
Investments	7,000

Give Journal entries for the above scheme of internal reconstruction and show the Capital Reduction A/c.

Section-C

Answer any TWO of the following :

2×5= 10

7. Mention the five conditions that satisfy an amalgamation in the nature of merger.
8. Following is the Balance Sheet of A Ltd. as on 31.03.2023.

Liabilities	Rs.	Assets	Rs.
Capital, Shares of Re.1 each	1,00,000	Fixed Assets	60,000
Profit and Loss A/c	24,500	Investments	60,000
Debentures	20,000	Current Assets	32,000
Creditors	7,500		
	1,52,000		1,52,000

Fixed assets are worth only Rs.71,000. Find the intrinsic value of a share.

9. a. What is meant by Internal Reconstruction of Companies? Why does it happen?
- b. State the two forms of internal reconstruction of companies.