

CHOICE BASED CREDIT SYSTEM
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY 2023
COMMERCE
Financial Accounting IV

Duration:3 Hours

Max Marks:120

I. Answer any THREE of the following :

(3×20= 60 Marks)

1. The Balance Sheet of Shringar Co. Ltd. as on 31.03.2022 was as follows:

Liabilities	Rs.	Assets	Rs.
6% Preference Shares of Rs.10 each	1500000	Land and Building	2300000
Equity shares of Rs.10 each	2700000	Plant	900000
Share Premium	300000	Furniture	600000
General Reserve	600000	Investments	840000
Profit and Loss A/c	750000	Stock	900000
Current Liabilities	840000	Debtors	450000
		Bank	700000
	6690000		6690000

The company decided to redeem its preference shares at a premium of 5% on the following terms:

- 1) A fresh issue of equity shares to the extent required was made at 20% premium.
 - 2) All the Investments were sold at Rs.8,10,000.
 - 3) The directors wish that P/L A/c be fully utilized and Rs.1 lakh be left in General Reserve A/c
- Pass the Journal entries and show the Balance Sheet after redemption.
2. On 1.4.2018 Sindhur Ltd. issued 8,000, 8% Debentures of Rs.10 each at par repayable at the end of 4 years at a premium of 5%. It is decided to institute a Sinking Fund for the purpose. The investments being expected to earn 4% net. The tables show that Rs.0.235490 annually amounts to Rs.1 at 4% in four years. Investments were made in multiples of Rs.100 only.

On 31.3.2022 the balance at bank was Rs.40,000 (before interest on investments) and the investments realized at 10% profit and the debentures were paid off.

Prepare:

1. Sinking Fund A/c
2. Sinking Fund Investment A/c
3. Bank A/c
4. Debenture holders A/c

3. The authorised capital of Goodluck Co. Ltd. is Rs.3,00,000 consisting of 1,500, 6% preference shares of Rs.100 each and 15,000 equity shares of Rs.10 each.

	Rs.	Rs.
Investments in Shares	25,000	
Purchases	2,65,000	
Delivery charges	26,700	
Stock on 1st January 2021	72,600	
Wages	15,000	
Salaries	9,000	
Directors Fees	5,000	
Carriage	11,850	
Machinery	2,32,500	
Discount on Issue of Debentures	2,400	
Preliminary expenses	500	
Bills receivable & Bills Payable	20,600	25,000
Interest on Bank loans	2,900	
Debentures interest half year to 30.6.2021	2,250	
Debtors & Creditors	25,000	23,900
Furniture (original cost Rs.45000)	37,500	
Equity share capital		2,00,000
6% Mortgage Debentures		75,000
Dividend and Interest		12,400

Profit & Loss Account (1-1-2021)		24,500
Sales		3,40,000
Bank Loan		75,000
Cash at Bank	22,000	
	7,75,800	7,75,800

You are required to prepare Trading and Profit and Loss Account for year ended 31st December, 2021 and the Balance Sheet as on that date taking into account the following.

1. Closing Stock valued at Rs.81,600.
 2. Depreciate furniture at 10% on original cost.
 3. Write off half of the discount on issue of Debentures.
 4. Proposed dividend at 5%.
 5. Provide for taxation Rs.5,000.
4. Mr. Amar owned patent rights. He granted a license to Mr. Basheer to use such rights on royalty basis. The following are the relevant particulars:

Year	Minimum Rent (Rs.)	Royalty Amount (Rs.)
2016	750	500
2017	1000	800
2018	1250	900
2019	1500	1750
2020	1500	1600

The deficiency (short workings) of any one year is to be set off against excess royalty payable within the next two years.

Prepare: Royalty A/c, Short workings A/c and Amar's A/c.

II. Answer any FOUR of the following :

(4×10= 40 Marks)

5. The Fine Ltd. has an authorized capital of Rs.5 lakh divided into 5000 equity shares of Rs.100 each. Its subscribed capital is Rs.3,20,000 being 4000 shares of Rs.100 each, Rs.80 per share paid up. Out of the general reserve, it decided to:

- i) Declare a bonus of Rs.20 per share and utilize such bonus for making partly paid up shares as fully paid up and
- ii) Issue 1000 bonus shares fully paid up in the ratio of 1 bonus share for every 4 existing shares.

Pass Journal Entries.

6. On 1.1.2021 the following Balances appeared in the books of Sharp Co. Ltd.

15% Debentures Rs.25,000.

Debenture Redemption fund Rs.20,000.

Debenture Redemption fund investments Rs.20,000 (representing 10% Govt. Bonds of the face value of Rs.23,000). The annual instalment to the Redemption fund was Rs.4,125.

On 31.12.2021, the bank balance was Rs.6,500 (before including interest on investments). Investments realized at 90% net and debentures were redeemed.

Prepare Sinking Fund A/c, Sinking Fund Investment A/c and Bank A/c.

7. Prepare Profit & Loss A/c of Good Faith Co.Ltd for the year ending 31st December 2021 in the prescribed form from the following information:

	Dr. Rs.	Cr. Rs.
Purchases	29,000	
Packing Charges	1,850	
Delivery Charges	3,540	
Stock on 1st Jan 2021	4,520	
Wages	3,000	
Salaries	3,990	
Directors Fees	400	
Dividend for 2020	1,200	
Machinery	25,000	
Depreciation on Machinery	6,000	
Preliminary Expenses	4,000	
Bills Receivable	8,000	
Interest on Bank Loan	500	
Debenture interest for half year (30.6.2021)	250	
Debtors	22,000	

Creditors	-	15,000
Furniture	35,000	
Equity Share capital	-	75,000
5% Mortgage Debentures	-	10,000
Dividend and Interest	-	4,250
Profit and Loss Account	-	8,500
Sales	-	32,000
Bank Loan	-	5,000
Cash at Bank	1,500	
	1,49,750	1,49,750

Note : 1. Closing stock is valued at Rs. 8,500

2. Provision for Taxation Rs. 1,200

3. Write off 50% of Preliminary expenses.

8. Narang wrote a book on Costing and got it published by Simon publishers, on the following terms:

The publishers were to pay a royalty at 15% of the sale proceeds of each year, subject to a minimum of Rs.10,000 a year. The deficiency in sales, if any of the first year could be recouped out of any excess in the second year. The publishers had the right to ask for a revision of the book, which the author was obliged to complete in six months. Delay was subject to a fine of Rs.500 per month. Also the agreement of minimum rent was not to apply in that year. The publishers sent in a request for revision on 1st January, 2019. The author sent the revised manuscript on 1st November, 2019.

The details of sales are given below:

Year	No. of copies sold	Price per copy Rs.
2016	2,000	20
2017	4,000	20
2018	5,000	25
2019	2,000	25
2020	6,000	30

Prepare the analytical table showing the "Irrecoverable Short workings".

9. Karthik Stores, Udipi has a branch at Todar. Goods are sent by Head Office at Invoice price, which is 20% above cost.

From the following particulars prepare Branch A/c. in the books of Head Office:

	Rs.
Balance as on 1.1.2021	
Stock (at invoice price)	11000
Debtors	1700
Petty Cash	100
Goods sent to branch (at invoice price)	20000
Expenses paid by Head Office:	
Rent	600
Wages	200
Salary	900
Remittance received from branch:	
Cash Sales	2650
Collection from Debtors	21000
Goods returned by branch (at invoice price)	400
Balances as on 31.12.2021	
Stock (at invoice price)	13000
Debtors	2000
Petty Cash	25

III. Answer any FOUR of the following :

(4×5= 20 Marks)

10. a. The face value of the Equity share of a company is Rs.10 and the current market price is Rs.17. The company issues 'rights' shares at the rate of 3 equity shares for every five existing equity shares held, the 'right' share being priced at Rs.13. Calculate the value of right.
- b. Y Ltd redeemed Rs. 1,00,000, 6% Redeemable Preference Shares by converting them into equity shares of Rs. 100 each issued at 25% premium. Calculate the no.of equity shares issued.
11. Pass journal entries for the following issues in the books of X Company:
- a) 5000, 8% Debentures of Rs.100 issued at par, redeemed at a premium of 12%.

b) Rs.50,000, 6% Debentures issued at a discount of 10% redeemed at a premium of 5%.

12. Write under which heading the following items of Trial Balance would appear in the Final Accounts of a Company:

1. Patents
2. Provident Fund
3. Office Salary
4. Repairs to Machinery
5. Preliminary Expenses

13. On 1.1.2018 the Mysore Collieries Ltd. leased a piece of a land for a minimum rent of Rs.2,000 in the first year, Rs. 4,000 in the second year and thereafter Rs. 6,000 p.a. merging into a royalty of 25 paise per ton with power to recoup short workings over the first three years only. The annual output for the four years was 2,000; 12,000; 32,000 and 48,000 tons respectively.

Prepare an analytical table showing the irrecoverable short workings if any.

14. What would be the appropriate basis of apportionment for the following expenses in the Departmental accounts?

- a. Salary b. Discount Received c. Publicity d. Carriage Outwards
e. Cartage

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

COMMERCE

Costing Methods and Techniques

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) A company of contractors began to trade on 1st January 2021. During 2021 the company was engaged on only one contract of which the Contract price was Rs.5,00,000. Of the Plant and materials charged to the contract, plant costing Rs.5,000 and materials costing Rs.4,000 were lost in accident. On 31st December 2021, Plant costing Rs.5,000 was returned to stores. Cost of work uncertified, but finished Rs.2,000 and materials costing Rs.4,000 were in hand on site. Charge 10% depreciation on plant. Compile Contract A/c and balance Sheet from the following:

	Rs.	Rs.
Share Capital		1,20,000
Creditors		10,000
Cash received (80% of work certified)		2,00,000
Land and Building	43,000	
Bank Balance	25,000	
Charged to contract:		
Materials	90,000	
Plant	25,000	
Wages	1,40,000	
Expenses	7,000	
	3,30,000	3,30,000

- 2) A bus with 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 upto Nawalbad but only 60% full between Nawalbad and Gazipur. On the other hand, on the return trip it is full of its capacity from Gazipur to Nawalbad but 80% of the capacity between Nawalbad and Delhi. The following information is provided: the bus runs on an average 25 days in a month.

Cost of the bus is Rs.2,50,000 and its estimated scrap value after 10 years of effective life is Rs.70,000. Annual road tax Rs.5,000; insurance charges per year Rs.1,000; Garage rent per year Rs.6,000; driver's salary per month Rs.2,000; cost of diesel per litre Rs.10 kilo meters run per litre of diesel 4 Km, proportionate charges for tyres per Km.0.50.

You are required to compute the Cost per passenger-Km of operating the bus.

- 3) A company produces and sells 50,000 units of a product at a variable cost of Rs.55 each. Fixed cost is Rs.2,50,000. The selling price is fixed to make a profit of 25% on sales. You are required to calculate:
- Contribution
 - P/V Ratio
 - Break-even Points (in units)
 - Break-even Point (in Rupees)
 - Margin of safety
 - How many units have to be made and sold to make a profit of Rs.12,00,000?
- 4) From the following forecasts of income and expenditure prepare cash budget for months. January 2020- April 2020.

Month	Sales	Purchases	Wages	Manufacturing expenses	Administrative expenses	Selling expenses
November 2019	30,000	15,000	3,000	1,150	1,060	500
December 2019	35,000	20,000	3,200	1,225	1,040	550
January 2020	25,000	15,000	2,500	990	1,100	600
February	30,000	20,000	3,000	1,050	1,150	620
March	35,000	22,500	2,400	1,100	1,220	570
April	40,000	25,000	2,600	1,200	1,180	710

Other information:

- Customers are allowed credit period of 2 months
- Dividend of Rs.10,000 is payable in April
- Capital expenditure to be incurred, plant purchased on 15th January Rs.5,000
- A building has been purchased on 1st march and the payments are to be made in monthly installment of Rs.2,000.
- The creditors are allowing a credit period of 2months

6. Wages are paid on 1st of next month
7. Lag in payment of other expenses is one month.
8. Balance of cash in hand on 1st January 2020 is Rs.15,000

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) The following information is obtained from the books of Mahajan Engineering Ltd. concerning job no 42413.

Material used- Rs. 500

Direct Wages - Department A - 10 Hrs @ Rs.2.5 per hour

B - 8 Hrs @ Rs. 3 per hour

C - 5 Hrs @ Rs. 4 per hour

Estimated variable overheads for three departments are:

Department A: Rs. 7,000 for 7,000 labour hours.

B: Rs. 6,000 for 3,000 labour hours.

C: Rs. 4,000 for 1,000 labour hours.

The estimated fixed overheads are Rs.30,000 for 7,500 normal working hours.

Draw up a job cost sheet providing for profit @25% on selling price.

- 6) From the following, calculate the total ton km. per month and the Diesel cost per ton km. for a four tons capacity truck.

Distance Covered : 100 km. outward and 100 km. return.

Working days in a month : 25 days

Freight : Full capacity outward and 50% on return journey

Diesel Cost : Rs.40 per 50 km.

- 7) Write any five weaknesses of conventional costing system.

- 8) From the following data calculate

a) BEP

b) P/V Ratio

c) Margin of Safety

Total Sales Rs.50,00,000 Variable Cost Rs. 30,00,000 Profit Rs.10,00,000

- 9) Calculate:

1. Labour Cost Variance

2. Labour Price Variance

Standard	Actual
Output 1,000 units	1,100 units
Time taken 50 Hrs.	45 Hrs
Rate of payment Rs.5 per unit	Wages paid Rs.5,400

- 10) Prepare flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 90%.

	At 80% Capacity Rs.
Variable overheads:	
Indirect Labour	12,000
Stores including spares	4,000
Semi-variable overheads:	
Power (30% fixed, 70% variable)	20,000
Repairs and maintenance (60% fixed, 40% variable)	2,000
Fixed overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total overheads	62,000

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) How is profit on Contracts computed when:
 1. Complete contract
 2. Contract nearing to completion
- 12) What is Abnormal Loss?
- 13) What is Cost Pool?
- 14) Calculate P/V Ratio
Sales Rs.80,000
Variable Cost Rs.60,000
- 15) Define Marginal Costing.
- 16) What is Flexible Budget?
- 17) What is Standard Cost?

CHOICE BASED CREDIT SYSTEM**B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY 2023****COMMERCE****Income Tax****Duration:3 Hours****Max Marks:120****I. Answer any THREE of the following :****(3×20= 60 Marks)**

1. Mr. Anand furnishes the following particulars of his income earned during the PY. Compute the GTI if he is Resident, Not-ordinarily Resident and Non-resident.
 - 1.Interest on German Development Bonds (one-third received in India) Rs.51,000
 - 2.Income from agriculture in Bangladesh remitted to India Rs.30,000
 - 3.Income from property in Canada received in USA Rs.1,10,000
 - 4.Income from business in Kuwait, business controlled from Mumbai (Rs.25,000 received in India) Rs.65,000
 - 5.Dividend from an Indian Company received in England and spent there Rs.10,000
 - 6.Royalty received in Singapore from Mr. David, a resident in India for technical services provided for a business carried on in Singapore Rs.28,000
 - 7.Profit from business in Chennai, business is controlled for Singapore Rs.1,25,000
 - 8.Profit on sale of a building in Nepal (40% is received in India) Rs.1,20,000
 - 9.Income from agriculture in Punjab received in Delhi Rs.30,000
 - 10.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) Rs.40,000
 - 11.Income from agriculture in Nepal Rs.18,000
 - 12.Dividend from a foreign company received in England and spent for his children's' education there Rs.30,000
 - 13.His maternal uncle sent a bank draft from France as a gift to him on his marriage Rs.20,000
 - 14.Interest received from Mr. Dhayal a non-resident on the loan provided to him for a business in India Rs.28,000
 - 15.Interest on savings bank deposits in SBI Rs.9,000

- 16. Past untaxed foreign income brought into India Rs.90,000
- 17. Royalty received from govt. of India Rs.45,000
- 18. Rental income from Sri Lanka Rs. 36,000.
- 19. Profit from business in South Africa Rs.28,000

2. Mr. Vihaan an employee of a company furnishes the following particulars of his income for the AY:

Basic salary of Rs.8,000 p.m.

D.A. of Rs.4,000 p.m. (60% enters into the calculation of retirement benefits)

D.P. Rs.400 p.m.

C.C.A. Rs.300 p.m.

Travelling allowance Rs.200 p.m (25% spent of family tour)

Transport allowance Rs.2,000 p.m.

Education allowance Rs.700 p.m. (1 daughter is studying)

Daily Allowance Rs.12,000

Project Allowance Rs.24,000

Hostel allowance Rs.500 p.m. (no child of Mr. X stays in the hostel)

Entertainment allowance Rs.300 p.m.

Helper allowance Rs.600 p.m. (he pays Rs.450 p.m. salary to an office assistant)

During the year company contributed 15% of his salary to his recognized provident fund to which he also contributes an equal amount. The interest credited to PF was Rs.23,000 for the year at 10.5% p.a.

He paid income tax of Rs.10,000, professional tax of Rs.3,000, and Invested in the NSC VIII issue Rs.2,000. He also incurred Rs.2,500 in entertainment expenditure.

Compute his total income from salary and deductions U/S 80 for the assessment year.

3. Compute taxable income from house property for the AY :

	A	B	C	D
	Let Out	Let Out	Self Occupied	Self Occupied
Fair rental value	2,00,000	3, 80,000	2,40,000	1, 80,000
Annual municipal value	2,40,000	3,60,000	2, 80,000	1, 86,000
Standard rent	2,24,000	-	2,64,000	-

Annual rent receivable	2,60,000	3, 84,000	-	-
Vacancy period (months)	2	1	-	-
Municipal taxes	10% of AMV	12%	12%	15%
Municipal taxes paid	50%	40%	100%	75%
Ground rent received p.m.	6,000	9,000	-	-
Interest on housing loan	1,44,000	-	-	-

In respect of House C, a loan was borrowed for the repairs of the house property during the PY 2020-21 amounting to Rs.3,50,000 at 9% p.a. The amount is still outstanding.

In respect of House D, a loan was taken for construction on 1-9-17 amounting to Rs.2, 80,000 at 10% p.a. The construction was completed on 1-4-20. On 1-4-20, the outstanding amount of the loan stood at Rs.2,20,000.

4. Mr. Vijay furnishes the following particulars of his Profit & loss a/c for the PY 2021-22. He commenced his business on 1st April 2021:

	Rs.		Rs.
To Salaries	30,000	By Gross Profit	1,50,000
To Rent of business premises owned by him	6,000	By Net Loss	75,000
To insurance for house property	1,000		
To interest on loan	8,000		
To commission for arranging loan	1,000		
To provision for Depreciation	6,000		
To Reserve for Bad Debts	5,000		
To Bad Debts	2,000		
To Preliminary Expenses incurred Before 1-04-2021	25,000		
To Loss of stock by fire	5,000		

To Gifts & presents	5,000		
To Embezzlement of cash by cashier	4,000		
To Cost of Patent rights	28,000		
To Postage & stationery	2,000		
To Establishment expenses	11,500		
To Entertainment expenses	20,000		
To Fines & penalties	1,000		
To Local taxes on house property	1,000		
To Repairs to house property	1,000		
To Expenses on scientific research	25,000		
To Advertising	4,000		
To Compensation paid for terminating trade relationship	5,000		
To Interest on loan for construction of house property	5,000		
To Legal expenses	5,000		
To Interest on capital	5,000		
To Life insurance premium	2,500		
To General expenses	10,000		
	2,25,000		2,25,000

After considering the following items compute his income from business.

1. The cost of the project on the last day of the PY is Rs.4,00,000.
2. Expenditure on scientific research includes Rs.20,000 towards construction of a building for this purpose.
3. Legal expenses include cost of litigation amounting to Rs.4,000 for curing the defect in the title of the business asset.
4. General expenses include:
Rs.6,000 drawn by the assessee for personal use.

Rs.1,000 robbed from an employee of the business who asked to make some purchases for the business.

Rs.500 cash transaction tax.

5. Depreciation allowable as per income tax rules is Rs.8,800 excluding Patent Rights.

6. He owns a house property. 50% of the floor area is let out to a tenant at Rs.2,500 p.m., 25% is used for own residence and in the remaining 25% he carries on his business.

II. Answer any FOUR of the following :

(4×10= 40 Marks)

5. Explain the rules governing residential status of an individual assessee.
6. Mr. Rao a non-govt. employee provides the following information of his income for the AY:
- Basic salary – Rs. 80,000
 - D.A. (40% enters into the calculation of retirement benefits) – Rs. 36,000
 - C.C.A. – Rs. 5,000
 - Travelling allowance – Rs. 6,000 (Rs. 4,000 spent on official tour)
 - Packing allowance – Rs. 2,000
 - Hostel allowance – Rs. 5,000 (his daughter studying at the university stays in the hostel)
 - Academic allowance – Rs. 8,000 (75% spent for research purposes)
- Compute his Taxable Salary for the AY.
7. Mr. Narayan was a manager in a private company. He sought premature retirement from his service on 1-11-2021 after completing 25 years of service. His salary for 10 months preceding retirement was Rs.36,900. He had 7 months leave to his credit on the basis of 30 days per year which was approved and he was paid leave encashment Rs.27,300 as salary. Compute the amount of encashment exempt from tax for P.Y. 2021-22, if his last drawn salary is Rs.3,900.
8. What are Capital Gains? Explain the differences between Long Term Capital Gains and Short Term Capital Gains.
9. Following are the particulars of their income of Ravi. Compute Income under the head income from other sources for the AY.
- 1. Dividend received from an Indian company Rs.11,000
 - 2. Winnings from the lottery (Net) Rs.70,000
 - 3. Winning from card games(gross) Rs.25,000
 - 4. Interest received on Govt. securities held as investments Rs.14,000

5. Family pension received Rs.24,600

Ravi incurred the following expenses:

i. Interest paid on the amount borrowed for purchasing shares Rs.7,000

ii. Collection charges in respect of interest on govt. securities at 2½ % on the amount received.

iii. Purchased lottery tickets Rs.500

III. Answer any FOUR of the following :

(4×5= 20 Marks)

10. State five heads of Income.

11. Mr Thilak who resides in Chennai, gets Rs.3,00,000 p.a. as basic salary. He received Rs.50,000 p.a. as HRA. Rent paid by him is Rs 40,000p.a. Find out the amount of taxable HRA for the AY.

12. From the following particulars furnished by Mr Chaithanya, Compute Deductions u/s 80C.

1.Paid Rs.4,000 towards LIC premium on own life

2.Deposited Rs.10,000 in PPF

3.Insurance premium of Rs.2,500 on mother's life (policy amount Rs.10,000)

4.Invested in NSC IX Issue Rs.12,000 and accrued interest thereon Rs.2,500

5.Invested in SBI infrastructure bondsRs.25000.

13. Determine the annual value of houses in the 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 (i) 1 month and (ii) 3 months

14. From the following information compute the depreciation allowable for the assessment year.

Particulars	Rs.
WDV of furniture on 1-4-2021	2,50,000
Furniture purchased in June 2021	30,000
Furniture purchased in January 2022	40,000
Part of the furniture sold in February 2022	5,000
Rate of depreciation -10%	

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Business Regulatory Framework

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Define Contract.State the Essential Elements of a Contract.
- 2) Explain the entitlements of an Unpaid Seller.
- 3) Explain in detail the composition of Competition Appellate Tribunal.
- 4) Explain the provisions of the Environment Protection Act 1986.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Explain the legal rules of a Valid Acceptance.
- 6) Define sale. Explain the essentials of a Contract of Sale.
- 7) Explain the duties of Director-General in the CCI.
- 8) Explain the rights of a consumer under The Consumer Protection Act 1986.
- 9) Explain how Intellectual Property protects Trade Secrets.
- 10) Explain the need for Environment Protection Act.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) Define Undue Influence.
- 12) What is an Implied Condition?
- 13) Define Agreement under The Competition Act 2002.
- 14) Define Consumer.
- 15) Who is an Authorised Dealer?
- 16) What is Marine Pollution?
- 17) State any two reasons for cyber crimes.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Audit and Assurance

Duration:2 Hours

Max Marks:60

Section A

Answer any TWO of the following:**(2×15= 30)**

1. Who may act as an Auditor? Explain about the appointment and removal of Auditors .
2. Explain Audit Strategy.
3. You are an audit manager of Cranberry & Co and you are currently responsible for the audit of Gooseberry Co, a company which develops and manufactures health and beauty products and distributes these to wholesale customers. Its draft profit before tax is \$6.4m and total assets are \$37.2m for the financial year ended 31 January 20X8. The final audit is due to commence shortly and the following matters have been brought to your attention:

Research and development

Gooseberry Co spent \$1.9m in the current year developing nine new health and beauty products, all of which are at different stages of development. Once they meet the recognition criteria under IAS® 38 Intangible Assets for development expenditure, Gooseberry Co includes the costs incurred within intangible assets. Once production commences, the intangible assets are amortised on a straight line basis over three years. Management believes that this amortisation policy is a reasonable approximation of the assets' useful lives, as in this industry there is constant demand for innovative new products.

Depreciation

Gooseberry Co has a large portfolio of property, plant and equipment (PPE). In March 20X7, the company carried out a full review of all its PPE and updated the useful lives, residual

values, depreciation rates and methods for many categories of asset. The finance director felt the changes were necessary to better reflect the use of the assets. This resulted in the depreciation charge of some assets changing significantly for this year.

Bonus

The company's board is comprised of seven directors. They are each entitled to a bonus based on the draft year-end net assets, excluding intangible assets. Details of the bonus entitlement are included in the directors' service contracts. The bonus, which related to the 20X8 year end, was paid to each director in February 20X8 and the costs were accrued and recognised within wages and salaries for the year ended 31 January 20X8. Separate disclosure of the bonus, by director, is required by local legislation.

- (a) Describe substantive procedures the auditor should perform to obtain sufficient and appropriate audit evidence in relation to Gooseberry Co's research and development expenditure. **(5 marks)**
- (b) Describe substantive procedures the auditor should perform to obtain sufficient and appropriate audit evidence in relation to the matters identified regarding depreciation of property, plant and equipment. **(5 marks)**
- (c) Describe substantive procedures the auditor should perform to obtain sufficient and appropriate audit evidence in relation to the directors' bonuses. **(5 marks)**

4. You are the audit manager of Daffy & Co and you are briefing your team on the approach to adopt in undertaking the review and finalisation stage of the audit. In particular, your audit senior is unsure about the steps to take in relation to uncorrected misstatements. During the audit of Minnie Co the following uncorrected misstatement has been noted.
- The property balance was revalued during the year by an independent expert valuer and an error was made in relation to the assumptions provided to the valuer.
- Describe the factors Daffy & Co should consider when placing reliance on the work of the independent valuer. **(4 marks)**
 - The following additional issues have arisen during the course of the audit of Minnie Co. Profit before tax is \$10m.
 - Depreciation has been calculated on the total of land and buildings. In previous years it has only been charged on buildings. Total depreciation is \$2.5m and the element charged to land only is \$0.7m.
 - Minnie Co's computerised wages program is backed up daily, however for a period of two months the wages records and the back-ups have been corrupted, and therefore cannot be accessed. Wages and salaries for these two months are \$1.1m.
 - Minnie Co's main competitor has filed a lawsuit for \$5m against them alleging a breach of copyright; this case is ongoing and will not be resolved prior to the auditor's report being signed. The matter is correctly disclosed as a contingent liability.

Discuss each of these issues and describe the impact on the auditor's report if the above issues remain unresolved. **(11 Marks)**

Section B

Answer any TWO of the following:

(2×10= 20)

5. You are an audit manager of Satsuma & Co and have been assigned to the audit of Tangerine Tech Co (Tangerine), a company which is planning to list on a stock exchange within six months. The listing rules of the stock exchange require compliance with corporate governance principles, and the directors are unsure whether they are following best practice in relation to this. They have asked the audit engagement partner for their view on this matter.
- Tangerine's board comprises six executive directors, a non-executive chair and three other non-executive directors (NEDs). The chair and one of the NEDs are former executive directors of Tangerine and on reaching retirement age were asked to take on non-executive roles. The company has established an audit committee, and all NEDs are members including the chair who chairs the committee. All four members of the audit committee were previously involved in sales or production related roles.
- All of the directors have been members of the board for at least four years. As the chair does not have an executive role, he has sole responsibility for liaising with the shareholders and answering any of their questions. The company has not established an internal audit function to monitor internal controls.
- Using the information above describe four corporate governance weaknesses faced by Tangerine Tech Co and provide a recommendation to address each weakness to ensure compliance with corporate governance principles.
6. Explain the audit procedures used to identify the instances of non compliance.
7. Saxophone Enterprises Co (Saxophone) has been trading for 15 years selling insurance and has recently become a listed company. In accordance with corporate governance principles Saxophone maintains a small internal audit department. The directors feel that the team needs to increase in size and specialist skills are required, but they are unsure whether to recruit more internal auditors, or to outsource the whole function to their external auditors, Cello & Co.

Saxophone is required to comply with corporate governance principles in order to maintain its listed status; hence the finance director has undertaken a review of whether or not the company complies.

Bill Bassoon is the chairman of Saxophone, until last year he was the chief executive. Bill is unsure if Saxophone needs more non-executive directors as there are currently three nonexecutive directors out of the eight board members. He is considering appointing one of his close friends, who is a retired chief executive of a manufacturing company, as a nonexecutive director.

The finance director, Jessie Oboe, decides on the amount of remuneration each director is paid. Currently all remuneration is in the form of an annual bonus based on profits. Jessie is considering setting up an audit committee, but has not undertaken this task yet as she is very busy. A new sales director was appointed nine months ago. He has yet to undertake his board training as this is normally provided by the chief executive and this role is currently vacant. There are a large number of shareholders and therefore the directors believe that it is impractical and too costly to hold an annual general meeting of shareholders. Instead, the board has suggested sending out the financial statements and any voting resolutions by email; shareholders can then vote on the resolutions via email.

Explain the advantages and disadvantages for each of of Saxophone Enterprises Co and Cello & Co of outsourcing the internal audit department.

8. Explain the purpose of, and procedures for obtaining written representations.

Section C

Answer any TWO of the following:

(2×5= 10)

9. What is Expectation Gap?
10. Explain Familiarity Threat and Intimidation Threat.
11. State the limitations of Internal Controls.
12. What are Substantive procedures?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Strategic Business Leader II

Duration:2 Hours

Max Marks:60

Section A

Answer any TWO of the following:

(2×15= 30)

1. Because of a general lack of business confidence in Dubland, its major banks had severely restricted new lending. This lack of lending extended to small and large businesses, and also to individuals in society. Press statements from the banks often referred to the need to mitigate financial risks and the need to maintain capital adequacy. Over time, the lower lending produced some negative consequences in the wider Dubland economy. Responding to these problems, the Dubland finance minister remarked that, 'financial risks may not only cause companies to fail but they can also cause problems in wider society. Banks, in particular, need to be more aware of their financial risks than most other sectors of the economy. They have to manage a unique set of risks and I strongly urge the directors of banks to institute robust risk management systems as part of their corporate governance. 'As finance minister, however, I also believe that banks have a vital role in supporting the economic strength of this country. They hold cash deposits and make short and long-term loans, which are vital to other businesses. Taking risks is a normal part of all business operations and our banks need to accept this risk when it comes to lending.'
Ron Ng, the chief executive of BigBank, Dubland's largest bank, said that continuous and ongoing risk assessment was necessary. He said that despite the finance minister's call for higher lending, his only duty was to BigBank's shareholders and it was this duty that guided BigBank's reduced lending. Explain and evaluate the two statements made by Ron Ng.
2. ECG is the world's second largest arms exporter. It serves over 20 nations, fulfilling defence system contracts worth billions of dollars. These dealings require consent from its home government to ensure national security is maintained and that governmental embargos on sales to unfriendly countries are not breached. ECG is currently serving the needs of a particular regime whose human rights record and hostile posturing may lead to such a ban on trade. ECG has already sold war planes and missile guidance systems to this country but is yet to receive payment. ECG's audit committee and external auditors have an unusually difficult task performing their duties due to the unique nature of the company and the need to maintain high levels of security and confidentiality over much of the organisation's business. Because of this there is no line of communication to the committee other than through the CFO. The committee and the external auditors work closely together, indeed one former audit partner now sits on the audit committee and is pleased that the firm has decided to retain his old company's services for the 15th year in succession. The committee are content to accept the audit firm's recommendation on the accounting treatment of all contracts due to their complexity and need for "hidden costs" to be removed. These include large payments to provide hospitality to would be clients. There is also a high degree of informality between external auditors and internal auditors due to the complexity of large non-audit contracts served by the audit firm. These are so large the external auditor appears to discount its audit costs as a way of ensuring these services are retained. National security is always an issue and audits are time- pressured due to limited

staff resource allocation, so the external audit firm is guided by internal auditors in terms of its proposed risk assessment and work plan. This seems appropriate since many ex- audit firm staff now work for the company and so understand audit issues from both viewpoints. The audit committee will make no recommendations for change this year, especially since the internal audit manager assured them there were no real problems during their annual hourly meeting.

(a) Describe the role of the audit committee and discuss potential problems in its operation. **(9 Marks)**

(b) Consider the threats to auditor independence and propose actions to deal with them. **(6 Marks)**

3. A. Explain the areas covered by corporate ethics. **(8 Marks)**

B. Briefly explain the fundamental ethical principles. **(7 Marks)**

4. In IST Co, this year sales amount to \$1,325,000. Analysis of recent years show a growth trend of 2% per annum. The seasonal variation has been estimated as follows:

Quarter 1	+\$12,000
Quarter 2	+\$18,000
Quarter 3	-\$25,000
Quarter 4	-\$5,000

You have been asked to forecast the sales for each quarter of next year

Quarter	\$
1	
2	
3	
4	
Year	

Section B

Answer any TWO of the following:

(2×10= 20)

5. Explain the role of different positions in risk management.

6. Provide examples of situations where:

A. Disclosure of information could be seen as acting in the public interest. **(5marks)**

B. Lack of disclosure of the information could be seen as acting in the public interest. **(5 marks)**

7. MC is a mobile (cellular) phone network provider, offering mobile phones and services on a range of different tariffs to customers. The company enjoyed financial success until three years ago but increasing competitive pressure has led to a recent decline in sales. There has also been an increase in the level of complaints regarding the customer service provided and the company's churn rate (number of customers leaving the company within a given time frame) is at an all-time high. Discuss how an understanding of Big Data can drive the strategic direction of MC.

8. McClair's is a local hairdressing salon. It offers services exclusively for females. McClair's customers tend to be very fashion conscious and will attend McClair's at least once per fortnight for treatment. McClair's is a well-known brand in the area and its sole large site is located in the main street of the city's most fashionable district and clients will travel up to 5 kilometres to visit the store. Prices are set at a premium level and services are consistently rated as excellent. McClair's promotes itself by advertising in the city's fashion magazines and supplements as well as having high quality shop frontage which appeals to passing trade. Adverts feature pictures of models with fashionable hair and

provide information on McClair's location and opening times. Clients are encouraged to book an appointment well in advance as stylists at the salon are often operating at full capacity and can be in high demand for popular appointment times. Stylists are regularly asked for advice on areas such as current trends, how to look after hair to ensure vitality, and recommended hair products. Clients will often want to be served by a particular stylist therefore McClair's keeps a manual booking system (going forward for 1 month in advance) which attempts to match appointments to available stylists. McClair's is considering expanding its capacity by purchasing recently vacated premises adjacent to its current site. It aims to support this expansion with the launch of a new website accompanied with social media pages on popular social media networks in order to increase the business' visibility. It is however unsure whether the new website is actually necessary and whether it will gain any extra benefits beyond its usual marketing efforts. Evaluate how the principles of interactivity and independence of location could be exploited through the launch of the new website.

Section C

Answer any TWO of the following:

(2×5= 10)

9. Explain briefly the role of internal audit.
10. Briefly consider whether it is always a good business strategy for a listed company to diversify to reduce risk.
11. X Co has created a brand of electronic toothbrushes that can sync with a mobile phone to let the user know the appropriate length of time they should be spending brushing their teeth.
This is an example of _____.
A. Big data
B. Internet of things
C. 3D printing
D. Mobile technologies
12. Your organisation is going through a big upheaval and you are not very pleased – in fact you are quite worried. What could your manager do or say to increase your resistance?

CHOICE BASED CREDIT SYSTEM

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

COMMERCE

International Financial Management - II

I. Answer any THREE of the following :

(3×20= 60 Marks)

1. The equity beta of Fence Co is 0.9 and the company has issued 10 million ordinary shares. The market value of each ordinary share is \$7.50. The company is also financed by 7% bonds with a nominal value of \$100 per bond, which will be redeemed in seven years' time at nominal value. The bonds have a total nominal value of \$14 million. Interest on the bonds has just been paid and the current market value of each bond is \$107.14.

Fence Co plans to invest in a project that is different to its existing business operations and has identified a company in the same business area as the project, Hex Co. The equity beta of Hex Co is 1.2 and the company has an equity market value of \$54 million. The market value of the debt of Hex Co is \$12 million.

The risk-free rate of return is 4% per year and the average return on the stock market is 11% per year. Both companies pay corporation tax at a rate of 20% per year.

- a) Calculate the current weighted average cost of capital of Fence Co. (13 marks)
 b) Calculate a cost of equity which could be used in appraising the new project. (7 marks)

2. Pavlon Inc. has recently obtained a listing on the Stock Exchange. 90% of the company's shares were previously owned by members of one family but, since the listing, approximately 60% of the issued shares have been owned by other investors. Pavlon's earnings and dividends for the five years prior to the listing are detailed below:

Years prior to listing	Profit after tax (\$)	Dividend per share (cents)
5	1,800,000	3.6
4	2,400,000	4.8
3	3,850,000	6.16
2	4,100,000	6.56

1	4,450,000	7.12
Current year	5,500,000 (estimate)	

The number of issued ordinary shares was increased by 25% three years ago and by 50% at the time of the listing. The company's authorised capital is currently \$25,000,000 in 25¢ ordinary shares, of which 40,000,000 shares have been issued. The market value of the company's equity is \$78,000,000.

The board of directors is discussing future dividend policy. An interim dividend of 3.16 cents per share was paid immediately prior to the listing and the finance director has suggested a final dividend of 2.34 cents per share.

The company's declared objective is to maximise shareholder wealth.

a) Calculate the actual / predicted dividend payout ratio for each year and comment upon the nature of the company's dividend policy prior to the listing. Discuss whether such a policy is likely to be suitable for a company listed on the Stock Exchange. **(5 marks)**

b) Discuss whether the proposed final dividend of 2.34 cents is likely to be an appropriate dividend: – If the majority of shares are owned by wealthy private individuals; and – If the majority of shares are owned by institutional investors such as pension funds. **(10 marks)**

c) By the end of 20Y1, the company is forecasting profit after tax to grow by 15% per year for the next three years (20Y2-20Y4), and by 8% per year after that. Pavlon's cost of equity capital is estimated to be 12% per year. Dividends may be assumed to grow at the same rate as profits. Assume that the 20Y1 total dividend ended up as 7.12 cents and that all dividends will be paid at the end of the financial year. Use the dividend valuation model to give calculations to indicate whether Pavlon's shares are currently under- or over-valued. **(5 marks)**

3. The finance director of GTK Inc. is preparing its capital budget for the forthcoming period and is examining a number of capital investment proposals that have been received from its subsidiaries. Details of these proposals are as follows:

Proposal 1

Division A has requested that it be allowed to invest \$500,000 in solar panels, which would be fitted to the roof of its production facility, in order to reduce its dependency on oil as an energy source. \

The solar panels would save energy costs of \$700 per day but only on sunny days. The Division has estimated the following probabilities of sunny days in each year.

	Number of sunny days	Probability
Scenario 1	100	0.3
Scenario 2	125	0.6
Scenario 3	150	0.1

Each scenario is expected to persist indefinitely, i.e. if there are 100 sunny days in the first year, there will be 100 sunny days in every subsequent year. Maintenance costs for the solar panels are expected to be \$2,000 per month for labour and replacement parts, irrespective of the number of sunny days per year. The solar panels are expected to be used indefinitely

Proposal 2

Division C has requested approval and funding for a new product that it has been secretly developing, Product RPG. Product development and market research costs of \$350,000 have already been incurred and are now due for payment.

\$300,000 is needed for new machinery, which will be a full-scale version of the current pilot plant. Advertising takes place in the first year only and would cost \$100,000. Annual cash inflow of \$100,000, net of all production costs but before taking account of advertising costs, is expected to be generated for a five-year period. After five years Product RPG would be retired and replaced with a more technologically advanced model. The machinery used for producing Product RPG would be sold for \$30,000 at that time.

Other information

GTK Inc. is a profitable, listed company with several million dollars of shareholders' funds, a small overdraft and no long-term debt. For profit calculation purposes, GTK Inc. depreciates assets on a straight-line basis over their useful economic life. The company can claim tax-allowable depreciation on machinery on a 25% reducing balance basis and pays tax on profit at an annual rate of 30% in the year in which the liability arises. GTK Inc. has a before-tax cost of capital of 10%, an after-tax cost of capital of 8% and a target return on capital employed of 15%.

a) For the proposed investment in solar panels (Proposal 1), calculate:

- i) the net present value for each expected number of sunny days
- ii) the overall expected net present value of the proposal.

Comment on your findings. Ignore taxation in this part of the question.

4. Assuming Wayne Inc., wishes to raise \$1.1 million, discuss how equity finance or traded debt(bonds) might be raised, clearly indicating which source of finance you recommend and the reasons for your recommendation.

II. Answer any FOUR of the following :

(4×10= 40 Marks)

5. Dominance Co is considering raising some new finance but there is disagreement at board level how best to proceed.

The managing director thinks that the company should retain control in the hands of the existing and loyal shareholders. The finance director feels that the gearing level should be allowed to increase to benefit from the tax relief allowed on interest.

The existing equity is quoted at \$4.20 cum div with an imminent dividend of 16c due any day. The company earnings have grown at a fairly steady rate of 8% over recent years, but expectations are for growth to be 2% points better in the future.

The company's debt is 4% irredeemable bonds, which were issued at a 5% discount of \$95. They have a nominal value of \$100 but are currently quoted at \$80 with the interest having just been paid. The corporation tax rate is 25%.

a) What is the percentage cost of equity to one decimal place? **(5 marks)**

b) What is the after-tax cost of debt, as a percentage to two decimal places?
(5 marks)

6. a) Discuss the connection between the relative costs of sources of finance and the creditor hierarchy **(5 marks)**
b) Explain the differences between Islamic finance and other conventional finance **(5 marks)**

7. Noon Co, a company based in Centreland whose home currency is the Centreland Colon (CC), has been regularly buying components from and selling finished products to businesses in Flyland, where the currency is the Flyland Franc (FF). One particular payment of 3,000,000 Flyland Francs has to be made by Noon Co to a supplier in Flyland in three months' time. The following information is available.

Spot rate 6.170 – 6.210 Flyland Francs to the Centreland Colon

Three-month forward rate 6.321 – 6.362 Flyland Francs to the Centreland Colon

Interest rates that can be used by Noon Co are as follows.

	Borrow	Deposit
Flyland Franc interest rate	18.0% per annum	13.5% per annum

Total liabilities	662
Total equity and liabilities	1,350

A similar size competitor company has a price/earnings ratio of 12.5 times.

This competitor believes that if Bluebell Co were liquidated, property, plant and equipment would only realise \$600m, while 10% of trade receivables would be irrecoverable and inventory would be sold at \$30m less than its book value.

Separately, Bluebell Co is considering the acquisition of Dandelion Co, an unlisted company which is a supplier of Bluebell Co.

- a) What is the value of Bluebell Co on a net realisable value basis? **(5 marks)**
 - b) What is the value of Bluebell Co using the earnings yield method? **(5 marks)**
9. a) Explain the difference between systematic and unsystematic risk in relation to portfolio theory and the capital asset pricing model. **(5 marks)**
- b) Discuss the significance of the efficient market hypothesis (EMH) for the financial manager. **(5 marks)**

III. Answer any FOUR of the following :

(4×5= 20 Marks)

10. The equity shares of Nice plc have a beta value of 0.80. The risk-free rate of return is 6% and the market risk premium is 4%. Corporation tax is 30%. What is the required return on the shares of Nice plc (to one decimal place)?
11. TKQ Co has just paid a dividend of 21 cents per share and its share price one year ago was \$3.10 per share. The total shareholder return for the year was 19.7%. What is the current share price (to two decimal places)?
12. Toggle Co has in issue 6% loan notes which are redeemable at their nominal value of \$100 in three years' time. Alternatively, each loan may be converted on that date into 30 ordinary shares of the company.
The current ordinary share price of Toggle Co is \$3.50 and this is expected to grow at 4% per year for the foreseeable future.
Toggle Co has a pre-tax cost of debt of 5% per year.
What is the current market value of each \$100 convertible loan note?
13. A company whose home currency is the dollar (\$) expects to receive 500,000 pesos in six months' time from a customer in a foreign country. The following interest rates and exchange rates are available to the company:
Spot rate 15.00 pesos = \$1
Six-month forward rate 15.30 peso = \$1

	Home country	Foreign country
Borrowing interest rate	4% per year	8% per year
Deposit interest rate	3% per year	6% per year

Working to the nearest \$100, what is the six-month dollar value of the expected receipt using a money-market hedge?

14. The following are extracts from the statement of profit or loss for Champ Co:

	\$
Sales income	180,000
Cost of sales	(100,000)
Profit before interest and tax	80,000
Interest	(25,000)
Profit before tax	55,000
Tax	(15,000)
Profit after tax	40,000

70% of the cost of sale is variable costs.

What is the operational gearing (measured as contribution / PBIT) of Champ Co to one decimal place?

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

Managerial Communication

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) Explain the components of the communication process and discuss the role of noise in communication.
- 2) You are a team leader and you need to send an email to your team members to communicate an upcoming meeting. Write an email that includes the date, time, and location of the meeting, the agenda items that will be covered, and any action items or preparation that team members should take prior to the meeting.
- 3) Draft a proposal for a new employee wellness program. Identify the needs of the employees, propose wellness initiatives, and describe the potential benefits to the company.
- 4) You are a student looking for a summer job. Prepare a resume that highlights any relevant skills or experience, such as previous summer jobs, volunteer work, or coursework.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) Why are writing skills important in the digital age?
- 6) What are some effective writing techniques that can be employed to ensure clear and engaging communication?
- 7) How do business writers ensure coherence in their paragraphs, and what are some strategies they can use to achieve this?
- 8) What are some key DO's and DON'T's to keep in mind when crafting a professional E-Mail, and why are these important for effective communication in the digital workplace?
- 9) What are the different organizational strategies that can be used in report writing, and how can they help to present information more clearly and efficiently?
- 10) What are the steps you can take to launch your job search with self-analysis?

SECTION – C

Answer any FIVE questions :

(2×5= 10)

- 11) What is meant by Stereotypes?
- 12) What are the physical barriers to effective listening?
- 13) What are the two primary ways to achieve emphasis in writing?
14. Why is it important to include a greeting in an email?
- 15) What information should be included in the introduction section of a Business Report?
- 16) What is an Informational Interview and how can it help with building a personal network?
- 17) How can joining industry groups on social media help in a job search?

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
Commerce
Professional Accounting IV

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I. Answer The Following Question :

1×20= 20

1. The following is the Trial Balance of Omega Limited as on 31.3.20X2:
 (Figures in Rs. '000)

Particulars	Debit (Rs.)	Particulars	Credit (Rs.)
Land at cost	220	Equity Capital (Shares of Rs. 10 each)	300
Plant & Machinery at cost	770	10% Debentures	200
Trade Receivables	96	General Reserve	130
Inventories (31.3.15)	86	Profit & Loss A/c	72
Bank	20	Securities Premium	40
Adjusted Purchases	320	Sales	700
Factory Expenses	60	Trade Payables	52
Administration Expenses	30	Provision for Depreciation	172
Selling Expenses	30	Suspense Account	4
Debenture Interest	20		
Interim Dividend Paid	18		
	1,670		1,670

Additional Information:

- i. The authorised share capital of the company is 40,000 shares of Rs. 10 each.
- ii. The company on the advice of independent valuer wish to revalue the land at Rs.3,60,000.
- iii. Declared final dividend @ 10%.
- iv. Suspense account of Rs. 4,000 represents cash received for the sale of some of the machinery on 1.4.20X1. The cost of the machinery was Rs. 10,000 and the accumulated depreciation thereon being Rs. 8,000.
- v. Depreciation is to be provided on plant and machinery at 10% on cost. You are required to prepare Omega Limited's Balance Sheet as on 31.3.20X2 and Statement of Profit and Loss with notes to accounts for the year ended 31.3.20X2 as per Schedule III. Ignore previous years' figures & taxation.

Section- B

II. Answer any Four of the following :

4×10= 40

2. A business having the Head Office in Kolkata has a branch in UK. The following is the trial balance of Branch as at 31.03.2016:

Account Name	Amount in £ Dr.	Amount in £ Cr.
Fixed Assets (Purchased on 01.04.2013)	5,000	
Debtors	1,600	
Opening Stock	400	
Goods received from Head Office Account (Recorded in HO books as Rs. 4,02,000)	6,100	
Sales		20,000
Purchases	10,000	
Wages	1,000	
Salaries	1,200	
Cash	3,200	
Remittances to Head Office (Recorded in HO books as Rs.1,91,000)	2,900	
Head Office Account (Recorded in HO books as Rs.4,90,000)		7,400
Creditors		4,000

- Closing stock at branch is £ 700 on 31.03.2016. Depreciation @ 10% p.a. is to be charged on fixed assets. Prepare the trial balance after been converted in Indian Rupees.
- Exchange rates of Pounds on different dates are as follow:

01.04.2013– Rs. 61;
01.04.2015–Rs. 63 &
31.03.2016 – Rs. 67.

3. Mehta Cloth Stores submitted the following particulars and information about their departmental stores for the year-ended 31.12.2002.

Particulars	Hosiery	Garments	Cloth
Opening Stock	66,000	54,000	2,10,000
Purchases less returns	1,80,000	1,20,000	4,50,000
Sales less returns	3,60,000	2,40,000	5,40,000
Wages	30,000	18,000	42,000
Closing Stock	42,000	1,44,000	1,62,000

- Expenses paid: Salaries Rs.1,20,000; Rent Rs.21,600; Printing Rs.9,600; Electricity Rs.4,320; Sundry expenses Rs.5,700
- Transfer from cloth department to Hosiery Department Rs.5,000 and Garments Department Rs. 4,000.
- Transfer from Hosiery Departments to Garments Department Rs. 2,000 and cloth Department Rs. 1,000.

- iv. Transfer from Garments Department to Cloth Department Rs. 3,000 and Hosiery Department Rs. 2,000.
- v. Salaries of Rs. 60,000 were paid to 20 salesmen on an uniform rate. The numbers of salesmen in the three departments were 3,4,13 respectively. Allocate the remaining salary in equal proportions to the three departments.
- vi. Space occupied by the departments: Hosiery 4000Sq.Ft. Garments 3000 Sq. Ft. Cloth 2000Sq.Ft.
- vii. Electric points were 3,4, and 9 in the three departments respectively.
- viii. Printing expenses were to be apportioned in the ratio of 1:1:2 for the three departments.

Prepare Depart. Trading and P& L a/c.

4. From the following particulars relating to Pune branch for the year ending December 31, 2018, prepare Branch Account in the books of Head office.

	Rs.	Rs.
Stock at Branch on January 1, 2018		10,000
Branch Debtors on January 1, 2018		4,000
Branch Debtors on Dec. 31, 2018		4,900
Petty cash at branch on January 1, 2018		500
Furniture at branch on January 1, 2018		2,000
Prepaid fire insurance premium on January 1, 2018		150
Salaries outstanding at branch on January 1, 2018		100
Good sent to Branch during the year		80,000
Cash Sales during the year		1,30,000
Credit Sales during the year		40,000
Cash received from debtors		35,000
Cash paid by the branch debtors directly to the Head Office		2,000
Discount allowed to debtors		100

Cash sent to branch for Expenses:		
Rent	2,000	
Salaries	2,400	
Petty Cash	1,000	
Annual Insurance up to March 31, 2019	600	6,000
Goods returned by the Branch		1,000
Goods returned by the debtors		2,000
Stock on December 31,2018		5,000
Petty Cash spent by branch		850
Provide depreciation on furniture 10% p.a.		

Goods costing Rs. 1,200 were destroyed due to fire and a sum of Rs. 1,000 was received from the Insurance Company.

5. The following transactions of Nidhi took place during the year ended 31st March 20X2:

1st April	Purchased Rs. 12,00,000, 8% bonds at Rs. 80.50 cum-interest. Interest is payable on 1st November and 1st May.
12th April	Purchased 1,00,000 equity shares of Rs. 10 each in X Ltd. For Rs.40,00,000
1st May	Received half-year's interest on 8% bonds.
15th May	X Ltd. made a bonus issue of three equity shares for every two held. Nidhi sold 1,25,000 bonus shares for Rs. 20 each.
1st October	Sold Rs. 3,00,000, 8% bonds at Rs. 81 ex-interest.
1st November	Received half-year's bond interest.
1st December	Received 18% interim dividend on equity shares (including bonus shares) in X Ltd.

Prepare the relevant investment account in the books of Nidhi for the year ended 31st March, 20X2

6. X Transport Ltd. purchased from Delhi Motors 3 Tempos costing Rs. 50,000 each on the hire purchase system on 1-1-20X1. Payment was to be made Rs. 30,000 down and the remainder in 3 equal annual instalments payable on 31-12-20X1, 31-12-20X2 and 31-12-20X3 together with interest @ 9%. X Transport Ltd. write off depreciation at the rate of 20% on the diminishing balance. It paid the instalment due at the end of the first year i.e. 31-12-20X1 but could not pay the next on 31-12-20X2. Delhi Motors agreed to leave one Tempo with the purchaser on 1-1 20X3 adjusting the value of the other 2 Tempos against the amount due on 31-12-20X2. The Tempos were valued on the basis of 30% depreciation annually.
Show the necessary accounts in the books of X Transport Ltd. for the years 20X1, 20X2 and 20X3.

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/JUNE 2023
COMMERCE
Income Tax II

Duration:2 Hours

Max Marks:60

Section- A(compulsory)

I . Answer The Following Question :

1×20= 20

1. (a) Balamurugan furnishes the following information for the year ended 31-03-2023:

Particulars	(Rs.)
Income from textile business	(1,35,000)
Income from house property	(15,000)
Lottery winning (Gross)	5,00,000
Speculation business income	1,00,000
Income by way of salary (Computed)	60,000
Long term capital gain u/s 112	70,000

Compute his total income, tax liability and advance tax obligations. Assume he does not opt for section 115BAC. **(15 marks)**

(b) Mr. Aakash has undertaken certain transactions during the F.Y.2022-23, which are listed below. You are required to identify the transactions in respect of which quoting of PAN is mandatory in the related documents **(5 marks)**

S.No	Transaction
1.	Payment of life insurance premium of Rs. 45,000 in the F.Y.2022-23 by account payee cheque to LIC for insuring life of self and spouse
2.	Payment of Rs. 1,00,000 to a five-star hotel for stay for 5 days with family, out of which Rs. 60,000 was paid in cash
3.	Payment of Rs. 80,000 by ECS through bank account for acquiring the debentures of A Ltd., an Indian company
4.	Payment of Rs. 95,000 by account payee cheque to Thomas Cook for travel to Dubai for 3 days to visit relatives
5.	Applied to SBI for issue of credit card.

Section- B

II. Answer any Four of the following :

4×10= 40

2. (a) Examine under which heads the following incomes are taxable:

1.Salaries payable to a Member of Parliament

2.Receipts without consideration

3.In case of retirement, interest on employee's contribution if provident fund is unrecognized.

4.Rental income in case of a person engaged in the business of letting out of properties.

5.Winnings from lotteries by a person having the same as business activity

(5 marks)

(b) Mr. B transferred 500 shares of R (P) Ltd. to M/s B. Co. (P) Ltd. on 10.10.2022 for Rs. 3,00,000 when the market price was Rs. 5,00,000. The indexed cost of acquisition of shares for Mr. B was computed at Rs. 4,45,000. The transfer was not subjected to securities transaction tax.

Determine the income chargeable to tax in the hands of Mr. B and M/s. B Co. (P) Ltd. because of the above said transaction. **(5 marks)**

3. (a) Mr. Vaibhav started a proprietary business on 01.04.2021 with a capital of Rs. 5,00,000. He incurred a loss of Rs, 2,00,000 during the year 2021-22. To overcome the financial position, his wife Mrs. Vaishaly, a software Engineer, gave a gift of Rs. 5,00,000 on 01.04.2022, which was immediately invested in the business by Mr. Vaibhav. He earned a profit of Rs. 4,00,000 during the year 2022-23. Compute the amount to be clubbed in the hands of Mrs. Vaishaly for the Assessment Year 2023-24. If Mrs. Vaishaly gave the said amount as loan, what would be the amount to be clubbed? **(5 marks)**

(b) Mr. B holds shares carrying 30% voting power in Y (P) Ltd. Mrs. B is working as accountant in Y (P) Ltd. getting income under the head salary (computed) of Rs. 3,44,000 without any qualification in accountancy. Mr. B also receives Rs. 30,000 as interest on securities. Mrs. B owns a house property which she has let out. Rent received from tenants is Rs. 6,000 p.m. Compute the gross total income of Mr. B and Mrs. B for the A.Y.2023-24. **(5 marks)**

4. Mr. P, a resident individual, furnishes the following particulars of his income and other details for the previous year 2022-23:

S.No	Particulars	Rs.
(i)	Income from salary (computed)	18,000
(ii)	Net annual value of house property	70,000

(iii)	Income from business	80,000
(iv)	Income from speculative business	12,000
(v)	Long term capital gain on sale of land	15,800
(vi)	Loss on maintenance of race horse	9,000
(vii)	Loss on gambling	8,000

Depreciation allowable under the Income-tax Act, 1961, comes to Rs. 8,000, for which no treatment is given above.

The other details of unabsorbed depreciation and brought forward losses (pertaining to A.Y. 2022-23) are:

S.No	Particulars	Rs.
(i)	Unabsorbed depreciation	9,000
(ii)	Loss from speculative business	16,000
(iii)	Short term capital loss	7,800

Compute the Gross Total Income of Mr. P for the Assessment Year 2023-24, and the amount of loss that can or cannot be carried forward.

5. Mr. A has commenced the business of manufacture of computers on 1.4.2022. He employed 350 new employees during the P.Y. 2022-23, the details of whom are as follows

	No. of employees	Date of employment	Regular/ Casual	Total monthly emoluments per employee (Rs.)
(i)	75	1.4.2022	Regular	24,000
(ii)	125	1.5.2022	Regular	26,000
(iii)	50	1.8.2022	Casual	24,500
(iv)	100	1.9.2022	Regular	24,000

The regular employees participate in recognized provident fund while the casual employees do not. Compute the deduction, if any, available to Mr. A for A.Y. 2023-24, if the profits and gains derived from manufacture of computers that year is Rs. 75 lakhs and his total turnover is Rs. 10.16 crores.

What would be your answer if Mr. A has commenced the business of manufacture of footwear on 1.4.2022?

6. Mr. Balaji, employed as Production Manager in Beta Ltd., furnishes you the following information for the year ended 31.03.2023:

1. Salary details for the year:

Basic salary upto 31.10.2022	Rs. 50,000 p.m.
Basic salary from 01.11.2022	Rs. 60,000 p.m.

Note:

1. Salary is due and paid on the last day of every month.
2. Dearness allowance @ 40% of basic salary.
3. Bonus equal to one month salary. Paid in October 2022 on basic salary plus dearness allowance applicable for that month.
4. Contribution of employer to recognized provident fund account of the employee @ 16% of basic salary.
5. Professional tax paid Rs. 2,500 of which Rs. 2,000 was paid by the employer.
6. Facility of laptop and computer was provided to Balaji for both official and personal use. Cost of laptop Rs. 45,000 and computer Rs. 35,000 were acquired by the company on 01.12.2022.
7. Motor car owned by the employer (cubic capacity of engine exceeds 1.60 litres) provided to the employee from 01.11.2022 meant for both official and personal use. Repair and running expenses of Rs. 45,000 from 01.11.2022 to 31.03.2023, were fully met by the employer. The motor car was self-driven by the employee.
8. Leave travel concession given to employee, his wife and three children (one daughter aged 7 and twin sons aged 3). Cost of air tickets (economy class) reimbursed by the employer Rs. 30,000 for adults and Rs. 45,000 for three children. Balaji is eligible for availing exemption this year to the extent it is permissible in law. Compute the total income chargeable to tax in the hands of Mr. Balaji for the assessment year 2023-24 assuming he has not opted for the provisions of section 115BAC.

CHOICE BASED CREDIT SYSTEM
FOURTH SEMESTER B.Com DEGREE EXAMINATION AUGUST 2022
COMMERCE
COST AND MANAGEMENT ACCOUNTING - II

Duration: 3 Hours

Max Marks: 120

SECTION - A

Answer any THREE questions:

(3 × 20 = 60)

1. Hello Ltd. produces product 'AXE' which passes through two processes before it is completed and transferred to finished stock. The following data relate for the month of October:

Particulars	Process - I (RS)	Process - II (RS)	Finished Stock (RS)
Opening stock	7,500	9,000	22,500
Direct materials	12,000	18,750	--
Direct wages	11,800	11,550	--
Factory overheads	10,500	4,500	--
Closing stock	3,700	4,500	11,250
Inter-process profit included in opening stock	--	1,500	8,250

Out put of Process – I is transferred to Process – II at 25% profit on the transfer price.

Output of Process – II is transferred to finished stock at 20% profit on the transfer price.

Stock in processes is valued at prime cost. Finished stock is valued at the price at which it is received from process II. Sales during the period are Rs.1,40,000.

PREPARE Process cost accounts and finished goods account showing the profit element at each stage.

2. XYZ Ltd. produces and markets a very popular product called 'X'. The company is interested in presenting its budget for the second quarter of 2020-21.

The following information are made available for this purpose:

- It expects to sell 1,50,000 bags of 'X' during the second quarter of 2020-21 at the selling price of Rs.1,200 per bag.
- Each bag of 'X' requires 2.5mtr. of raw-material 'Y' and 7.5mtr. of raw-material 'Z'.

A. Stock levels are planned as follows:

Particulars	Beginning of Quarter	End of Quarter
Finished Bags of 'X'(Nos.)	45,000	33,000
Raw-Material 'Y'(mtr)	96,000	78,000
Raw-Material 'Z'(mtr)	1,71,000	1,41,000
Empty Bag(Nos.)	1,11,000	84,000

- 'Y' cost Rs. 160 per mtr., 'Z' costs Rs.30 per mtr. And 'Empty Bag' costs Rs.110each.

- It requires 9 minutes of direct labour to produce and fill one bag of 'X'. Labour cost is Rs.71 per hour.
- Variable manufacturing costs are Rs.62 per bag. Fixed manufacturing costs Rs.40,00,000 per quarter.
- Variable selling and administration expenses are 5% of sales and fixed administration and selling expenses are Rs.3,75,000 per quarter.

Required

- a. Prepare a production budget for the said quarter in quantity.
- b. Prepare a raw-material purchase budget for 'Y', 'Z' and 'Empty Bags' for the said quarter in quantity as well as in rupees.

Compute the budgeted variable cost to produce one bag of 'X'.

3. Star-Sky Ltd. produces and sells the following products:

Products	Units	Selling price at split-off point (RS)	Selling price after further processing (RS)
A	2,00,000	17	25
B	30,000	13	17
C	25,000	8	12
D	20,000	10	-
E	75,000	14	20

Raw material costs Rs. 35,00,000 and other manufacturing expenses cost Rs. 5,48,000 in the manufacturing process which are absorbed on the products on the basis of their 'Net realizable value'. The further processing costs of A, B, C and E are RS 12,50,000; Rs.1,50,000; Rs.50,000 and Rs.1,50,000 respectively. Fixed costs are Rs.4,73,000.

You are required to PREPARE the following in respect of the coming year:

- a. Statement showing income forecast of the company assuming that none of its products are to be further processed.
- b. Statement showing income fore cast of the company assuming that products A, B, C and E are to be processed further.

Can you suggest any other production plan where by the company can maximize its profits? If yes, then submit a statement showing income forecast arising out of adoption of that plan.

4. A jobbing factory has undertaken to supply 200 pieces of a component per month forthe ensuing six months. Every month a batch order is opened against which materials and labour hours are booked at actual. Overheads are levied at a rate equal to perlbour hour. The selling price contracted for is Rs.10 per piece. From the following data CALCULATE the cost and profit per piece of each batch order and overall position of the order for 1,200 pieces.

Month	Batch Output	Material cost	Direct wages	Direct labour hours
		(Rs)	(Rs)	
January	210	651	125	240
February	200	640	140	280
March	220	680	150	280

April	180	630	140	270
May	200	700	150	300
June	220	720	160	320

The other details are:

Month	Overheads	Direct labour hours
	(Rs)	
January	12,000	4,800
February	10,560	4,400
March	12,000	5,000
April	10,580	4,600
May	13,000	5,000
June	12,000	4,800

SECTION – B

Answer any FOUR questions:

(4 × 10 = 40)

5. RST Construction Ltd. commenced a contract on April, 2020. The total contract was for Rs. 49,21,875. Actual expenditure for the period April, 2020 to March 31, 2021 and estimated expenditure for April, 2021 to September 30, 2021 are given below:

Particulars	April, 2020 to March 31, 2021 (Actual) (Rs)	April, 2021 to Sept. 30, 2021 (Estimated) (Rs)
Materials issued	7,76,350	12,99,375
Wages: Paid	5,17,500	6,18,750
Prepaid	37,500	-
Outstanding	12,500	5,750
Plant purchased	4,00,000	-
Expenses: Paid	2,25,000	3,75,000
Outstanding	25,000	10,000
Prepaid	15,000	-
Plant returns to store (historical cost)	1,00,000 (on September 30, 2020)	3,00,000 (on September 30, 2021)
Work certified	22,50,000	Full
Work uncertified	25,000	-
Cash received	18,75,000	-
Materials at site	82,500	42,500

The plant is subject to annual depreciation @ 25% on written down value method. The contract is likely to be completed on September 30, 2021.

Required:

PREPARE the Contract A/c for the year ended 31st March, 2021 and determine the estimated profit on the contract.

6. A company is engaged in the manufacture of specialised sub-assemblies required for certain electronic equipment. The company envisages that in the forth coming month, December, the sales will be in the ratio of 3:4:2 respectively of sub-assemblies, ACB, MCB and DP. The following is the schedule of components required for manufacture:

Component requirements					
Sub-assembly	Selling Price	Baseboard	IC08	IC12	IC26
ACB	520	1	8	4	2
MCB	500	1	2	10	6
DP	350	1	2	4	8
Purchase price (Rs)		60	20	12	8

The direct labour time and variable overheads required for each of the sub-assemblies are:

	Labour hours		Variable Overheads (Rs)
	Grade A	Grade B	
ACB	8	16	36
MCB	6	12	24
DP	4	8	24
Direct wage rate per hour (Rs)	5	4	—

The labourers work 8 hours a day for 25 days a month.

The opening stocks of sub-assemblies and components for December are as under:

	Sub-assemblies	Components	
ACB	800	BaseBoard	1,600
MCB	1,200	IC08	1,200
DP	2,800	IC12	6,000
		IC26	4,000

Fixed over heads amount to Rs.7,57,200 for the month and a monthly profit target of Rs. 12 lakhs has been set.

The company is eager for are duction of closing inventories for the month of December of sub-assemblies and components by 10% of quantity as compared to the opening stock. PREPARE the following budgets for the month of December:

- Sales budget in quantity and value.
- Production budget in quantity
- Component usage budget in quantity.
- Component purchase budget in quantity and value.
- Man power budget showing the number of workers and the amount of Wages payable

7. Cee Chemicals purchases salt and processes it in to more refined products such as Caustic Soda, Chlorine and PVC. In the month of July, Cee Chemicals purchased Salt for Rs.41,100. Conversions costs of Rs.61,000 were incurred up to the split off point, at which time two sealable products were produced. Chlorine can be further processed in to PVC.

The July production and sales information is as follows:

Particulars	Production (in ton)	Sales Quantity (in ton)	Selling price per ton(RS)
Caustic Soda	1,200	1,200	50
Chlorine	800	—	—
PVC	500	500	200

All 800 tons of Chlorine were further processed, at an incremental cost of 20,000 to yield 500 tons of PVC. There was no beginning or ending inventories of Caustic Soda, Chlorine or PVC in July.

There is active market for Chlorine. C e e Chemicals could have sold all its July production of Chlorine at Rs.75 per ton.

Required:

1. SHOW how joint cost of Rs.1,00,000 would be apportioned between Caustic Soda and Chlorine under each of following methods:
 2. Sales value at split-off point;
 3. Physical unit method, and
 4. Estimated net realisable value.
 5. Life time Swimming Pool Products offers to purchase 800 tonnes of Chlorine in August at Rs.75 per tonne. This sale of Chlorine would mean that no PVC would be produced in August. EXPLAIN how the acceptance of this offer for the month of August would affect operating income?
8. From the following data, PREPARE process accounts indicating the cost of each process and the total cost. The total units that pass through each process were 240 for the period.

Particulars	Process I (Rs)	Process II(Rs)	Process III (Rs)
Materials	1,55,000	51,000	20,020
Labour	81,000	2,00,100	61,000
Other expenses	26,500	72,050	24,000

Indirect expenses amounting to Rs.85,000 may be apportioned on the basis of wages. There was no opening or closing stock.

9. BMC is a public school having five buses each plying in different directions for the transport of its school students. In view of a larger number of students availing of the bus service the buses work two shifts daily both in the morning and in the afternoon. The buses are garaged in the school. The work-load of the students has been so arranged that in the morning the first trip picks up senior students and the second trip plying an hour later picks up the junior students. Similarly, in the after noon the first trip takes the junior students and an hour later the second trip takes the senior students home.
- The distance travelled by each bus one way is 8 km. The school works 25 days in a month and remains closed for vacation in May, June and December. Bus fee, however, is payable by the students for all 12 months in a year.

The details of expenses for a year are as under:

Driver's salary	Rs.5,500 per month per driver
Cleaner's salary	Rs.2,500 per month
(Salary payable for all 12 months)	
(one cleaner employed for all the five Buses)	
Licence fee, taxes, etc.	Rs. 9,600 per bus per annum
Insurance	Rs.10,000 per bus per annum
Purchase price of the bus	Rs.15,00,000 each
Life of each bus	12 years
Scrap value of buses at the end of life	Rs.3,00,000
Diesel cost	Rs.45.00 per litre

Each bus gives an average mileage of 4 km. per litre of diesel. Seating capacity of each bus is 50 students.

The seating capacity is fully occupied during the whole year.

Students picked up and dropped within a range up to 4km. of distance from the school are charged half and fifty percent of the students travelling in each trip are in this category. Ignore interest. Since the charges are to be based on average cost you are required to:

- i. PREPARE a statement showing the expenses of operating a single bus and the fleet of five buses for a year.
- ii. WORKOUT the average cost per student per month in respect of-
 - a. Students coming from a distance of up to 4km. from the school and
 - b. Students coming from a distance beyond 4km. from the school.

SECTION – C

Answer any **FOUR** questions:

(4 × 5 = 20)

10. The following data relate to the manufacture of a standard product during the 4-week ended 28 th February:

Raw Materials Consumed	4,10,000
Direct Wages	2,50,000
Machine Hours Worked	3,200 hours
Machine Hour Rate	40
Office Overheads	10% of works cost
Selling Overheads	₹20 per unit
Units produced and sold	10,000 at ₹120 each

You are required to FINDOUT the cost per unit and profit for the 4-week ended 28th February.

11. FINDOUT the cost of joint products A, B and C using average unit cost method from the following data:

Pre-separation Joint Cost Rs.65,000

Production data:

Product	Units produced
A	500
B	200
C	<u>300</u>
	<u>1000</u>

12. VRL Passenger Transport Company is running 5 Buses between two towns, which are 40 Kms apart. Seating capacity of bus is 40 passengers following details are available from their books, for the month of April:

Particulars	Amount (Rs)
Salary of drivers, Cleaners and Conductors	24,000
Salary to supervisor	10,000
Diesel and other oil	40,000
Repairs and Maintenance	8,000
Tax and Insurance	16,000
Depreciation	26,000
Interest	20,000
	1,44,000

Actual passengers carried were 75% of the seating capacity. All the five buses run all the days for the month. Each bus made one round trip per day. Calculate cost per passenger-Kilometer.

13. A factory which expects to operate 7,000 hours, i.e., at 70% level of activity, furnishes details of expenses as under:

Variable expenses	Rs.1,265
Semi-variable expenses	Rs.1,220
Fixed expenses	Rs.1,800

The semi-variable expenses go up by 10% between 85% and 95% activity and by 20% above 95% activity. PREPARE a flexible budget for 80, 90 and 100 per cent activities.

14. A company sells its product at ₹15 per unit. In a period, if it produces and sells 8,000 units, it incurs a loss of ₹5 per unit. If the volume is raised to 20,000 units, it earns a profit of ₹4 per unit. CALCULATE break-even point both in terms of Value as well as in units.

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

Cost and Management Accounting II

Duration: 2 Hours

Max Marks: 60

Section- A(compulsory)

I. Answer The Following Question :

1×20= 20

1. a) Modern Manufactures Ltd. has three Production Departments P1, P2, P3 and two Service Departments S1 and S2 details pertaining to which are as under:

	P1	P2	P3	S1	S2
Direct wages (Rs.)	3,000	2,000	3,000	1,500	195
Working hours	3,070	4,475	2,419	-	-
Value of machines (Rs.)	60,000	80,000	1,00,000	5,000	5,000
H.P. of machines	60	30	50	10	-
Light points	10	15	20	10	5
Floor space (sq. ft.)	2,000	2,500	3,000	2,000	500

The following figures extracted from the Accounting records are relevant:

	(Rs.)
Rent and Rates	5,000
General Lighting	600
Indirect Wages	1,939
Power	1,500
Depreciation on Machines	10,000
Sundries	9,695

The expenses of the service departments are allocated as under:

	P1	P2	P3	S1	S2
S1	20%	30%	40%	-	10%
S2	40%	20%	30%	10%	-

DETERMINE the total cost of product X which is processed for manufacture in Departments P1, P2 and P3 for 4, 5 and 3 hours respectively, given that its Direct Material Cost is Rs. 50 and Direct Labour Cost is Rs. 30.

b) Deccan Manufacturing Ltd., have three departments which are regarded as production departments. Service departments' costs are distributed to these production departments using the "Step Ladder Method" of distribution. Estimates of factory overhead costs to be incurred by each department in the forthcoming year are as follows. Data required for distribution is also shown against each department:

	Factory overhead Direct labour	No. of		Area in sq.m.
		Rs	Hours	
Production:				
X	1,93,000	4,000	100	3,000
Y	64,000	3,000	125	1,500
Z	83,000	4,000	85	1,500
Service:				
P	45,000	1,000	10	500
Q	75,000	5,000	50	1,500
R	1,05,000	6,000	40	1,000
S	30,000	3,000	50	1,000

The overhead costs of the four service departments are distributed in the same order, viz., P, Q, R and S respectively on the following basis.

Department	Basis
P	Number of employees
Q	Direct labour hours
R	Area in square metres
S	Direct labour hours

You are required to:

- i) Prepare a schedule showing the distribution of overhead costs of the four service departments to the three production departments; and
- ii) Calculate the overhead recovery rate per direct labour hour for each of the three production departments.

Section- B

II. Answer any Four of the following :

4×10= 40

2. a) Job No. 198 was commenced on October 10, 2021 and completed on November 1, 2021. Materials used were Rs. 6,000 and labour charged directly to the job was Rs. 4,000. Other information is as follows:

Machine No. 215 used for 40 hours, the machine hour rate being Rs. 35.

Machine No. 160 used for 30 hours, the machine hour rate being Rs. 40. Six welders worked on the job for five days of 8 hours each: the Direct labour hour per welder is Rs. 20.

General expenses related to production not included for calculating either the machine hour or direct labour hour rate totaled Rs.20,000, total direct wages for the period being Rs.2,00,000.

Compute the works costs for job No. 198.

- b) In a factory, overheads of a particular department are recovered on the basis of Rs. 5 per machine hour. The total expenses incurred and the actual machine hours for the department for the month of August were Rs. 80,000 and 10,000 hours respectively. Of the amount of Rs. 80,000, Rs. 15,000 became payable due to an award of the Labour Court and Rs. 5,000 was in respect of expenses of the previous year booked in the current month (August). Actual production was 40,000 units, of which 30,000 units were sold. On analysing the reasons, it was found that 60% of the under-absorbed overhead was due to defective planning and the rest was attributed to normal cost increase. Show the treatment of over/under-absorbed overhead in the cost accounts?
3. ABC Ltd. is a multiproduct company, manufacturing three products A, B and C. The budgeted costs and production for the year ending 31st March are as follows:

	A	B	C
Production quantity (Units)	4,000	3,000	1,600
Resources per Unit:			
Direct Materials (Kg.)	4	6	3
Direct Labour (Minutes)	30	45	60

The budgeted direct labour rate was Rs. 10 per hour, and the budgeted material cost was Rs. 2 per kg. Production overheads were budgeted at Rs. 99,450 and

were absorbed to products using the direct labour hour rate. ABC Ltd. followed the Absorption Costing System.

ABC Ltd. is now considering to adopt an Activity Based Costing system. The following additional information is made available for this purpose.

i) Budgeted overheads were analysed into the following:

	(Rs.)
Material handling	29,100
Storage costs	31,200
Electricity	39,150

ii) The cost drivers identified were as follows:

Material handling	Weight of material handled
Storage costs	Number of batches of material
Electricity	Number of Machine operations

iii) Data on Cost Drivers was as follows:

	A	B	C
For complete production:			
Batches of material	10	5	15
Per unit of production:			
Number of Machine operations	6	3	2

You are requested to:

- Prepare a statement for management showing the unit costs and total costs of each product using the absorption costing method.
 - Prepare a statement for management showing the product costs of each product using the ABC approach.
 - State what are the reasons for the different product costs under the two approaches?
4. The books of Adarsh Manufacturing Company present the following data for the month of April:

Direct labour cost Rs. 17,500 being 175% of works overheads. Cost of goods sold excluding administrative expenses Rs. 56,000.

Inventory accounts showed the following opening and closing balances:

	April 1 (Rs.)	April 30 (Rs.)
Raw materials	8,000	10,600
Work-in-progress	10,500	14,500
Finished goods	17,600	19,000

Other data are:

	(Rs.)
Selling expenses	3,500
General and administration expenses	2,500
Sales for the month	75,000

You are required to:

- i) Find out the value of materials purchased.
 - ii) Prepare a cost statement showing the various elements of cost and also the profit earned.
5. a) Arnav Confectioners (AC) owns a bakery which is used to make bakery items like pastries, cakes and muffins. AC use to bake at most 50 units of any item at a time. A customer has given an order for 600 muffins. To process a batch of 50 muffins, the following cost would be incurred:
- Direct materials- Rs. 500
 Direct wages- Rs. 50
 Oven set- up cost Rs. 150
- AC absorbs production overheads at a rate of 20% of direct wages cost. 10% is added to the total production cost of each batch to allow for selling, distribution and administration overheads.
- AC requires a profit margin of 25% of sales value. Determine the selling price for 600 muffins.
- b) A jobbing factory has undertaken to supply 200 pieces of a component per month for the ensuing six months. Every month a batch order is opened against which materials and labour hours are booked at actual. Overheads are levied at a rate equal to per labour hour. The selling price contracted for is Rs. 8 per piece. From the following data Calculate the cost and profit per piece of each batch order and overall position of the order for 1,200 pieces.

Month	Batch Output	Material cost	Direct wages	Direct labour
		(Rs.)	(Rs.)	(Rs.)
January	210	650	120	240
February	200	640	140	280
March	220	680	150	280
April	180	630	140	270
May	200	700	150	300

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

COMMERCE

Managing Business Process

Duration:2 Hours

Max Marks:60

SECTION – A

Answer any TWO questions:

(15×2= 30)

- 1) What exactly is performance management? Explain the process performance measures.
- 2) Explain the Seven Quality Check Tools for Simple Problem Solving.
- 3) What is Knowledge Management? Briefly Explain the four Solutions under the Knowledge Management Array.
- 4) What is Risk Management? Explain the objectives and the types of Risk Management.

SECTION – B

Answer any FOUR questions :

(5×4= 20)

- 5) What are the characteristics of Process?
- 6) Elaborate the BPO Lifecycle.
- 7) What is ISO? What are the four categories of ISO as per ISO 9001?
- 8) Enumerate the Problem Solving Steps and Mention the benefits of Problem Solving Process.
- 9) Define Customer Management.What are the Salient features of a BPO Contract?
- 10) Briefly explain the BPO Pricing Models.

SECTION – C

Answer any FIVE questions :

(2×5= 10)

11. Who is a customer? Explain the two different types of customer.
12. What are the contents of Audit Report?
13. Describe the drivers of Knowledge Management.

14. What do you understand by the concept of Why - Why Analysis?
15. Summarize the traps to watch out Transition Management.
15. Define People Management. Describe the People Management Approaches.
15. What is the meaning of Risk Management? Mention the key steps involved in Risk Management.

CHOICE BASED CREDIT SYSTEM
B.Com. FOURTH SEMESTER DEGREE EXAMINATION MAY/ JUNE 2023
COMMERCE
Insurance for BPS

Duration:3 Hours**Max Marks:80****I. Answer any THREE of the following : (3×16= 48 Marks)**

1. Define Insurance. What are the Principles of Insurance contract?
2. Explain the different types of Individual Life Insurance Plans.
3. What is Healthcare Insurance? Explain the important terminologies and benefits of Health Insurance.
4. What is Retirement Plan? Explain the advantages, limitations and importance of Retirement Planning.

II. Answer any THREE of the following : (3×8= 24 Marks)

5. What is the basic concept of Risk?
6. What is Underwriting? Explain its types.
7. Write a note on:
 - a) Vehicle Insurance
 - b) Flood Insurance
8. Write a note on Third Party Administrators for Retirement Services in USA.

III. Answer any FOUR of the following : (4×2= 8 Marks)

9. State any four types of Risk.
10. What is meant by Surrender Value?
11. What is meant by Salvage value?
12. What is meant by Community Rated Premium?
13. What does Defined Benefit mean?

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Reg No :

CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME

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

COMMERCE

Strategic Investment & Risk Management

Duration:2 Hours

Max Marks:60

Section-A

Answer any TWO of the following :

2×15= 30

1. 'Ethics start at the top' – what do you understand from this? Explain your thoughts in detail.
2. Write an essay on the Law of Demand and Supply using the help of diagrams and examples.
3. What is ERM? Discuss the five components of ERM.

Section-B

Answer any TWO of the following :

2×10= 20

4. Explain how IRR is determined and what IRR measures.
5. Explain the fundamental qualities of good ethical decision making that should be considered and applied.
6. Define and explain the role of Price Elasticity of Demand in pricing decisions. Explain how the level of elasticity affects the way changing prices can change total revenue.

Section-C

Answer any TWO of the following :

2×5= 10

7. Identify and explain three weaknesses of using the payback period to decide on projects.
8. A company that prides itself on its innovation, revised an existing popular brand without conducting sufficient market research. By taking this action, the company exposed itself to what types of risk? Explain.
9. Briefly explain Management's guide to ERM.

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Reg No :

CHOICE BASED CREDIT SYSTEM

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

COMMERCE

Public Finance

Duration:3 Hours

Max Marks:80

I. Answer any THREE of the following :

(3×16= 48 Marks)

1. Define public finance. Explain the objectives public finance.
2. Explain the effects of taxation.
3. Define public expenditure. Explain the classification of public expenditure.
4. Explain subsidy. Examine the role of subsidy in economic development.

II. Answer any THREE of the following :

(3×8= 24 Marks)

5. Examine the theory of maximum social advantage.
6. Examine the canons of taxation.
7. Examine the effects of public expenditure.
8. Define public debt. Explain the types of public debt.

III. Answer any FOUR of the following :

(4×2= 8 Marks)

9. Write any two differences between public finance and private finance.
10. Write the meaning of impact and incidence of taxes.
11. What is public revenue?
12. What is Budget deficit?
13. What are the components of budget?
