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BCMCMC 361

**VI Semester B.Com. Degree Examination, April/May 2019**

*(Credit Based Semester Scheme)*

*(2016-17 batch onwards)*

**COMMERCE**

**Indian Corporate Law**

Time : 3 Hours]

[Max. Marks : 120

SECTION - A/ವಿಭಾಗ - ಎ

Answer **any four** questions :

(4 × 6 = 24)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

1. State the facts and judicial decision in the case of "Royal British Bank Vs. Turquand".

ರಾಯಲ್ ಬ್ರಿಟಿಷ್ ಬ್ಯಾಂಕ್ ವಿರುದ್ಧ ಟರ್ಕ್ವಂಡ್ ಪ್ರಕರಣದ ತೀರ್ಪಿನ ಬಗ್ಗೆ ವಿವರಿಸಿ.

2. Distinguish between Transfer and Transmission of shares.

ಶೇರು ವರ್ಗಾವಣೆಗೂ ಶೇರು ಸಂವಹನಕ್ಕೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ಬರೆಯಿರಿ.

3. Write a note on one Person Company.

ಏಕ ವ್ಯಕ್ತಿ ಕಂಪನಿ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

4. State the meaning and importance of prospectus.

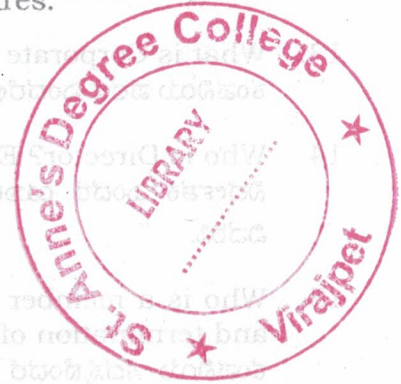
ಪರಿಚಯ ಪತ್ರದ ಅರ್ಥ ಹಾಗೂ ಪ್ರಾಮುಖ್ಯತೆಯನ್ನು ತಿಳಿಸಿ.

5. Write a note on special resolution.

ವಿಶೇಷ ಠರಾವಿನ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

6. Write a note on agenda and quorum of the meeting.

ಸಭೆಯ ಕಾರ್ಯಕ್ರಮ ವೆಚ್ಚಿ ಹಾಗೂ ಸಭೆಯಲ್ಲಿ ಅಗತ್ಯವಿರುವ ಸದಸ್ಯರ ಕನಿಷ್ಠ ಸಂಖ್ಯೆಯ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.





## SECTION - B/ವಿಭಾಗ - ಬಿ

Answer **any four** questions :

(4 × 12 = 48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

7. Define a joint stock company. Explain the characteristics of a joint stock company.  
ಕೂಡು ಬಂಡವಾಳ ಸಂಸ್ಥೆಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿರಿ. ಒಂದು ಕೂಡು ಬಂಡವಾಳ ಸಂಸ್ಥೆಯ ಲಕ್ಷಣಗಳನ್ನು ವಿವರಿಸಿ.
8. What is buy-back of shares? Explain various legal provision relating to buy-back of shares.  
ಶೇರುಗಳ ಮರು ಖರೀದಿ ಎಂದರೇನು? ಇದಕ್ಕೆ ಸಂಬಂಧಿಸಿದ ಕಂಪನಿ ಕಾಯಿದೆಯ ನಿಬಂಧನೆಗಳನ್ನು ತಿಳಿಸಿರಿ.
9. Explain the meaning, types and effects of ultravires acts.  
ಅಲ್ಟ್ರಾವೈರ್ಸ್ ಅರ್ಥ, ವಿಧ ಹಾಗೂ ಪರಿಣಾಮಗಳನ್ನು ವಿವರಿಸಿರಿ.
10. What is allotment of shares? Discuss the provisions relating to allotment of shares.  
ಶೇರು ಹಂಚಿಕೆ ಎಂದರೇನು? ಶೇರು ಹಂಚಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ಕಾನೂನು ನಿಯಮಗಳನ್ನು ಚರ್ಚಿಸಿರಿ.
11. Who is a promoter? Explain the various duties and liabilities of a promoter.  
ಪ್ರವರ್ತಕರು ಎಂದರೆ ಯಾರು? ಪ್ರವರ್ತಕರ ವಿವಿಧ ಕರ್ತವ್ಯ ಮತ್ತು ಜವಾಬ್ದಾರಿಗಳನ್ನು ವಿವರಿಸಿರಿ.
12. Define company secretary. State the various qualifications of a company secretary.  
ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿರಿ. ಕಂಪನಿ ಕಾರ್ಯದರ್ಶಿಯ ವಿವಿಧ ಅರ್ಹತೆಯ ಕುರಿತು ವಿವರಿಸಿರಿ.

## SECTION - C/ವಿಭಾಗ - ಸಿ

Answer **any two** questions :

(2 × 24 = 48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

13. What is Corporate Veil? Explain the circumstances under which it is lifted?  
ಕಂಪನಿಯ ಪರದೆ ಎಂದರೇನು? ಯಾವ ಸಂದರ್ಭಗಳಲ್ಲಿ ಕಂಪನಿಯ ಪರದೆಯನ್ನು ಸರಿಸಬಹುದು? ವಿವರಿಸಿರಿ.
14. Who is Director? Explain the various power, duties and liabilities of a director.  
ನಿರ್ದೇಶಕ ಎಂದರೆ ಯಾರು? ಕಂಪನಿಯ ನಿರ್ದೇಶಕರ ವಿವಿಧ ಅಧಿಕಾರ, ಕರ್ತವ್ಯ ಮತ್ತು ಜವಾಬ್ದಾರಿಗಳನ್ನು ವಿವರಿಸಿರಿ.
15. Who is a member of a company? Explain the various methods of acquisition and termination of membership of a company.  
ಕಂಪನಿಯ ಸದಸ್ಯನೆಂದರೆ ಯಾರು? ಕಂಪನಿಯ ಸದಸ್ಯತನವನ್ನು ಪಡೆಯುವ ಮತ್ತು ಕಳೆದುಕೊಳ್ಳುವ ವಿವಿಧ ವಿಧಾನಗಳನ್ನು ವಿವರಿಸಿರಿ.
16. What is Memorandum of Association? Explain briefly its contents. Distinguish between Memorandum of Association and Articles of Association.  
ಕಂಪನಿಯ ಸಂವಿಧಾನ ಪಟ್ಟಿಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ. ಅದರ ಅಡಕ ಅಂಶಗಳನ್ನು ವಿವರಿಸಿ. ಸಂವಿಧಾನ ಪಟ್ಟಿಗೂ, ನಿಯಮಾವಳಿ ಪಟ್ಟಿಗೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿ.

Reg. No.

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BCMCMC 362

**VI Semester B.Com. Degree Examination, April/May 2019**  
(Credit Based Semester Scheme)

(2016-17 batch onwards)

**Auditing**

Time : 3 Hours]

[Max. Marks : 120

SECTION - A/ವಿಭಾಗ - ಎ

Answer **any four** questions :

(4 × 6 = 24)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ :

1. Write a note on Statutory Audit.  
ಶಾಸನಿಕ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.
2. What are the advantages of Auditing?  
ಲೆಕ್ಕ ಪರಿಶೋಧನೆ ಶಾಸ್ತ್ರದ ಅನುಕೂಲತೆಗಳಾವುವು?
3. Write a note on Qualified Audit Report.  
ಲೆಕ್ಕ ಪರಿಶೋಧಕನ ಆಕ್ಷೇಪಾರ್ಹ ವರದಿಯ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.
4. What are vouchers? Explain with examples.  
ಪುರಾವೆಗಳೆಂದರೇನು? ಉದಾಹರಣೆ ಸಹಿತ ವಿವರಿಸಿರಿ.
5. List out the contents of audit note book.  
ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಟಿಪ್ಪಣಿ ಪುಸ್ತಕದಲ್ಲಿ ಅಡಕವಾಗಿರುವ ಅಂಶಗಳನ್ನು ಪಟ್ಟಿ ಮಾಡಿ.
6. Explain about general EDP controls.  
ಸಾಮಾನ್ಯ ಎಲೆಕ್ಟ್ರಾನಿಕ್ ಅಂಶಗಳ ಸಂಸ್ಕರಣ ನಿಯಂತ್ರಣಗಳ ಬಗ್ಗೆ ವಿವರಿಸಿರಿ.

SECTION - B/ವಿಭಾಗ - ಬಿ

Answer **any four** questions :

(4 × 12 = 48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ :

7. Define Auditing. Discuss the secondary objects of audit.  
ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ವ್ಯಾಖ್ಯೆ ನೀಡಿರಿ. ಅದರ ಪೂರಕ ಉದ್ದೇಶಗಳ ಕುರಿತು ವಿವರಿಸಿರಿ.
8. Explain the merits and demerits of continuous audit.  
ನಿರಂತರ ಲೆಕ್ಕ ಪರಿಶೋಧನೆಯ ಅನುಕೂಲಗಳು ಮತ್ತು ಅವಗುಣಗಳನ್ನು ಬರೆಯಿರಿ.

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9. What is internal check? Discuss the advantages and disadvantages of internal check.  
 ಆಂತರಿಕ ತಪಾಸಣೆ ಎಂದರೇನು? ಆಂತರಿಕ ತಪಾಸಣೆಯ ಅನುಕೂಲಗಳು ಮತ್ತು ಅನಾನುಕೂಲಗಳನ್ನು ಚರ್ಚಿಸಿರಿ.
10. What is "Audit of computers accounts"? What are the problems faced in the audit of computerised accounts? Explain.  
 "ಕಂಪ್ಯೂಟರೀಕೃತ ಲೆಕ್ಕಗಳನ್ನು ಪರಿಶೋಧನೆ ಮಾಡುವುದು" ಎಂದರೇನು? ಕಂಪ್ಯೂಟರೀಕೃತ ಲೆಕ್ಕಗಳನ್ನು ಪರಿಶೋಧನೆ ಮಾಡುವಾಗ ಎದುರಿಸಬೇಕಾದ ಸಮಸ್ಯೆಗಳಾವುವು? ವಿವರಿಸಿರಿ.
11. Explain the provisions of The Companies Act, relating to the appointment and removal of an auditor.  
 ಕಂಪನಿಗಳ ಕಾಯಿದೆಯ ಪ್ರಕಾರ ಲೆಕ್ಕ ಪರಿಶೋಧಕರ ನೇಮಕಾತಿ ಮತ್ತು ವಜಾಗೊಳಿಸುವುದರ ಬಗ್ಗೆ ಇರುವ ನಿಯಮಗಳನ್ನು ವಿವರಿಸಿರಿ.
12. Describe the procedure for the vouching of credit sales.  
 ಉದ್ದರಿ ವಿಕ್ರಯಗಳ ಲೆಕ್ಕ ದೃಢೀಕರಣದ ವಿಧಾನಗಳನ್ನು ವಿವರಿಸಿ.

SECTION - C / ವಿಭಾಗ - ಸಿ

Answer **any two** questions : (2 × 24 = 48)  
 ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ :

13. Explain the internal check system followed for the payment of wages in a large concern.  
 ಒಂದು ಬೃಹತ್ ಸಂಸ್ಥೆಯಲ್ಲಿ ಕೂಲಿ ಬಟವಾಡೆಗೆ ಸಂಬಂಧಿಸಿದಂತೆ ಆಂತರಿಕ ತಪಾಸಣಾ ರೀತಿಯನ್ನು ವಿವರಿಸಿರಿ.
14. What do you mean by valuation and verification of Assets? State how an auditor would verify stock on trade and plant and machinery.  
 ಆಸ್ತಿಗಳ ಪರಿಶೋಧನೆ ಮತ್ತು ಮೌಲ್ಯಮಾಪನ ನಿರ್ಣಯ ಎಂದರೇನು? ಲೆಕ್ಕ ಪರಿಶೋಧಕನು ಸರಕು ದಾಸ್ತಾನು ಮತ್ತು ಯಂತ್ರೋಪಕರಣ ಸಾಮಗ್ರಿಗಳ ಪರಿಶೋಧನೆಯನ್ನು ಹೇಗೆ ನಡೆಸುತ್ತಾನೆ ಎಂದು ವಿವರಿಸಿ.
15. Explain the rights and duties of a company auditor under The Company's Act of 1956?  
 ಕಂಪನಿ ಕಾಯಿದೆ 1956ರ ಪ್ರಕಾರ, ಕಂಪನಿ ಲೆಕ್ಕ ಪರಿಶೋಧಕನ ಹಕ್ಕುಗಳು ಮತ್ತು ಕರ್ತವ್ಯಗಳನ್ನು ವಿವರಿಸಿರಿ.
16. What is meant by Audit Programme? Highlight its merits and demerits. Suggest measures to overcome the limitations of an audit programme.  
 ಲೆಕ್ಕ ಪರಿಶೋಧನಾ ಕಾರ್ಯಕ್ರಮ ಎಂದರೇನು? ಅದರ ಪ್ರಯೋಜನ ಮತ್ತು ದೋಷಗಳನ್ನು ವಿವರಿಸಿರಿ. ಇದರ ಮಿತಿಗಳನ್ನು ನಿವಾರಿಸುವಲ್ಲಿ ನಿಮ್ಮ ಸಲಹೆಗಳನ್ನು ತಿಳಿಸಿರಿ.



## VI Semester B.Com. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2016-17 batch onwards)

### COMMERCE

#### Paper IV — Cost and Management Accounting

Time : 3 Hours]

[Max. Marks : 120

**Instructions :** Provide working notes wherever necessary.

#### SECTION - A

Answer **any four** questions :

(4 × 6 = 24)

1. What is a cash flow statement? Give classification of cash flows as per Accounting Standard - 3 (Revised).
2. Define Marginal Costing. How would you treat variable cost and Fixed cost in Marginal Costing.
3. Explain the objectives of Budgetary Control.
4. Calculate funds from operations from the following profit and loss account of M/S Akash and Co.

Profit and Loss Account			
	Amount		Amount
	₹		₹
To Salaries	20,000	By Gross profit	4,00,000
To Rent	6,000	By Profit on sale of	
To Commission	4,000	machine	10,000
To Discount allowed	2,000	By Refund of tax	6,000
To Provision for		By dividend received	4,000
depreciation	28,000		
To Transfer to reserve	40,000		
To Provision for taxation	20,000		

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Amount  
₹

	Amount ₹	Amount ₹
To Loss on sale of investment	10,000	
To Discount on issue of debenture	4,000	
To Preliminary expenses	6,000	
To Selling expenses	40,000	
To Net profit	2,40,000	
	<u>4,20,000</u>	<u>4,20,000</u>

5. X company manufactures and sells 60,000 units of a product at a variable cost of ₹ 42 each. The fixed costs are ₹ 1,80,000. The selling price is fixed to make a profit of 25% on sales. You are required to calculate :

- Contribution
- P/V ratio
- Break-even-point units and
- Break-even-sales

6. The standard cost Card reveals the following information :

Standard labour rate : ₹ 50 per hour

Standard hours required per unit : 10 hours

Actual data are given below :

Units produced : 500

Actual hours worked : 6000

Actual labour cost : ₹ 2,40,000

Calculate :

- Labour cost variance
- Labour rate variance
- Labour efficiency variance

6



## SECTION - B

Answer any four questions :

(4 × 12 = 48)

7. Discuss the advantages and disadvantages of Standard Costing.
8. Explain the concept of Break-Even-Point and Cost-Volume-Profit (CVP) relationship.
9. Anup Ltd made a profit of ₹ 1,85,000 after considering the following :
- (a) Depreciation on fixed assets ₹ 5,000
  - (b) Profit on sale of building ₹ 10,000
  - (c) Loss on sale of machinery ₹ 4,000
  - (d) Taxation provision ₹ 30,000
  - (e) Transfer to reserve ₹ 10,000
  - (f) Amortisation of fictitious asset ₹ 2,000

The other details of the year are as under :

Details	As on 31.3.16 (₹)	As on 31.3.17 (₹)
Debtors	18,000	17,000
Creditors	12,000	9,000
Bills Receivables	7,000	4,000
Bills Payables	3,000	4,000
Bank A/c	1,000	1,500

Calculate the Operating Cash Profit and Cash flow from operations.

10. Prepare a Production Budget for each month and a summarized Production Cost Budget for the six months period ending 30<sup>th</sup> June 2018, from the following data relating to product "Agni" :

(a) The units to be sold for different months are as follows :

2018	
January	2200
February	2200
March	3400
April	3800
May	5000
June	4600
July	4000



- (b) There will be no work in progress at the end of each month.
- (c) Finished units equal to half of the sales for the next month will be in stock at the end of each month (including December 2017)
- (d) Budgeted production and production cost for the year ending June 2018 are as follows :

Production (units) 22000

Direct material per unit Rs. 10.00

Direct wages per unit Rs. 4.00

Total Factory overhead (apportioned to product) Rs. 88,000.

11. From the following summarized balance sheets of a company as on 31st March 2017 and 2018. Prepare a Schedule of changes in working capital

Liabilities	2017 ₹	2018 ₹	Assets	2017 ₹	2018 ₹
Share capital	80,000	1,00,000	Land and		
General reserve	20,000	24,000	Building	80,000	76,000
Profit and			Plant and		
Loss a/c	12,200	12,240	machinery	60,000	67,600
Bank loan			Stock	40,000	29,600
(short term)	28,000	-	Debtors	32,000	25,680
Creditors	60,000	54,080	Cash	200	240
Provision for			Bank	-	3,200
Profit and Taxation			Goodwill	-	2,000
(current liability)	12,000	14,000			
	<u>2,12,200</u>	<u>2,04,320</u>		<u>2,12,200</u>	<u>2,04,320</u>

12. Calculate labour cost variance, labour rate variance and labour efficiency variance for department A and B.

Particulars	Department A	Department B
Actual direct wages	₹ 20,000	₹ 18,000
Standard hours	800	600
Standard rate per hour	₹ 30	₹ 35
Actual hours worked	820	580





SECTION - C

Answer **any two** questions :

(2 × 24 = 48)

13. The following information is available from the books of Vivek Ltd., which uses three types of materials for production.

Particulars	Standard			Actual		
	Qty (kg)	Price (₹)	Total ₹	Qty (kg)	Price ₹	Total
Material x	5,000	6.00	30,000	4,000	6.00	24,000
y	4,000	3.75	15,000	5,000	3.60	18,000
z	3,000	3.00	9,000	4,000	2.80	11,200
<b>Total</b>	<b>12,000</b>		<b>54,000</b>	<b>13,000</b>		<b>53,200</b>
Less : normal Loss (10%)	1,200			2,200		
<b>Total</b>	<b>10,800</b>		<b>54,000</b>	<b>10,800</b>		<b>53,200</b>

Calculate material cost variance, price variance, usage variance, mix variance and yield variance.

14. From the following particulars prepare (a) Funds flow statement (b) A statement of changes in working capital.

Liabilities	31.12.2017 ₹	31.12.2018 ₹
Equity capital	3,00,000	3,50,000
Preference capital	2,00,000	1,00,000
Debentures	1,00,000	2,00,000
Reserves	1,10,000	2,70,000
Provision for doubtful debts	10,000	15,000
Current liabilities	70,000	1,45,000
	<b>7,90,000</b>	<b>10,80,000</b>
<b>Assets</b>		
Fixed assets (net)	5,10,000	6,20,000
Investments	30,000	80,000
Current assets	2,40,000	3,75,000
Discount on debentures	10,000	5,000
	<b>7,90,000</b>	<b>10,80,000</b>

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Additional information :

- (a) A machine costing ₹ 70,000 (Book value ₹ 40,000) was sold for ₹ 25,000
- (b) Preference shares were redeemed at a premium of 5%
- (c) Dividend at 15% was paid on equity shares for the year 2017
- (d) Provision for depreciation was ₹ 1,50,000 on 31<sup>st</sup> December 2017 and ₹ 1,90,000 on 31<sup>st</sup> December 2018
- (e) Stock which was valued at ₹ 90,000 on 31st December 2017 was written up to its cost ₹ 1,00,000 for preparing the profit and loss account for 2018.

15. Following are the summarized balance sheets of Supreme Ltd. as at 31st March 2017 and 2018.

Liabilities	31.12.2017 ₹	31.12.2018 ₹
Share capital	4,50,000	4,50,000
Reserves	3,00,000	3,10,000
Profit and Loss a/c	56,000	68,000
Mortgage loan	-	2,70,000
Taxation provision	75,000	10,000
Creditors	1,68,000	1,34,000
	10,49,000	12,42,000
<b>Assets</b>	<b>31.3.2017</b>	<b>31.3.2018</b>
	₹	₹
Fixed assets	4,00,000	3,20,000
Long Term investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Cash at bank	1,49,000	1,97,000
	10,49,000	12,42,000

Additional information :

- (a) Investments costing ₹ 8,000 were sold during the year 2017-18 for ₹ 8,500
- (b) Provision for tax made during the year was ₹ 9,000
- (c) During the year part of the fixed assets costing ₹ 10,000 was sold for ₹ 12,000. The profit was included in profit and loss account
- (d) Dividend paid during the year amounted to ₹ 40,000.

You are required to prepare a cash flow statement.



16. ABC Company furnished the following information of its cost and profit for the year 2017 and 2018.

Year	Cost ₹	Profit ₹
2017	12,00,000	2,00,000
2018	15,00,000	3,00,000

Compute the following :

- (a) P/V ratio
- (b) Fixed Expenses
- (c) Variable expenses for 2017 and 2018
- (d) Margin of safety for 2017 and 2018
- (e) Most likely profit when sales are Rs. 20,00,000
- (f) Break-Even Point
- (g) Estimated sales when the desired profit is Rs. 2,50,000
- (h) Sales for a variable cost of Rs. 8,28,000 when P/V ratio is increased to 40%.

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**VI Semester B.Com. Degree Examination, April/May 2019**

*(Credit Based Semester Scheme)*

*(2017-18 Batch Onwards)*

**BUSINESS TAXATION - IV**

**Goods and Service Tax and Customs Duty**

Time : 3 Hours]

[Max. Marks : 120

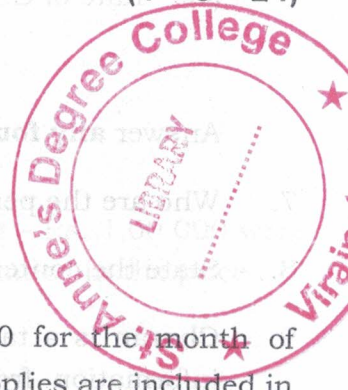
**Instructions** : Provide working notes necessary.

SECTION - A

Answer **any four** of the following :

(4 × 6 = 24)

1. What are the powers of GST council?
2. Explain the aggregate turnover under GST Act 2017.
3. Write a note on HSN/SAC codes.
4. Mr. Anil made an aggregate turnover of Rs. 90,00,000 for the month of February 2019. Compute taxable turnover if following supplies are included in the aggregate turnover :
  - (a) Inter-state supply Rs. 40,00,000
  - (b) Supply to Sez developer - Rs. 10,00,000
  - (c) Export to China - Rs. 5,00,000
  - (d) Supply within the state - Rs. 25,00,000
  - (e) Exempt supplies - 8,00,000
  - (f) CGST, SGST and IGST collected Rs. 2,00,000



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P.T.O.

5. From the following calculate custom duty payable :
- Assessable value of imported goods Rs. 30,00,000
  - Basic custom duty payable at 10%
  - IGST at 18%
  - Anti-dumping duty at 10%.
6. Determine the total amount of GST payable on a machine using the details given below :
- Selling price of the machine (inclusive of CGST at 9% and SGST at 9%) Rs. 2,95,000
  - Cost of durable and returnable packing included in the sale price Rs. 10,000
  - Design and development charges paid by the buyer on behalf of seller to a third party Rs. 6,000
  - Warranty charges charged separately by the seller Rs. 2,000
  - Rate of GST 18%.

SECTION - B

Answer **any four** of the following :

(4 × 12 = 48)

- Who are the persons compulsorily required to register under GST?
  - State the contents of tax invoice under GST.
  - Charan is a taxable person in Bangalore, Karnataka. He gives the following information from which calculate CGST, SGST and IGST payable for the month of March 2019 :
- Supply of goods to Mysore (5%) 14,000
  - Supply to a taxable person in Maharashtra (12%) 24,000
  - Supply to Sez developer in Bangalore (5%) 12,000
  - Supply of exempt goods to Udupi 20,000
  - Export to Canada (12%) 15,000



- (f) Supply to a taxable person in Goa delivery of goods  
Received in Bangalore by their agent (5%) 8,00,000
- (g) Rendered services to a person in Pondicherry (18%) 50,000
- (h) Provided services to a person in Madras, TN (18%) 8,00,000
- (i) Goods supplied to a job worker in Chennai, TN (5%) 50,000
- (j) Rendered services to foreign diplomatic mission (12%) 1,00,000

He had a credit in the electronic ledger : 1 GST – Rs. 45,000, CGST – Rs. 40,000 and SGST – Rs. 40,000.

10. A dealer of Mumbai entered into contract with a supplier in Kerala, for the delivery of a machinery along with essential accessories. From the following information calculate transaction value and GST payable machinery cost including GST – Rs. 11,20,000 :

(a) Following expenses are not included :

Installation charges – Rs. 80,000

Primary and secondary packing – Rs. 20,000

Design charges – Rs. 10,000

Bought out accessories not essential for its working – Rs. 1,00,000 were supplied along with the machine. Following are included in the price :

Durable and returnable packing – Rs. 50,000

(b) GST rate 12% on the machinery and 18% on accessories

(c) Trader has the practice of allowing 5% discount on the price of the machinery

(d) He had purchased inputs on which he paid IGST of Rs. 42,000.

11. Spike Ltd. has its head office based at Chennai and five branch Offices at Bangalore, Indore Hyderabad, Bhopal and Ahmedabad. It seeks the services of expert security solutions based at Chennai for cyber security for its H.O. and its branches. Expert security solutions raises a bill which include GST amounting Rs. 2,50,000 on the H.O. The turnover of the H.O. and the branches during the quarter ending 31<sup>st</sup> Dec, 2018 were as under :



Chennai H.O. - Rs. 2,30,000, Indore - Rs. 2,80,000, Bangalore - Rs. 1,80,000, Bhopal - Rs. 3,25,000, Hyderabad - Rs. 1,50,000 and Ahmedabad - Rs. 1,25,000.

Compute distribution of input tax by the Chennai H.O. to its branches if it takes ISD registration in Chennai.

12. Compute customs duty payable :

Assessable value - Rs. 10,00,000

BCD - 10%

Safeguard duty - 25%

Antidumping duty - Rs. 10 per kg. total imported goods - 10,000 kgs

IGST tariff on similar goods in India is 12%

What is the cost of imported goods?

SECTION - C

Answer **any two** of the following :

(2 × 24 = 48)

13. Explain the procedure for registration under GST.

14. From the following information you are required to calculate the assessable value and amount of GST payable by the dealer on his transaction. (GST rate at 12%)

Selling price includes the following :

(a) Cost of durable and returnable packing Rs. 1,30,000

(b) Trade discount (It is allowed at the time of supply) Rs. 75,000

The sale price of Rs. 8,00,000 does not include the following :

1. Selling expenses Rs. 30,000

2. Insurance cost Rs. 15,000

3. Warranty expenses Rs. 20,000

4. Design and development charges Rs. 16,000



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5. Pre-delivery inspection charges Rs. 15,000
  6. Packing cost Rs. 27,000
  7. Material purchased (exclusive of GST) Rs. 2,00,000
  8. Publicity expenses Rs. 30,000
  9. Taxes, duties, cesses, fees and charges Rs. 75,000
  10. Transportation charges Rs. 15,000
  11. Installation and erecting expenses Rs. 35,000
  12. Freight charges Rs. 50,000
  13. Advertising charges Rs. 20,000.
15. Pavan Pvt. Ltd furnishes the below information. Compute net GST payable :

Purchases from local market (inclusive of GST at 5%) – Rs. 1,47,000

Goods purchased from a unit of Sez in Bangalore – Rs. 3,20,000

(Net of taxes and duties) @ 12% GST

Raw materials purchased from a registered dealer in Mysore for Rs. 20,000 (GST 18%)

Materials purchased within the state from a registered dealer who opted for composition – Rs. 3,00,000 (GST 12%)

Materials purchased from Japan including BCD and excluding GST @ 28% - Rs. 1,00,000

Sales at 18% GST.

The goods are sold as below :

20% to a unit of Sez in Mysore

30% to an unregistered dealer of New Delhi

20% to a registered dealer of Mangalore who opted for composition scheme – Rs. 3,00,000.

Balance to a registered dealer in Udupi.



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16. Galaxy Colour Labs has imported a new film processing unit from Koni Singapore. Following are the details of import :

Cost of the machine : \$ 40,000

Cost of spare parts and accessories : \$ 300

Packing charges (including durable packing \$ 50) - \$ 250

Licence fees payable to Konica Japan - \$ 5000

Air freight - \$ 600

Insurance - Rs. 40,000

Installation charges payable to Konica India, Bangalore - Rs. 25,000

Commission to their agent in Singapore - \$ 400

Unloading and handling charges - Rs. 30,000

Freight from airport to the business premises - Rs. 10,000

Date of entry inwards 2.2.2019, exchange rate 1\$ = Rs. 66.

Date of submission of bill of entry 30/01/2019, exchange rate 1\$ = Rs. 65.

Calculate assessable value and customs duty payable if GST on similar goods is 18%.

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## VI Semester B.Com. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2016-17 batch onwards)

### COMMERCE

### Financial Accounting – VI

Time : 3 Hours]

[Max. Marks : 120

**Instructions :** Provide working notes wherever necessary.

#### SECTION – A

Answer **any four** of the following questions : (4 × 6 = 24)

1. Explain purchase consideration and state different methods of calculating purchase consideration.
2. State the differences between internal reconstruction and external reconstruction of companies.
3. Aroma Ltd went into voluntary liquidation. The following was its position :

Assets realized 4,00,000 (excluding securities given to secured creditors)

Share capital Rs. 1,00,000

Secured creditors Rs. 35,000 (securities realized Rs. 45,000)

Preferential creditors Rs. 10,000

Unsecured creditors Rs. 1,50,000

Debentures having floating charge on assets, Rs. 2,50,000

Liquidation expenses Rs. 5,000

Liquidator's remuneration Rs. 10,000

Prepare Liquidator's Final Statement of Account allowing for his remuneration at 2% on the amount realised and 2% on the amount distributed to unsecured creditors other than the preferential creditors.

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P.T.O.

4. From the following Balance Sheet of Raman Ltd. calculate Current Ratio, D Equity Ratio and Proprietary Ratio :

Liabilities	₹	Assets	₹
Share capital	1,80,000	Fixed Assets	3,90,000
Reserves and surplus	1,20,000	Stock	90,000
Secured loans (long term)	2,10,000	Debtors	1,05,000
Creditors	90,000	Cash	15,000
	<u>6,00,000</u>		<u>6,00,000</u>

5. Sonu Ltd. agreed to take over the business of Mona Ltd. The Balance Sheet of Mona Ltd. as on December 31, 2018 is as follows :

Liabilities	₹	Assets	₹
Share capital :		Goodwill	1,00,000
5% preference shares of Rs. 10 each	3,00,000	Land and Buildings	6,40,000
Equity shares of Rs. 10 each	3,00,000	Stock	1,68,000
General Reserve	1,70,000	Debtors	36,000
Profit and Loss A/c	1,10,000	Bank	56,000
6% Debentures	1,00,000		
Creditors	20,000		
	<u>10,00,000</u>		<u>10,00,000</u>

Purchase consideration is calculated as follows :

- Equity shares are to be redeemed at 5% premium by issuing e shares in Sonu Ltd.
- Nine preference shares in Sonu Ltd are to be issued for 5 preference shares in Mona Ltd. The face value of the preference s issued is of Rs. 10 each.

Calculate Purchase Consideration.

6. The Mithra Ltd is having the following paid up share capital :

- 30,000 Preference shares of Rs. 10 each Rs. 3,00,000
- 1,00,000 equity shares of Rs. 5 each Rs. 5,00,000

The resolution was passed to reduce the share capital as under :  
The preference shares are to be reduced to shares of Rs. 5 each  
Equity shares are to be reduced to shares of Rs. 1 each

The balance of capital reduction account is used to write off Prof Loss Account Rs. 1,75,000 and Goodwill Rs. 2,00,000 and lan building by Rs. 1,00,000. Pass required journal entries.



## SECTION - B

Answer **any four** of the following questions : (4 × 12 = 48)

7. What is ratio analysis? What are its uses and limitations?
8. Suman Ltd has just recovered from a great financial difficulty. Its Balance Sheet as on 31-12-2018 is as follows :

Liabilities	₹	Assets	₹
Equity Share capital	6,00,000	Buildings	4,00,000
5% Preference Share capital	4,00,000	Plant and Machinery	2,00,000
Creditors	1,50,000	Debtors	2,00,000
		Profit and Loss A/C	3,50,000
	<u>11,50,000</u>		<u>11,50,000</u>

Rajan Ltd is formed to take over buildings at Rs. 3,00,000, Plant and machinery at Rs. 1,40,000 and Stock at Rs. 60,000. Purchase consideration is to be satisfied by the issue of 7% Preference shares and Equity Shares (Rs. 10) in Rajan Ltd in the ratio of 3 : 2. Preference shareholders are to be settled in full by allotment of the new preference shares.

Sundry debtors realized Rs. 1,50,000. Rs. 1,10,000 was paid to creditors in full settlement. Cost of winding up amounted to Rs. 5,000

Show Realisation Account, Rajan Ltd Account, Preference Shareholders Account, Creditors Account and Equity Shareholders Account in the books of Suman Ltd.

9. The following is the Balance Sheet of Amar Ltd as on 31.12.2018.

Liabilities	₹	Assets	₹
Share capital	6,00,000	Goodwill	1,00,000
General Reserve	3,00,000	Plant	3,00,000
Profit and Loss Account	1,00,000	Furniture	1,00,000
6% Debentures	3,00,000	Land and Buildings	2,00,000
Trade Creditors	3,20,000	Stock	6,00,000
		Sundry Debtors	2,00,000
		Cash at Bank	1,00,000
		Preliminary expenses	20,000
	<u>16,20,000</u>		<u>16,20,000</u>

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Ajay Ltd takes over the business of Amar Ltd. On the following terms :

- (a) Goodwill is valued at Rs. 2,00,000 and other assets are considered w their book values
- (b) Ajay Ltd does not take over Cash at Bank
- (c) Purchase consideration is to be discharged by issuing 90,000 Ec shares of 10 each at par and the balance in cash.

Calculate Purchase Consideration and Pass necessary journal entri the books of Amar Ltd.

10. From the following data calculate :

- (a) Gross profit ratio
- (b) Net profit ratio
- (c) Stock turnover ratio
- (d) Current Ratio
- (e) Liquid Ratio
- (f) Proprietor Ratio

Sales	Rs. 25,20,000
Cost of Sales	Rs. 19,20,000
Net Profit	Rs. 3,60,000
Inventory	Rs. 8,00,000
Other Current Assets	Rs. 7,60,000
Fixed Assets	Rs. 14,40,000
Net Worth	Rs. 15,00,000
Debt	Rs. 9,00,000
Current liabilities	Rs. 6,00,000

11. X Ltd. went into voluntary liquidation on 1<sup>st</sup> July 2018. The Balance S the Company on this date was as follows :

Liabilities	₹	Assets	₹
Share capital :		Plant	2,00,0
12000 10% preference shares of		Stock	1,00,0
Rs. 10 each	1,20,000	Sundry Debtors	1,50,0
20000 Equity Shares of Rs. 10 each	2,00,000	Cash	3,0
5% Debentures	60,000	P & L A/c	30,
Trade Creditors	1,03,000		
	<u>4,83,000</u>		<u>4,83,</u>



Preference dividend was in arrears for one year and payable on liquidation. Plant and stock realized Rs. 2,75,000. Debtors worth Rs. 25,000 were bad. Creditors include Rs. 5,000 preferential. Liquidation expenses amounted Rs. 1,600. Liquidators remuneration was agreed at 2% on amount realized except cash and 2% on the amount distributed to the Equity Shareholders. Debenture holders were paid on 31.12.2018. Prepare Liquidators Final Statement of A/c.

12. From the following information, prepare the Profit and Loss Account of Bhagalaxmi Bank Ltd. as on 31<sup>st</sup> March 2018 and show the necessary schedules :

Interest on Loan	5,18,000
Interest on Fixed Deposits	5,50,000
Rebate on bills discounted required	98,000
Commission received	16,800
Salaries	1,08,000
Discount on bills	3,90,000
Interest on cash credits	4,46,000
Interest on current accounts	84,000
Rent and taxes	36,000
Interest on overdrafts	3,08,000
Directors Fees	6,000
Auditors Fees	2,400
Interest on Savings Bank Deposits	1,36,000
Postage and Stamp	2,800
Printing and Stationary	5,800
Sundry charges	3,400

Bad debts written off amounted to Rs. 80,000. Balance of profit from last year was Rs. 2,40,000. The directors have recommended a dividend of Rs. 40,000 for the year. Make a provision for Statutory Reserve at 20%.

SECTION - C

Answer **any two** of the following : (2 × 24 = 48)

13. Xylo Ltd. Decided to reconstruct the Company as 31.03.2018. On this date the Balance Sheet of the Company was as follows :

Liabilities	₹	Assets	₹
Share capital : 1,00,000		Fixed Assets	6,90,000
shares of Rs. 10 each	10,00,000	Stock	50,000
Current liabilities	20,000	Debtors	1,00,000
		Cash	10,000
		P & L Account	1,70,000
	<u>10,20,000</u>		<u>10,20,000</u>

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The scheme of Reconstruction was as Follows :

- (a) A new Company called New Xylo Ltd is to be established with a capital Rs. 10,00,000 divided into 1,00,000 shares of 10 each
- (b) The new Company has to purchase all liabilities and assets of the Company except cash for Rs. 7,70,000
- (c) The new Company issued 1,00,000 shares of Rs. 10 each, Rs. 7.70 p up to satisfy the purchase consideration
- (d) Reconstruction expenses amounted to Rs. 10,000.

The new company made a final call of Rs. 2.30 per share which was p in full.

Prepare necessary ledger accounts in the books of Xylo Ltd and show opening Journal entries and the Balance Sheet in the books of Xylo Ltd.

14. X Ltd and Y Ltd carrying on a similar business agreed to amalgamate transferring their undertaking to a new Co. called Z Ltd. The Balance Sheet of two companies as on the date of transfer were as follows :

Liabilities	X Ltd ₹	Y Ltd ₹	Assets	X Ltd ₹	Y Ltd ₹
Equity shares of			Fixed assets	2,70,000	1,40,000
Rs. 10 each	3,00,000	1,50,000	Stock	50,000	30,000
General Reserve	60,000	40,000	Debtors	80,000	60,000
Creditors	60,000	40,000	Bills Receivable	15,000	4,000
Bills Payable	5,000	10,000	Bank	10,000	6,000
	<u>4,25,000</u>	<u>2,40,000</u>		<u>4,25,000</u>	<u>2,40,000</u>

The terms of agreement were as follows :

- (a) The shareholder of Z Ltd issued 4 shares of Rs. 10 each at Rs. 12.50 share in exchange for 3 shares in X Ltd.
- (b) The assets and liabilities of Y Ltd. are to be taken at book values subject to 5% provisions on Debtors and Bills Receivable and 10% depreciation on fixed assets. Goodwill of Y Ltd was valued at Rs. 27,200. purchase consideration was settled in shares of Rs. 10 each at Rs. 12.50 per share.

Prepare Realisation a/c and equity share holders a/c in the books of X Ltd and Y Ltd show the opening Balance Sheet of Z Ltd using purchase method.

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15. The Balance Sheet of Arundathi Ltd. as on 31.12.2018 was as follows :

Liabilities	₹	Assets	₹
Authorized capital : 20000 equity shares of Rs. 10 each	2,00,000	Goodwill Land and Buildings Machinery	10,000 20,500 50,850
Paid up capital : 12000 Equity Shares of Rs. 10 each 120000		Preliminary expenses Stock	1,500 10,275
Less calls in arrears 9000 (Rs. 3 per share on 3000 shares)	1,11,000	Book debts Cash at Bank	15,000 1,500
Trade Creditors	15,425	Profit and Loss A/c	20,800
Provision for tax	4,000		
	<u>1,30,425</u>		<u>1,30,425</u>

The directors had a valuation made of machinery and found it overvalued by Rs. 10,000. It is proposed to write down this asset to its true value and to extinguish the deficiency in the profit and loss and to write off Goodwill and preliminary expenses by the adopting of the following course :

- Forfeit the shares on which the call is outstanding
- Reduce the paid up capital by Rs. 3 per share
- Reissue the forfeited shares at Rs. 5 per share
- Utilize the provision for taxes if necessary.

The shares on which the calls were in arrears were duly forfeited and reissued on payment of Rs. 5 per share. Give the necessary Journal entries and prepare Capital Reduction A/c. Also prepare the Reconstructed Balance Sheet.

16. The following is the trial balance of Gramya Bank Ltd. As on 31<sup>st</sup> March 2018 :

	Debit (Rs.)	Credit (Rs.)
Paid up capital : 50,000 equity shares		5,00,000
Reserve fund		2,50,000
Loans, cash credit and overdraft	2,85,000	
Premises	50,000	
Indian Govt. Securities	4,00,000	
Current Deposits		1,00,000
Fixed Deposits		1,25,000
Savings Bank Deposits		50,000

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	Debit (Rs.)	Credit (Rs.)
Recurring Deposits		20,000
Salary	28,000	
General Expenses	27,000	
Rent, Rates and Taxes	3,000	
Directors Fees	2,000	
Profit and Loss Account (1-4-2017)		16,000
Interest on Discount		1,20,000
Bills purchased and discounted	46,000	
Stock of stationary	8,000	
Commission and exchange		8,000
Interim dividend	17,000	
Investment	50,000	
Cash in hand and with RBI	1,93,000	
Money at call and short notice	50,000	
Balances with other banks	30,000	
	11,89,000	11,89,000

Additional Information :

- (a) Provision for bad and doubtful debts required amounting Rs. 1,500
- (b) Interest accrued on investment Rs. 6,000
- (c) Rebate on bills discounted Rs. 2,000
- (d) Outstanding rent amounted Rs. 500
- (e) Endorsement made on behalf of customers Rs. 1,15,000
- (f) Provide statutory reserve at 20%

Write necessary Schedules and prepare Profit and Loss Statement and a Balance Sheet in the prescribed form.

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## VI Semester B.Com. Degree Examination, April/May 2019

(Credit Based Semester Scheme)

(2016-17 batch onwards)

### COMMERCE

#### Financial Management – II

Time : 3 Hours]

[Max. Marks : 120

**Instructions :** Provide working notes wherever necessary.

#### SECTION – A

Answer **any four** questions :

(4 × 6 = 24)

- Madhura limited achieved an EPS of ₹ 8. Its cost of capital is 15% and Rate of Return is 20%.  
Determine its market price on the basis of Walter's Model when the dividend pay-out ratio is :  
(a) 25%  
(b) 50%
- Kishan and company issued equity shares of ₹ 10 each anticipating a share issue expenses of 20% on face value of the share. It is planning to declare a dividend of 30% for the current year. Calculate the cost of equity (a) if the shares are issued at par (b) if the shares are issued at a premium of 50%.
- Following is the Balance sheet of Keshnikar Ltd., as on 31-3-2018.

31-3-2017 ₹	Liabilities	31-3-2018 ₹	31-3-2017 ₹	Assets	31-3-2018 ₹
1,00,000	Share capital	1,00,000	57,500	Fixed assets	52,500
17,500	Profit and Loss a/c	32,500	40,000	Investments	75,000
25,000	Debentures	25,000	60,000	Current assets	50,000
15,000	Creditors	20,000			
<u>1,57,500</u>		<u>1,77,500</u>	<u>1,57,500</u>		<u>1,77,500</u>

Prepare Comparative Balance Sheet.

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P.T.O.



4. Explain any four functions of Treasury Management.
5. What is Operating Cycle? How it is calculated?
6. What are the activities of a 'Sponsor' of a Mutual Fund?

SECTION - B

Answer **any four** questions :

(4 × 12 = 48)

7. From the following data pertaining to a company. Compute operating cycle.

Particulars	Amount for the year (₹)
Stocks :	
Raw materials	35,000
Work-in-progress	20,000
Finished goods	25,000
Purchase of raw materials	1,05,000
Cost of goods sold	2,00,000
Sales	2,25,000
Debtors	75,000
Creditors	35,000

Also estimate the size of working capital based on operating cycle. You can assume 360 days in a year for the purpose of calculation.

8. The financial details of eight fertilizer companies for the year 2018-19 are given below along with expected growth rates. Calculate their cost of equity shares.

Sl. No.	Company	Face Value (₹)	Dividend (%)	Market Price (₹)	Estimated Growth Rate (%)
1	A Co. Ltd.	10	18	34	4
2	B Co. Ltd.	2	85	77	6
3	C Co. Ltd.	2	225	281	8
4	D Co. Ltd.	10	38	103	5
5	E Co. Ltd.	10	20	78	5
6	F Co. Ltd.	10	15	190	6
7	G Co. Ltd.	10	10	34	4
8	H Co. Ltd.	10	18	234	7



9. Apply Modigliani-Miller model to determine the share prices of the following companies after the declaration of dividend.

Company	Face Value (₹)	Price before declaration of dividend	Dividend per share	Cost of Equity (%)
A	10	81	5	8
B	10	123	8	12
C	10	425	15	11
D	10	75	6	7
E	10	135	10	6

10. X Ltd., provide the data about the sales and inventory for a period of six years. Determine the trend values keeping the earliest years' figures as the basis.

Year	Sales (₹ in Crore)	Inventory (₹ in Crore)
2012	1,100	220
2013	1,100	210
2014	1,700	280
2015	1,900	360
2016	2,500	480
2017	2,300	400
2018	2,000	410

11. What are the methods for improving the liquidity position of a company?
12. What is an Asset Management Company? What are the features of an Asset Management Company?



SECTION - C

Answer **any two** questions : (2 × 24 =

13. The proforma cost sheet of a company shows the following particulars :

Elements of cost	Amount per unit (Rs.)
Raw materials	70
Direct labour	30
Overheads	50
Total cost	<u>150</u>
Profit	<u>50</u>
Selling price	<u>200</u>

The following particulars are available :

- (a) Raw materials are in stock on an average for two months
- (b) Materials are in process on an average for one month
- (c) Finished goods are in stock on an average for two months
- (d) Credit allowed by creditors is two months
- (e) Credit allowed to customers is two months
- (f) Lag in payment of wages and overhead expenses is one month
- (g) 1/4 of the output is sold for cash
- (h) Cash in hand is expected to be Rs. 30,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 100000 units of production.

14. The following information has been extracted from the Balance Sheet of Mr. Prajwal as on 31-12-2018.

Equity share capital	₹ 400
12% Debentures	₹ 400
18% Term Loan	₹ 1,200
	<u>₹ 2,000</u>



- (a) Determine the weighted average cost of capital of the company, if it had been paying dividend at a consistent rate of 20% per annum.
- (b) What difference will it make, if the current price of ₹ 100 share is ₹ 160.
- (c) Determine the effect of income tax on the cost of capital under both premises (Tax rate is 40%).

15. The following details are presented relating to a firm.

	April (Actual) ₹	May (Estimated) ₹	June (Estimated) ₹
Wages and Salaries	2,90,000	3,00,000	4,10,000
Sales	12,00,000	14,00,000	16,00,000
Purchases	5,00,000	6,00,000	8,00,000
Excise duty	40,000	50,000	60,000
Income tax	Nil	Nil	30,000
Closing balance of Cash	4,50,000	?	?

- (a) 50% of wages and salaries are payable in the next month
- (b) 50% of purchases represent credit purchase. Out of the credit purchases, 50% is payable in the same month, 25% one month after (next month) and remaining 25% after two months
- (c) 50% of sales represent credit sales. Out of the credit sales, 60% are received in the same month at the cash discount of 2%, 20% is received in the next month at a cash discount of 1% and remaining 20% after two months without any cash discount
- (d) Excise duty of each month is payable in the next month
- (e) In April, the firm invested ₹ 9,00,000 into Fixed Deposit with State Bank of India @ 4% interest for 3 months. The interest is payable by the bank every month

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- (f) An old machine is sold in April for ₹ 1,25,000. The cash is expected to be received in May
- (g) A new machine is expected to be purchased in May for ₹ 2,00,000, which payment is expected to be made in June.

Prepare the Cash Budget for May and June.

16. Explain the factors affecting the Dividend Policy of a firm.

	April (Actual)	May (Estimated)	June (Estimated)
Wages and Salaries	2,50,000	2,50,000	2,50,000
Sales	12,00,000	12,00,000	12,00,000
Purchases	8,00,000	8,00,000	8,00,000
Excise duty	40,000	50,000	60,000
Income tax	Nil	Nil	30,000
Opening balance of Cash	4,50,000		
50% of wages and salaries are payable in the next month			
50% of purchases represent credit purchases. Out of the credit purchases, 50% is payable in the same month, 25% one month after, and remaining 25% after two months.			
50% of sales represent credit sales. Out of the credit sales, 50% are received in the same month at the cash discount of 2%, 20% is received in the next month at a cash discount of 1% and remaining 30% after two months without any cash discount.			
Fixed duty of each month is payable in the next month.			
In April, the firm invested ₹ 9,00,000 into Fixed Deposit with State Bank of India @ 4% interest for 3 months. The interest is payable by the bank every month.			

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**VI Semester B.Com. Degree Examination, April/May 2019***(Credit Based Semester Scheme)**(2015-16 batch and earlier batches)***COMMERCE****Paper II — Financial Management**

Time : 3 Hours]

[Max. Marks : 120

**Instructions :** *Provide working notes wherever necessary.*

## SECTION – A

Answer **any four** questions :**(4 × 6 = 24)**

1. Sun Rays Ltd. has surplus funds. It wants to invest the fund at 14% in such a way that it can withdraw partially an amount of Rs. 1,00,000 after 4 years and Rs. 2,00,000 after 6 years. Determine the amount to be invested now.
2. What is operating cycle? How is it calculated?
3. Punjab National Bank issued 12% Perpetual debentures of Rs. 100 each. Tax rate applicable to the Bank is 40%. The issue expenses is 5% of net sale proceeds of issue of debentures. What is the cost of debentures when it is issued –
  - (a) at a discount of 10%
  - (b) at a premium of 20%
4. The expected earnings of company is Rs. 10 and cost of equity is 10%. The market price of the share at the beginning is Rs. 100. Under M-M Model determine market price of the share at the end of the current period.
  - (a) when dividend is not declared
  - (b) when dividend pay-out ratio is 100%.
5. What are the activities of a sponsor in a mutual fund?
6. What are the merits of liberal dividend policy?





SECTION – B

Answer **any four** questions :

(4 × 12 = 48)

7. Give a brief account of factors promoting venture capital financing.
8. Explain the term Bonus Shares. What are the benefits of bonus shares to the company and to the shareholders?
9. A project requiring Rs. 2,00,000 of initial investment is expected to result in the following cash flows over an investment horizon of 6 years. Assuming interest at 8%, determine whether the project is worth implementing?

Year	Cash Flow (Rs.)
1	30,000
2	34,000
3	40,000
4	28,000
5	32,000
6	56,000

10. From the following data pertaining to a company, compute the operating cycles for each of the two years. Also estimate the amount of working capital for both the years.

Particulars	I Year (Rs.)	II Year (Rs.)
Stocks :		
Raw materials	20,000	27,000
Work-in-progress	14,000	18,000
Finished goods	21,000	24,000
Purchase of Raw materials	96,000	1,35,000
Cost of goods sold	1,40,000	1,80,000
Sales	1,60,000	2,00,000
Debtors	32,000	50,000
Creditors	16,000	18,000

You can assume 360 days in a year for the purpose of calculation.

11. Using following data, calculate the share prices based on Gordon's model.

Particulars	OK Ltd	Yes Ltd	NO Ltd
Return on investment	19%	14%	13%
Cost of equity	18%	19%	15%
EPS	Rs. 9	Rs. 9	Rs. 9
Retention Ratio	30%	30%	30%



12. Olive Co. Ltd has the following capital structure.

Equity share capital (Rs. 10 each)	Rs. 4,00,000
18% preference share capital (Rs. 100 each)	Rs. 3,00,000
12.5% Debentures (Rs. 100 each)	Rs. 8,00,000
12% Term Loan	Rs. 5,00,000

Additional Information :

- The current market prices of the Equity Share is ₹ 64
- The dividend on Equity shares is Rs. 8 per share which is expected to grow at 5%
- The corporate tax rate is 30%

Calculate the weighted Average cost of capital.

SECTION - C

Answer **any two** questions :

(2 × 24 = 48)

13. Explain in detail the role and functions of different parties to a Mutual Fund.
14. Give a brief account of the factors affecting dividend policy.
15. Prepare an estimate of working capital requirements from the following data of a manufacturing company.

Sales – Credit period 3 months	Rs. 48,00,000
Raw materials purchased	Rs. 18,00,000
Wages paid – 15 days in arrears	Rs. 10,80,000
Manufacturing expenses – 1 month in arrears	Rs. 4,80,000
Administrative expenses – 1 month arrears	Rs. 1,20,000
Sales promotion expenses payable in advance for 3 months	Rs. 1,20,000
Income tax payable	Rs. 1,00,000

The company enjoys one month's credit from the suppliers of Raw materials. It maintains two months stock of raw materials and two months stock of finished goods. Cash balance is maintained at Rs. 50,000. Assume 10% for contingencies.



16. Three companies A, B and C present the following financial details.

Company	A	B	C
Return on investment	30%	25%	20%
Earning per share	Rs. 16	Rs. 12	Rs. 8
Cost of equity	18%	25%	22%

Using Walters Dividend model, calculate the share prices for :

- (a) 0%
- (b) 25%
- (c) 50%
- (d) 75% dividend pay-out ratio.