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BBABMC 212/BBMBMC 212

**III Semester B.B.A./B.B.M. Degree Examination,
October/November 2019**

(Credit Based Semester Scheme)

(2012 Scheme)

Corporate Accounting - I

Time : 3 Hours]

[Max. Marks : 120

Instructions : Provide working notes wherever necessary.

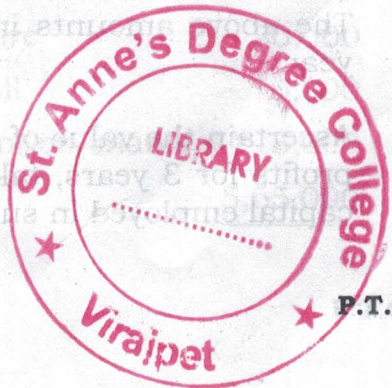
SECTION - A

(2 marks each)

1. Answer **any ten** questions :

(10 × 2 = 20)

- (a) What do you mean by cumulative preference share?
- (b) What is calls in arrears?
- (c) What do you mean by 'Capital Redemption Reserve'?
- (d) What is under-subscription of shares?
- (e) What are contingent liabilities?
- (f) What do you mean by post incorporation profits?
- (g) State the various methods of valuing goodwill.
- (h) How audit fees is treated under profit prior to incorporation account?
- (i) How do you deal with the following items in final accounts in joint stock companies?
 - (i) Bank overdraft
 - (ii) Salaries
- (j) What are marked applications?



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(k) A company offers to its existing shareholders the right to buy one share of Rs. 100 each at Rs. 120 for every two shares held. The market value of the share is Rs. 240. Calculate the value of right.

(l) What is cash bonus?

SECTION B

(8 marks each)

Answer **any five** :**(5 × 8 = 40)**

2. What are the conditions which must be fulfilled for the redemption of preference shares?
3. Explain the process of book building.
4. The following is the balance sheet of 'Magnum Ltd.' as on 31.3.2018.

| Liabilities | Rs. | Assets | Rs. |
|---------------|-----------------|------------------|-----------------|
| Share capital | 3,28,000 | Land & buildings | 72,000 |
| Reserve fund | 80,000 | Plant | 1,09,000 |
| Creditors | 50,000 | Investment | 60,000 |
| Bills payable | 26,080 | Stock | 52,700 |
| | | Bank | 1,51,980 |
| | | Debtors | 38,400 |
| | <u>4,84,080</u> | | <u>4,84,080</u> |

The following were the net profits for the year ended :

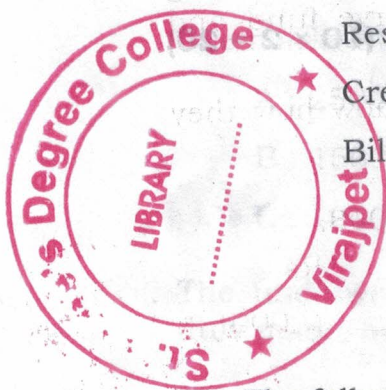
2015 - 16 Rs. 64,560

2016 - 17 Rs. 73,740

2017 - 18 Rs. 86,700

The above amounts include income from investments Rs. 3,600 each year.

Ascertain the value of goodwill at 2 years purchase of the average super profits for 3 years, taking into account the standard rate of return on capital employed in such type of business is 10%.





5. Ashish Ltd., has authorized capital of Rs. 50,00,000 divided into 50,000 equity shares of Rs. 100 each. The entire issue was underwritten as follows :

A - 30,000 shares (firm underwriting - 5000 shares)

B - 15,000 shares (firm underwriting - 2000 shares)

C - 5,000 shares (firm underwriting - 1000 shares)

Out of the total issue 45,000 shares including firm underwriting were subscribed. The following were the marked forms :

A - 16000 shares ; B - 10,000 shares ; C - 4,000 shares.

Calculate the liability of each underwriter.

6. The following are extracts from the balance sheet of a limited company.

Issued/subscribed/calledup/paidup capital Rs. 4,00,000

Reserve fund Rs. 2,40,000

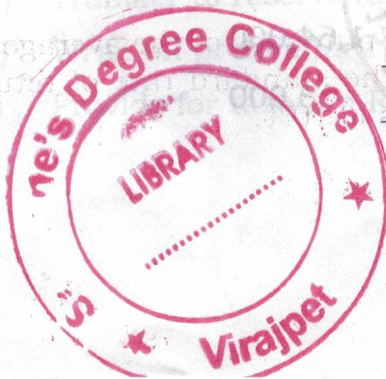
Profit & Loss a/c Rs. 1,20,000

It was resolved to declare a bonus of 40% on equity shares by issuing equity shares to be provided Rs. 1,20,000 out of reserve fund and balance out of profit and loss account.

Set out journal entries to give effect to the above and show how they would affect the balance sheet.

7. The following is the balance sheet of "A" Ltd., as on 31.3.2018.

| Liabilities | Rs. | Assets | Rs. |
|---|-----------------|--------------------|-----------------|
| 3000 equity shares of Rs. 100 each | 3,00,000 | Cash in hand | 2,000 |
| 1500 8% preference shares of Rs. 100 each | 1,50,000 | Cash at bank | 20,000 |
| General reserve | 40,000 | Sundry debtors | 80,000 |
| Profit and Loss a/c | 10,000 | Stock | 1,40,000 |
| Bank loan | 50,000 | Land & Buildings | 2,05,000 |
| Sundry creditors | 15,000 | Furniture | 30,000 |
| | | Goodwill | 70,000 |
| | | Discount on shares | 18,000 |
| | <u>5,65,000</u> | | <u>5,65,000</u> |





The value of assets were as follows :

- (a) Furniture to be depreciated at 10%.
- (b) Debtors are expected to realized 80% of book value.
- (c) Value of stock, land and buildings and goodwill is estimated at Rs. 1,20,000, Rs. 2,50,000 and Rs. 80,000 respectively.

Find out the intrinsic value of equity share.

8. Ahuja Ltd., has 100,000 equity shares of Rs. 10 each and 80,000, 12% preference shares of Rs. 10 each. The company transfers 10% of divisible profits to reserve every year. The expected profit before tax is Rs. 4,00,000. The rate of tax is 30%. Normal rate of return is 12%.

Compute the value of each equity shares under yield method.

SECTION C

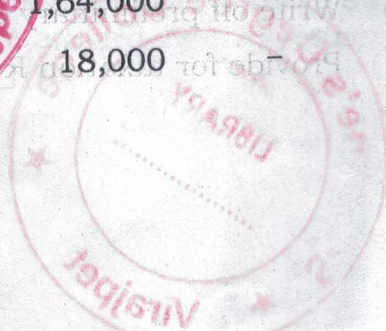
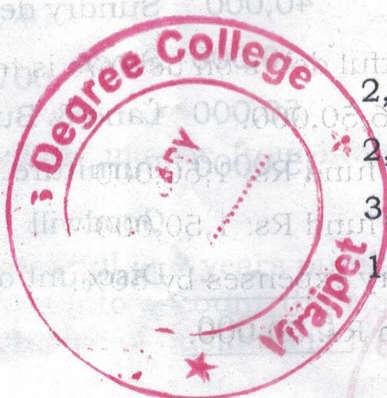
(20 marks each)

Answer any three :

(3 × 20 = 60)

9. From the following trial balance of Gururaj Ltd., as on 31.3.2018, prepare final accounts in vertical form with relevant notes :

| Particulars | Dr. | Cr. |
|---------------------|-----------|-----------|
| | Rs. | Rs. |
| Opening stock | 3,26,000 | - |
| Purchases and sales | 24,80,000 | 37,60,000 |
| Wages | 2,64,000 | - |
| Salaries | 2,48,000 | - |
| Rent | 96,000 | - |
| Commission | 12,000 | - |
| Interim dividend | 2,00,000 | - |
| Cash | 2,68,000 | - |
| Debtors | 3,60,000 | - |
| Bills receivable | 1,64,000 | - |
| Bad debts | 18,000 | - |

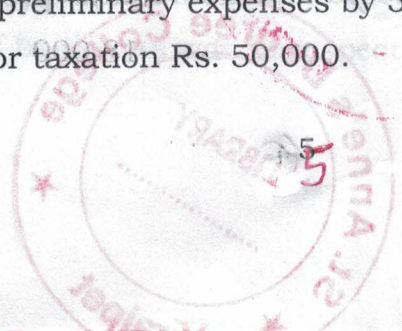
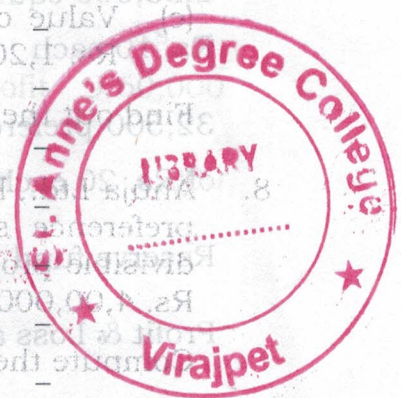




| Particulars | Dr. | Cr. |
|---------------------------------------|------------------|------------------|
| Preliminary expenses | 1,20,000 | |
| Investment | 3,46,000 | |
| Discount | 60,000 | |
| Goodwill | 2,40,000 | |
| Interest on debentures | 24,000 | |
| Furniture | 2,12,000 | |
| Plant & Machinery | 9,66,000 | |
| Land & Buildings | 17,40,000 | |
| Sales returns | 92,000 | |
| 2,00,000 equity shares of Rs. 10 each | - | 20,00,000 |
| Interest | - | 40,000 |
| Profit and loss a/c | - | 4,48,000 |
| Reserve fund | - | 3,60,000 |
| Creditors | - | 5,48,000 |
| Bills payable | - | 76,000 |
| Discount | - | 92,000 |
| 6% debentures | - | 8,00,000 |
| Purchase returns | - | 1,00,000 |
| Transfer fees | - | 6,000 |
| | <u>82,30,000</u> | <u>82,30,000</u> |

Adjustments :

- (a) Provision for doubtful debts on debtors is to be made at 5%.
- (b) Closing stock Rs.16,50,000.
- (c) Transfer to reserve fund Rs. 1,50,000
- (d) Transfer to reserve fund Rs. 1,50,000.
- (e) Write off preliminary expenses by 50%.
- (f) Provide for taxation Rs. 50,000.



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10. Following is the balance sheet of Emperor Ltd. as on 31.3.2018.

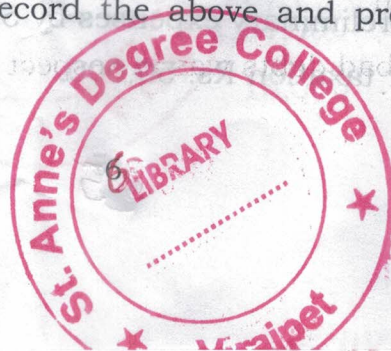
| Liabilities | Rs. | Assets | Rs. |
|---|------------------|-------------------|------------------|
| 2,25,000 equity shares of Rs. 10 each | 22,50,000 | Plant & Machinery | 12,50,000 |
| 32,500 preference shares of Rs. 20 each | 6,50,000 | Furniture | 4,60,000 |
| Reserve fund | 1,60,000 | Stock | 7,50,000 |
| Profit & Loss a/c | 3,00,000 | Debtors | 10,00,000 |
| Creditors | 5,00,000 | Investments | 1,75,000 |
| Bills payable | 50,000 | Cash at bank | 3,00,000 |
| Provision for taxation | 25,000 | | |
| | <u>39,35,000</u> | | <u>39,35,000</u> |

The company decided to redeem its preference shares at a premium of 5% and in order to facilitate the redemption, it was decided :

- To sell investments for Rs. 1,50,000
- To finance part of the redemption from company's fund subject to leaving a balance of Rs. 1,00,000 in the profit and loss account.
- To issue sufficient number of equity shares of Rs. 10 each at a premium of Rs. 2.50 per share to raise the balance of funds.

The preference shares are redeemed on the due date and the equity shares are fully subscribed.

Pass journal entries to record the above and prepare balance sheet after redemption.





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11. Shadow Ltd., was incorporated on 1.5.2018 to take over a business from 1.1.2018. Profit and loss account showed the following results.

Profit and Loss Account for the year ending 31.12.2018

| | Rs. | | Rs. |
|--|----------|------------------------|----------|
| To Salaries | 1,20,000 | By Gross profit | 9,60,000 |
| To Rent | 48,000 | b/d | |
| To Directors fees | 30,000 | By bad debts recovered | 4,000 |
| To Commission on sales | 24,000 | | |
| To Office expenses | 1,20,000 | | |
| To Bad debts | 5,000 | | |
| To Discounts | 36,000 | | |
| To Audit fees | 6,000 | | |
| To Depreciation | 18,000 | | |
| To Debentures interest | 10,000 | | |
| To Interest on purchase consideration upto 1.10.2018 | 45,000 | | |
| To Preliminary expenses | 50,000 | | |
| To Carriage outwards | 12,000 | | |
| To Net profit | 4,40,000 | | |
| | 9,64,000 | | 9,64,000 |



Additional information :

- (a) Out of total sales Rs. 48,00,000, sales for the pre-incorporation period was Rs. 20,00,000
- (b) Out of bad debts Rs. 2,000 relates to debts created prior to incorporation.
- (c) Recovery of bad debts was in respect of debts written off in 2017.

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(d) Rent upto 30.4.2018 was Rs. 1,000 per month and thereafter it was increased to Rs. 5,500 p.m.

(e) Salaries for the post-incorporation period was Rs. 96,000.

Apportion the profits into pre and post incorporation profits.

12. X Ltd., issued 10,000 shares of Rs. 10 each at a premium of Rs. 1 per share. The money was payable as follows :

On application Rs. 2

On allotment (including premium) Rs. 5

Balance on call

The entire issue was underwritten as follows :

A : 5000 shares (firm underwriting 2000 shares)

B : 3000 shares (firm underwriting 1000 shares)

C : 2000 shares (firm underwriting 500 shares)

Shares applied for were 7500 shares.

The marked forms including firm underwriting were :

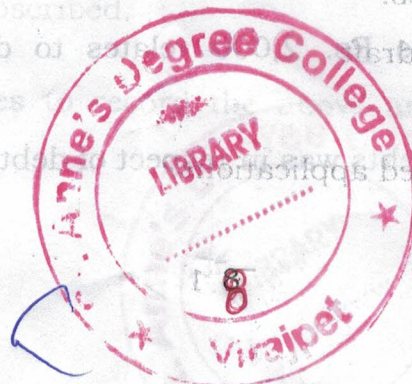
A : 2500 shares

B : 1500 shares

C : 1000 shares.

The underwriters were entitled to a commission of 5%. The call was duly made, and all allottees including the underwriters paid the money.

Calculate the liability of each underwriter. Also pass the necessary journal entries in the books of the company for recording the above transactions.



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BBABMC 211/BBMBMC 211

**Credit Based III Semester B.B.A./B.B.M. Degree
Examination, Sept./Oct. 2020
(2012 Scheme) (Repeaters)
INCOME TAX**

Time : 3 Hours

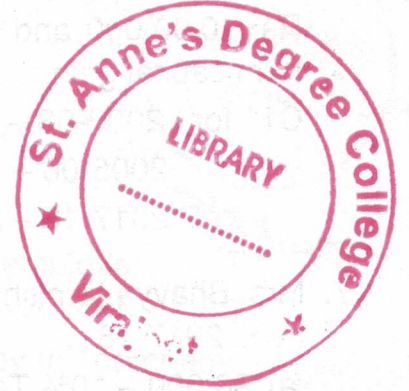
Max. Marks : 120

Instruction : Show the working notes *wherever* necessary.

SECTION – A (2 marks each)

Answer **any ten** in **one** or **two** sentences **each** : (2×10=20)

1. a) What is tax-free income ?
- b) Give the meaning of assessee.
- c) What is gratuity ?
- d) Mention the twin objectives of levying income tax.
- e) What is previous year ?
- f) Who is specified employee ?
- g) What is short term capital asset ?
- h) What is grossing up of interest ?
- i) State any two characteristics of income.
- j) What is expected rent ?
- k) What is perquisite ?
- l) Give an example of party agricultural income.



SECTION – B (8 marks each)

Answer **any five** :

(8×5=40)

2. How do you determine residential status ?
3. Explain the kinds of securities.
4. Following are the taxable income of Mr. Sathish for the P.Y. 2017-2018 :
 - a) Income from house property in Mysore Rs. 1,00,000.
 - b) Income from Business in Singapore Rs. 1,50,000.
 - c) Dividend from Indian company Rs. 10,000.
 - d) Income from business in Singapore controlled from Mysore Rs. 85,000.

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- e) Income from Agriculture in Mangalore Rs. 50,000.
- f) Income from business in Dubai Rs. 2,00,000 (half received in India).
- g) Income from house property in U. K. Rs. 1,80,000.

Compute total income if he is :

- i) OR
- ii) NOR
- iii) NR.

5. Mr. Yogeesh retired on 30th September 2017 after serving for 22 years and 4 months. His salary at the time of retirement was Rs. 21,000. Annual increment of Rs. 500 falls due on 1st June every year. He received a gratuity of Rs. 3,00,000. He also commuted $\frac{1}{2}$ of his pension and received Rs. 60,000.

Compute taxable gratuity and taxable commuted pension for the A. Y. 2018-2019.

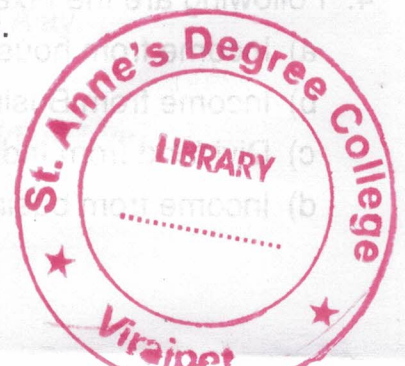
6. Mrs. Nisha sold the residential house for Rs. 25,00,000 in November 2017. This house was purchased in 2002-03 for Rs. 4,00,000. She has spent Rs. 50,000 in 2005-06 for additions to the house. The selling expenses amounted to Rs. 20,000. In May 2018 she purchased another house for Rs. 10,00,000 and deposited Rs. 2,00,000 in CGAS. Find out taxable long term capital gain.

C11 for 2002-03 – 105
2005-06 – 117
2017-18 – 272.

7. Mrs. Bhavya furnishes the following particulars of her income for the P. Y. 2017-18

- a) 80,000 – 10% Tax free debentures of a company.
- b) 10,000, 7% Goa govt loan.
- c) Interest on fixed deposit in SBI 5,000.
- d) Directors fees Rs. 10,000.
- e) Winning from lottery Rs. 35,000 (Net)
- f) Income from letting machinery and plant Rs. 21,000.
- g) Winning from horse race Rs. 14,000 (Net).
- h) Dividend from Indian company Rs. 15,000.

Compute the income from other sources.





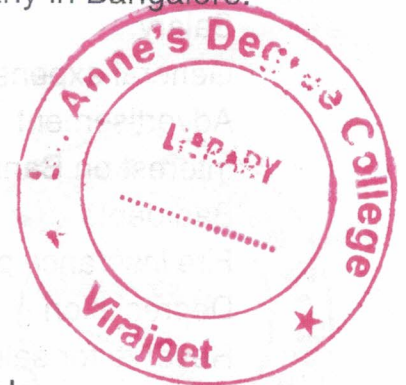
8. Calculate the qualifying amount under Section 80C for the A. Y. 2018-19 :
- Life Policy premium Rs. 10,000.
 - Contribution to RPF Rs. 20,000.
 - Investments in ULIP Rs. 5,000.
 - Fixed deposit in SBI for 5 years Rs. 20,000.
 - Tuition fee of one child Rs. 20,000.
 - Repayment of housing loan (including interest of Rs. 30,000) Rs. 55,000.
 - Investment in NSC Rs. 25,000.
 - Interest on NSC received Rs. 2,000.

SECTION – C (20 marks each)

Answer any three :

(20×3=60)

9. Mr. Ramprasad is working as marketing manager in a company in Bangalore. He provides the following particulars of his income :
- Basic Rs. 22,000 p.m.
 - DA Rs. 1,500 p.m.
 - Bonus Rs. 10,000
 - CCA Rs. 500 p.m.
 - Entertainment Allowance Rs. 250 p.m.
 - Hostel Allowance Rs. 400 p.m. per child
 - He contributes 13% of his salary to RPF to which the employer contributes equally. Interest on RPF at 10.5% amounted to Rs. 10,500.
 - He is provided with rent free furnished house owned by the company. The company furnished the house with the furniture worth Rs. 80,000.
 - Company paid his club bill amounting Rs. 5,000.
 - Company provided the service of gardner and watchman who are paid Rs. 600 p.m. and Rs. 900 p.m. respectively.
 - He made the following payment during the year :
 - Rs. 15,000 deposited in PPF.
 - Rs. 20,000 invested in NSC.
 - Rs. 2,400 professional tax. Compute the taxable salary and deduction U/S 80C (city population above 25 lakh).





10. Compute income from house property of Mr. Nithin from the following particulars.

| Particulars | I | II | III | IV |
|--------------------|---------|----------|---------|---------------|
| Purpose | Let out | Let out | Let out | Self occupied |
| Municipal value | 42,000 | 38,000 | 50,000 | 45,000 |
| FRV | 45,000 | 35,000 | 45,000 | 55,000 |
| Rent received | 50,000 | 40,000 | 48,000 | - |
| Standard Rent | 48,000 | 36,000 | 55,000 | 66,000 |
| Collection charges | 1,000 | - | - | - |
| Repairs | 2,000 | 3,000 | - | 1,000 |
| Municipal Tax paid | 5,000 | 4,000 | - | - |
| Municipal Tax due | - | - | 4,500 | 4,000 |
| Vacancy | - | 2 months | 1 month | - |

For the construction of III House, he had borrowed Rs. 5,00,000 at 12% p.a. on 1-12-2014. The house was completed on 1-7-2016. This loan is not cleared.

11. From the following P & L A/c of Mr. Ajay, compute his total income for the previous year 2017-2018 :

| | Rs. | | Rs. |
|-------------------------------|-----------------|----------------------|-----------------|
| Salary | 20,000 | Gross Profit | 2,95,000 |
| General expenses | 20,000 | Bad debts recovered | 2,000 |
| Advertisement | 4,000 | Rent received | 3,000 |
| Interest on Bank loan | 2,500 | Dividend | 3,000 |
| Bad debts | 2,000 | Interest on POSB A/c | 1,000 |
| Fire insurance premium on LOP | 1,000 | | |
| Depreciation | 4,000 | | |
| Reserve for sales tax | 15,000 | | |
| Income tax | 6,000 | | |
| Motar car expenses | 2,000 | | |
| Net profit | 2,27,500 | | |
| Total | 3,04,000 | | 3,04,000 |

Consider the following :

- Salary includes Rs. 500 p.m. drawn by Ajay as salary
- Advertisement includes Rs. 1,400 being cost of wooden show case purchased.
- ¼ of the car expenses relate to personal use of Mr. Ajay.
- Actual bad debt amounted to Rs. 3,000.

12. Explain the provisions related to different types of provident fund.

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BBABMC 209/BBMBMC 209

**Credit Based III Semester B.B.A./B.B.M. Degree Examination,
September/October 2020
(2012 Scheme)
(Repeaters)
COMMERCIAL LAW**

Time : 3 Hours

Max. Marks : 120

- Instructions :**
- 1) Support your answer with **relevant** case laws.
 - 2) Section – **A** : Answer in **one or two sentences each**.
 - 3) Section – **B** : Answer in **not more than two pages each**.
 - 4) Section – **C** : Answer in **not more than six pages each**.

SECTION – A (2 Marks Each)

Answer **any ten** questions.

(2×10=20)

1. a) What do you mean by 'expost facto void' contract ?
- b) Give the meaning of "Nudum pactum".
- c) What is bilateral mistake ?
- d) Give the meaning of cross offer.
- e) Give the meaning of champerty.
- f) What is remission ?
- g) When can court award vindictive damages ?
- h) Give two exceptions to privity of contract.
- i) What is patent ?
- j) Give two examples for non-negotiable instruments.
- k) Give the meaning of digital signature.
- l) Mention two objectives of enacting RTI Act.

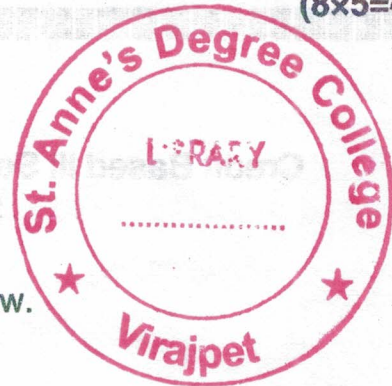




SECTION – B (8 Marks Each)

(8x5=40)

2. Distinguish between cheque and bill of exchange.
3. Explain the features of Right to Information Act.
4. Explain the case Mohiribibi V/s Dharmodas Ghosh.
5. Explain the important sources of Indian mercantile law.
6. Briefly explain the different kinds of contract.
7. Define and differentiate between misrepresentation and fraud.
8. Mention the objectives of Information Technology Act, 2000.



SECTION – C (20 Marks Each)

(20x3=60)

9. Define contract. Explain the essentials of valid contract.

OR

Describe the legal maxim “Ex Nudo Pacto non oritur actio” and bring out the rules governing the consideration.

10. Define acceptance. Explain the essential elements of valid acceptance.

OR

What objects are unlawful ? Explain the agreements which are opposed to public policy.

11. Explain the performance of contract and also describe the modes of discharge of contract.

OR

“Where there is a right, there is a remedy”. Explain this statement with different remedies available for breach of contract.

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BBABMC 207/BBMBMC 207

**Credit Based III Semester B.B.A./B.B.M. Degree Examination,
September/October 2020
(2012 Scheme) (Repeaters)
BUSINESS MATHEMATICS**

Time : 3 Hours

Max. Marks : 80

- Instructions :** 1) *Mathematical tables will be supplied on request.*
2) *Use of scientific calculator is not permitted.*

**SECTION – A
(One mark each)**

Answer **any ten** of the following :

1. a) What is column matrix ? Give an example.

b) Write down adjoint of a matrix $A = \begin{bmatrix} 3 & -2 \\ 1 & 5 \end{bmatrix}$.

c) If $A = \begin{bmatrix} 2 & 3 \\ -1 & 2 \end{bmatrix}$ and $B = \begin{bmatrix} -4 & -3 \\ 2 & 1 \end{bmatrix}$. Find $A - B$.

d) In an A.P., first term is 2 and common difference is 5. Find the 10th term.

e) Find the value of 'X' if $\log_2 X = 4$.

f) Define the term annuity due.

g) What is trade discount ?

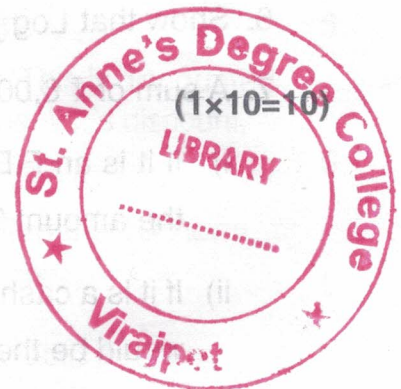
h) What is the difference between nominal and effective rate of interest ?

i) Divide 128 in the ratio 3 : 5.

j) Define Banker's discount.

k) Find the common ratio of the G.P. $\frac{1}{2}, -\frac{1}{4}, \frac{1}{8}, \dots$

l) Calculate simple interest on ₹ 3,000 for 7 years at 14% p.a.



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SECTION – B
(5 marks each)

Answer **any five** of the following :

(5×5=25)

2. Solve the equation $\frac{x}{5} + \frac{10}{x} = 3$.

3. If $A = \begin{bmatrix} 2 & 8 \\ 4 & 4 \end{bmatrix}$ and $B = \begin{bmatrix} 2 & 0 & 1 \\ 7 & -2 & 3 \end{bmatrix}$ find AB and $B'A'$.

4. If the 8th term of an AP is 103 and the 12th term is 91, write down the A.P.

5. 10 men can build a house in 80 days. If the house has to be built in 60 days.

How many men should work ?

6. Show that $\text{Log} \frac{9}{14} + \text{Log} \frac{35}{24} - \text{Log} \frac{15}{16} = 0$.

7. A sum of ₹ 6,000 is deposited in a bank for 2 years.

i) If it is an F.D. carrying a simple interest at 9% per annum, what would be the amount ?

ii) If it is a cash certificate carrying compound interest at 9% per annum, what would be the amount ?

8. A firm manufactures articles whose marked price is ₹ 25,750 per unit. A trader buys 5 such articles. If trade discount is 10%, what would be the bill amount ?

If cash discount is 2% for immediate payment, what would be the payment ?

SECTION – C
(15 marks each)

Answer **any three** of the following :

(15×3=45)

9. a) Solve the equations using Cramer's rule.

$$2x + 3y + 4z = 29$$

$$x + y + z = 13$$

$$3x + 2y + z = 16$$

b) Solve the quadratic equation using formula $3x^2 - 5x - 2 = 0$.

10

5



10. a) Find the co-factor and inverse matrix of the matrix.

$$A = \begin{bmatrix} 1 & 2 & 4 \\ 2 & 1 & 2 \\ 3 & 1 & 2 \end{bmatrix}$$

10

b) Find the equated due date of payment of the following bills :

- i) ₹ 500 due on 10th August
- ii) ₹ 1,000 due on 15th September
- iii) ₹ 2,500 due on 10th October
- iv) ₹ 4,000 due on 25th October.

5

11. a) Find the effective rate of interest in each of the following cases.

- i) ₹ 2,000 lent at 12% p.a. interest being compounded half yearly
- ii) ₹ 5,000 lent at 6% p.a. interest compounded quarterly.

5

b) A bill with a face value of ₹ 20,000 matures in three months. This is discounted with a bankers at an interest rate of 12% p.a. Calculate the banker's discount, true discount and banker's gain.

5

c) In a G.P., the first term is 2 and the common ratio is 2. Find the 10th term and the sum to 10 terms.

5

12. a) Find the period in which ₹ 6,000 at 15% simple interest would become ₹ 8,700.

5

b) Find the compound interest on ₹ 10,000 for 2 years at 8% P.A., if the interest is compounded half yearly.

5

c) Find the present value of an annuity immediate of ₹ 4,000 per annum for 4 years at 6%.

5

17

