

**Credit Based Fifth Semester B.Com. Degree
Examination, November/December 2015
COMMERCE
Business Law (2008-09 Batch)**

Time : 3 Hours

Max. Marks : 120

SECTION – A

ವಿಭಾಗ - ಎ

Answer **any four** questions :

(4×6=24)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

1. Write a note on 'Voidable Contract'.

ಅನೂರ್ಜಿತವಾಗಬಲ್ಲ ಒಪ್ಪಂದದ ಬಗ್ಗೆ ಒಂದು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

2. Define bailment and bring out the essentials of bailment.

ನಿಕ್ಷೇಪಣೆಯ ವ್ಯಾಖ್ಯೆ ನೀಡಿ. ನಿಕ್ಷೇಪಣೆಯ ಅವಶ್ಯಕತೆಗಳನ್ನು ವಿವರಿಸಿ.

3. What are the essentials of fraud ?

ವಂಚನೆಯ ಅವಶ್ಯಕ ಅಂಶಗಳು ಯಾವುವು ?

4. Write a note on 'Durga Prasad Vs Baldeo'.

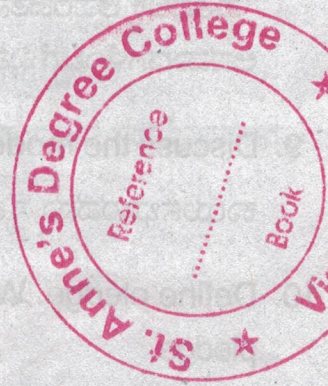
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5. Differentiate between contingent contract and Wagering agreements.

ಸಂಭವನೀಯ ಒಪ್ಪಂದ ಹಾಗೂ ಜೂಜಾಟದ ಒಪ್ಪಂದ ಇವುಗಳ ವ್ಯತ್ಯಾಸವನ್ನು ತಿಳಿಸಿ.

6. Write a note on 'Undue Influence'.

'ಅನುಚಿತ ಪ್ರಭಾವ'ದ ಬಗ್ಗೆ ಒಂದು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.



SECTION - B

ವಿಭಾಗ - ಬಿ

Answer any four questions :

(4x12=)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

7. What are 'Quasi-Contracts' ? Explain the quasi-contracts that are dealt within the Indian Contract Act.

ಸೂಚ್ಯ ಒಪ್ಪಂದವೆಂದರೇನು ? ಭಾರತೀಯ ಒಪ್ಪಂದ ಶಾಸನದಲ್ಲಿ ನಮೂದಿಸಿರುವ ಅಂತಹ ಒಪ್ಪಂದಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿರಿ.

8. Explain the principle "Stranger to consideration cannot sue". Explain the statement with exceptions.

"ಪ್ರತಿಫಲಕ್ಕೆ ಅಪರಿಚಿತನಾದವನು ದಾವೆಯನ್ನು ಹೂಡುವಂತಿಲ್ಲ" ಎನ್ನುವ ತತ್ವವನ್ನು ವಿವರಿಸಿರಿ. ಈ ತತ್ವವನ್ನು ಅಪವಾದಗಳೊಟ್ಟಿಗೆ ವಿವರಿಸಿರಿ.

9. Discuss the modes of creation of agency.

ಕಾರ್ಯಭಾರವನ್ನು ಸೃಷ್ಟಿಸುವ ವಿವಿಧ ವಿಧಾನಗಳನ್ನು ಚರ್ಚಿಸಿರಿ.

10. Define pledge. What are the rights of a pledge. Can a non-owner make a valid pledge.

ಒತ್ತೆ ಇಡುವಿಕೆಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ. ಒತ್ತೆ ಇಟ್ಟುಕೊಂಡವನ ಹಕ್ಕುಗಳು ಯಾವುವು ? ಮಾಲಿಕನಲ್ಲದವನು ನ್ಯಾಯಬದ್ಧವಾದ ಒತ್ತೆಯನ್ನು ಇಡಬಹುದಾದ ಸಂದರ್ಭಗಳು ಯಾವುವು ?

11. Define a Contract. Briefly explain its essentials.

ಒಪ್ಪಂದದ ವ್ಯಾಖ್ಯೆ ಕೊಟ್ಟು ಅದರ ಅವಶ್ಯಕ ಅಂಶಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿರಿ.

12. Define Acceptance. Explain the legal rules as to a valid acceptance.

ಒಪ್ಪಿಗೆಯ ವ್ಯಾಖ್ಯೆಯನ್ನು ನೀಡಿರಿ. ಒಂದು ನ್ಯಾಯ ಸಮ್ಮತವಾದ ಒಪ್ಪಿಗೆಯ ಕಾನೂನುಬದ್ಧ ನಿಯಮಗಳನ್ನು ವಿವರಿಸಿರಿ.

2



SECTION - C

ವಿಭಾಗ - ಸಿ

Answer any two questions:

(2x24=48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

13. Who is a minor ? Explain the law relating to minor's agreements.

'ಅಪ್ರಾಪ್ತ ವಯಸ್ಕ' ಎಂದರೆ ಯಾರು ? ಅಪ್ರಾಯಸ್ಥನ ಒಡಂಬಡಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ನಿಯಮಗಳನ್ನು ವಿವರಿಸಿರಿ.

14. Discuss various remedies available for breach of a contract.

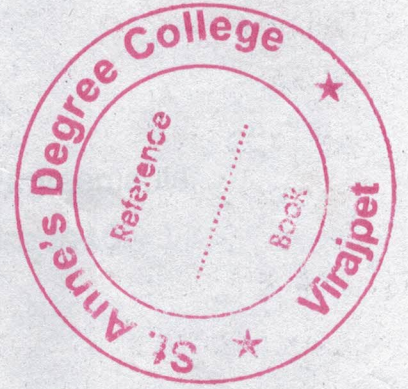
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15. Explain the agreements which are opposed to public policy.

ಸಾರ್ವಜನಿಕ ನೀತಿಗೆ ವಿರುದ್ಧವಾಗಿರುವ ಒಪ್ಪಂದಗಳನ್ನು ವಿವರಿಸಿರಿ.

16. Who is a surety ? Explain the ways in which a surety is discharged.

ಜಾಮೀನುದಾರ ಎಂದರೆ ಯಾರು ? ಆತನು ಒಪ್ಪಂದದಿಂದ ಬಿಡುಗಡೆಯಾಗಬಹುದಾದ ಸಂದರ್ಭಗಳನ್ನು ವಿವರಿಸಿರಿ.



B

Reg. No.

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BCMCMC 301



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COMMERCE
Business Law (2008-09 Batch)**

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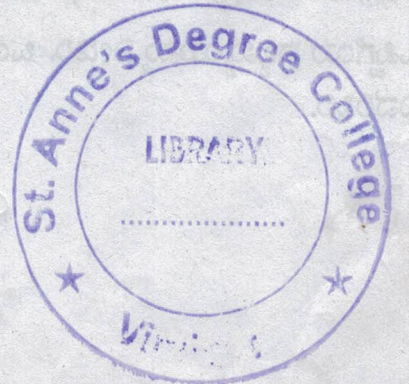
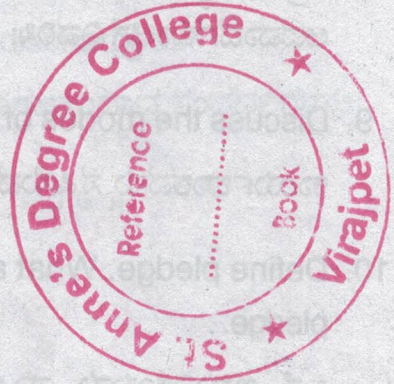
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P.T.O.



SECTION - B

ವಿಭಾಗ - ಬಿ

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"ಪ್ರತಿಫಲಕ್ಕೆ ಅಪರಿಚಿತನಾದವನು ದಾವೆಯನ್ನು ಹೂಡುವಂತಿಲ್ಲ" ಎನ್ನುವ ತತ್ವವನ್ನು ವಿವರಿಸಿರಿ. ಈ ತತ್ವವನ್ನು ಅಪವಾದಗಳೊಟ್ಟಿಗೆ ವಿವರಿಸಿ.

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5



SECTION - C

ವಿಭಾಗ - ಸಿ

Answer **any two** questions:

(2×24=48)

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14. Discuss various remedies available for breach of a contract.

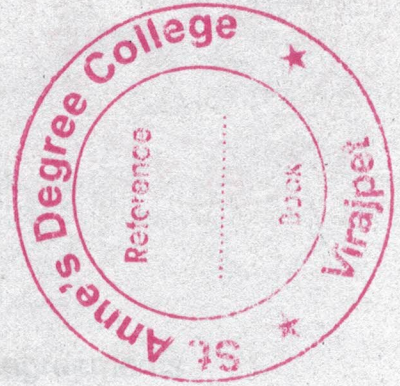
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15. Explain the agreements which are opposed to public policy.

ಸಾರ್ವಜನಿಕ ನೀತಿಗೆ ವಿರುದ್ಧವಾಗಿರುವ ಒಪ್ಪಂದಗಳನ್ನು ವಿವರಿಸಿರಿ.

16. Who is a surety ? Explain the ways in which a surety is discharged.

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6



BCMCMC 307

**Credit Based Fifth Semester B.Com. Degree Examination,
November/December 2015
Commerce (Elective)
BUSINESS TAXATION – III**

Time : 3 Hours

Max. Marks : 120

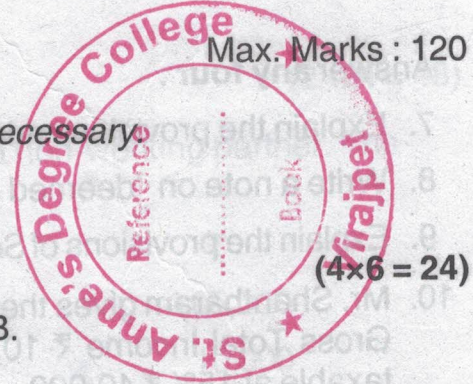
Instruction : Provide working notes wherever necessary.

SECTION – A

Answer any four :

1. Write an explanatory note on deduction U/s 80 DDB.
2. Explain the term 'asset' under Wealth Tax Act.
3. Explain the rules governing the working partners Remuneration.
4. Mr. Suresh is the karta of HUF, whose Gross Total Income is ₹ 15,45,000. This includes ₹ 2,00,000 LTCG from the sale of land. During the previous year he made the following payments :
 - a) Medical Insurance Premium ₹ 24,000.
 - b) Donation to National Children Fund ₹ 40,000 and to the Govt. for the promotion of family planning ₹ 50,000.
 - c) Expenditure incurred on treatment of physically handicapped sister ₹ 75,000, Insurance company re-embursed ₹ 20,000.

Compute the tax liability of the family for the A.Y. 2014-15.
5. The Profit and Loss A/c of a partnership firm showed a net profit of ₹ 2,50,000 for the previous year. Following items were found to be debited,
 - a) Salaries to X, Y and Z (all working partners) ₹ 30,000, ₹ 20,000 and ₹ 15,000 respectively.
 - b) Commission to Y ₹ 18,000.
 - c) Bonus to Z ₹ 25,000.
 - d) Interest on capital calculated at 18%, ₹ 6,000, ₹ 9,000 and ₹ 12,000 to X, Y and Z respectively.





e) Rent of the business premises to Z ₹ 10,000.

The net profit was arrived at after considering ₹ 10,000 being the dividend received and ₹ 5,000/- as interest on drawings by Mr. Y.

Compute the business income of the above firm.

6. Total income of Smt. Kusuma is ₹ 15,50,000/-. It includes short-term capital gain taxable at 15%, ₹ 70,000/- and winnings from lotteries (Gross) ₹ 80,000/-. Find out her tax-liability for the A.Y. 2014 – 2015.

SECTION – B

Answer any four :

(4×12 =

7. Explain the provisions relating to deductions under Section 80 DD and 80 TTA.
8. Write a note on 'deemed asset' under Section 4 of the Wealth Tax Act.
9. Explain the provisions of Section 115 JB relating to Minimum Alternate Tax (MAT).
10. Mr. Shantharam gives the following particulars for the previous year 2013-14.
Gross Total Income ₹ 10,00,000/- this includes LTCG ₹ 1,00,000 and STCG taxable at 15% ₹ 40,000.
He paid ₹ 22,000 medical insurance premium for self and ₹ 30,000 to SBI towards education loan of his daughter (Interest ₹ 20,000, Principal ₹ 10,000). He made the following donations during the P.Y.
 - a) Rajiv Gandhi Foundation ₹ 30,000.
 - b) N.D.F. ₹ 25,000/-
 - c) National Foundation for Communal Harmony ₹ 20,000.
 - d) Indian Institute of Science (National eminence) ₹ 30,000.
 - e) Govt. for construction of Hospital building ₹ 20,000.
 - f) Books for local school ₹ 50,000.
 - g) Local temple for renovation ₹ 18,000.
 - h) Govt. health center for family planning ₹ 15,000.
 - i) Renovation of Taj Mahal ₹ 15,000.

Compute the total income.
11. Compute the income of the firm from business in the following cases assuming that the condition under Section 184 and 40 (b) are fulfilled.
 - a) Book Loss ₹ 80,000. Remuneration paid to working partners ₹ 2,00,000/-
 - b) Book loss ₹ 1,60,000/- Remuneration to working partners ₹ 2,50,000.
 - c) Book profit ₹ 1,80,000/- Remuneration paid to working partners ₹ 1,50,000.
 - d) Book profit ₹ 6,00,000. Remuneration to working partners ₹ 4,10,000/-

8



12. From the following particulars furnished by Mr. Sukhesh, compute the value of the property built on free-hold land.
 Annual value as per Municipal records ₹ 1,00,000. Rent received from tenant ₹ 96,000 P.A. Repair expenses fully borne by the tenant ₹ 30,000. Refundable deposit carrying interest of 8% ₹ 80,000/-.
 The difference between un built area and specified area is 12%. Municipal taxes paid during the year amounted to ₹ 12,000/-. Cost of construction of the house in January 2006 was ₹ 8,00,000.

SECTION - C

(2x24 = 48)

Answer any two :

13. A, B and C are equal partners in a firm with A being a non-working partner. The P/L A/c for the year ended 31.3. 2014 is as under :

	₹		₹
Rent	20,000	Gross Profit	4,05,000
Office expenses	25,000	Discount	10,000
Salaries	1,00,000	Bad debt recovered	2,000
Advertisement	15,000	Bank Interest	3,000
Sales tax	30,000		
Charity and donations	5,000		
Bad-debt Reserve	10,000		
Bad-debts	15,000		
Sundry Expenses	20,000		
Depreciation	25,000		
Interest on Capital A	50,000		
	B		
	25,000		
	C		
	25,000		
Commission A	15,000		
	B		
	10,000		
	C		
	5,000		
Net Profit	25,000		
	4,20,000		4,20,000

90



Additional information :

- 1) Salaries include Partner's salaries, B – ₹ 15,000, C – ₹ 10,000.
- 2) Bad debts admissible by the department ₹ 12,500/-.
- 3) Furniture purchased by 'A' for personal use ₹ 10,000/- has been debited to sundry expenses.
- 4) Donation includes, donations to a local school ₹ 3,500, to a club ₹ 1,000 and subscription to trade association ₹ 500.
- 5) Capital accounts of the partners at the beginning of the previous year as on 1-4-2013 were as follows :
 - A : ₹ 2,00,000
 - B : ₹ 1,00,000
 - C : ₹ 1,00,000.
- 6) Office expenses include bonus to partners :
 - A – ₹ 1,000, B – ₹ 2,500, C – ₹ 1,500.

Compute the profit from the business and the total income of the firm for the A.Y. 2014-15 and also calculate share of each partner in the firm.

14. Bharath Ltd. is a company carrying on business in the construction and sale of residential flats. It gives the following data, compute net wealth and wealth tax payable for the A.Y. 2014-2015.
 - 1) Land in rural area ₹ 15,00,000.
 - 2) Land in urban area ₹ 23,00,000. (Construction not permitted)
 - 3) Land in urban area (held as stock in trade since 2010) ₹ 40,00,000.
 - 4) Motor cars, not held as stock in trade ₹ 11,50,000.
 - 5) Guest House ₹ 18,00,000.
 - 6) Air-craft ₹ 1,58,00,000.
 - 7) Bank balance ₹ 3,10,000.
 - 8) Cash in hand as per cash book ₹ 1,70,000.
 - 9) Farm house located within 5 kms of Municipality ₹ 8,00,000.
 - 10) Residential flats of identical size provided to 6 employers for their use. (Salary of one of them exceeds ₹ 10 lakh) ₹ 15,00,000.
 - 11) Residential house provided to Managing Director (Salary exceeds ₹ 10,00,000) ₹ 10,00,000.
 - 12) Flats constructed and remained unsold (held as stock in trade) ₹ 30,00,000.

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- 13) Half constructed flats ₹ 15,00,000.
- 14) Residence provided to a whole time director (salary ₹ 15 lakh) ₹ 17,00,000.
The company has taken a loan of ₹ 6,00,000, ₹ 7,00,000 and ₹ 3,00,000 for acquiring property numbers (1), (3) and (9) respectively.
Find out net wealth and tax liability.
15. Thribhuvan Brothers is an HUF of which Bhuvan is the Karta. On the basis of the following information, compute the total income of the family and tax-liability.
- a) Salary received by Vikram for services in a public company ₹ 10,000 P.M.
- b) Salary received by Pavan and Bhuvan from HUF business ₹ 50,000 P.A. and ₹ 60,000 P.A. respectively. Pavan's salary is found excessive by ₹ 20,000.
- c) Family income : Net income after charging the above salary ₹ 8,50,000/-. It includes the following loss from speculation ₹ 10,000/- Winnings from horse-race (gross) ₹ 10,000, loss from lottery ₹ 5,000, LIC premium on the lives of members ₹ 30,000/-, Contribution to ULIP ₹ 5,000/-, Donation to National Sports Fund ₹ 5,000, Family Planning donation ₹ 15,000/-, Mediclaim ₹ 15,000/-.
- d) Income from other sources :
- i) Interest on F.D. ₹ 8,000.
- ii) Interest accrued on N.S.C ₹ 12,000.
- iii) Directors fees (Karta's personal exertion) ₹ 15,000.
- e) Income from House Property :
- i) Self occupied house, AMV ₹ 20,000/-, Municipal Taxes paid ₹ 3,000/-, Interest on housing loan ₹ 36,000/-.
- ii) Let out house : AMV is ₹ 24,000, Rent received ₹ 4,000 P.M. Municipal taxes paid ₹ 2,000. Which includes ₹ 1,000 related to 2012-2013 ?
- f) Interest on capital from a partnership firm at 20% ₹ 40,000.
- g) The senior most member of the family is of 68 years of age.

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16. From the following particulars of 'S' Ltd., compute

- a) Total income of the company.
- b) Book profit for MAT.
- c) Tax-liability.

	₹		₹
To Purchases	4,95,000	By Sales	39,00,000
To Entertainment Expenses	30,000	By Amount with drawn from Gen. Reserve	2,00,000
To Travelling Expenses	50,000	By Rent from letout property	1,00,000
To Depreciation	6,50,000	By Commission	1,500
To Income Tax	4,10,000		
To Wealth Tax	15,000		
To Customs Duty Due	23,000		
To provision for un ascertained liability	80,000		
To Tax consultation fees	25,000		
To Contribution to staff-welfare fund	15,000		
To Loss from subsidiary Company	42,000		
To Salary to M.D.	1,80,000		
To Municipal Tax on let out property	15,000		
To Net Profit	21,71,500		
	42,01,500		42,01,500

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Additional information :

- 1) The company gets a long term capital gain ₹ 1,00,000
 - 2) Excise duty of 2013-14, paid during the year ₹ 50,000/-, not debited to the above P/L A/c.
 - 3) Depreciation allowable under Section 32 is ₹ 6,20,000.
 - 4) Unabsorbed business loss is ₹ 9,50,000 for Income Tax purposes and ₹ 11,50,000 for Accounting purpose.
 - 5) Unabsorbed Depreciation for accounting purpose is ₹ 3,40,000 and for Income Tax purpose ₹ 11,00,000/-.
 - 6) Out of Customs Duty due, ₹ 10,000 remained unpaid till the last date of filing the returns.
 - 7) The purchases include one bill ₹ 30,000 was paid in cash under one payment.
-

**BCMCMC 305**

**Credit Based V Semester B.Com. Degree Examination, Nov./Dec. 2015
(Semester Scheme) (2008-09 Batch)**

COMMERCE**Cost and Management Accounting – III**

Time : 3 Hours

Max. Marks : 120

Note : Provide working notes wherever necessary.**SECTION – A**

Answer any four.

(4×6=24)

1. Write a note on 'Work Certified' and 'Escalation Clause' in contract accounting.
2. What is Job Order Costing ? State its features.
3. Distinguish between 'Joint Products' and 'Byproducts'.
4. Hightech Ltd. is committed to supply 2,000 units per month of a product to its dealer on a steady basis. It is estimated that it costs 10 paise as inventory holding cost per unit per month and that setup cost per batch is ₹ 324.

Calculate the Economic Batch Quantity.

5. SRS Travels, operates a 40 seat capacity Volvo Bus in a month as follows

	Capacity	From	To	Distance
First 10 days	Full	Kundapur	Hasan	160 k.m.
Next 15 days	75%	Kundapur	Hubli	250 k.m.
Next 5 days	60%	Kundapur	Mangalore	100 k.m.

The total operating cost for the month ₹ 3,77,000. Ascertain cost per passenger/Km.

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6. In processing 10,000 kgs of Material 'X' gives out 7,000 kgs of 'A' and 3,000 kgs of 'B'. The joint cost is ₹ 11,500. From the following data show the apportionment of joint cost and profit of each product on the assumption that the joint products are sold after further processing and joint costs are apportioned in the ratio of sales value at split-off point.

	A - ₹	B - ₹
Selling price at split-off point	2.00	3.00
Further processing cost after separation	2,000	1,000
Selling price after further processing	3.00	4.50

SECTION - B

Answer any four.

- 7. Explain briefly the methods of 'Byproducts' Accounting.
- 8. Write an explanatory note on 'Abnormal Loss' and 'Abnormal Gain' in process accounting.

9. The following information relates to manufacturing of a component called A in a cost centre.

Cost of Material	₹ 6.00 per component
Operator's wages	₹ 72.00 per hour
Machine hour rate	₹ 150.00
Setting up time of the Machine	2 hours and 20 minutes
Manufacturing time	10 minutes per component

Prepare cost sheet showing Production Cost, Setting up cost, Total cost and Cost per unit when a batch consists of 200 components and 800 components.

10. A Ltd. produces a product AXE which passes through two processes before being completed and transferred to finished stock. The following data relate to Jan.

	Process	
	I	II
	₹	₹
Opening stock	7,500	9,000
Direct Material	15,000	15,750
Wages	11,200	11,250

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Factory overhead	10,500	4,500
Closing stock	3,700	4,500
Inter-process profit included in opening stock	—	1,500

Output of Process I transferred to Process II at 25% on cost price.

Output of Process II is transferred to finished stock at 20% profit on the transfer price. Stocks in process are valued at prime cost. Sales during the period are ₹ 1,40,000.

Prepare Process Accounts and finished goods account showing the profit element at each stage.

11. Cost incurred on Contract No. 420 up to 31st March 2014 amounted to ₹ 1,50,100.

Cost of work uncertified ₹ 21,900

Contract price ₹ 4,00,000

Cash received on account ₹ 1,40,000 (80% of work certified)

The contractor wishes to take profit on this contract on estimation basis and the following estimates were made :

- a) That the contract would be completed on 30th November 2014.
- b) That the further wages required would be ₹ 71,500.
- c) That the further Stores and Materials required in addition to those at site on 31st March 2014 would be ₹ 68,600 (Stores and materials at site on 31st March 2014 ₹ 3,400)
- d) That the further Plant and Tools required in addition to those at site on 31st March 2014 would be ₹ 25,000 (Plant and Tools at site on 31st March 2014 ₹ 6,200) which would have residual value of ₹ 3,000 on the completion of work.
- e) That the establishment expenses cost ₹ 800 p.m.
- f) That 2% of total cost (including this percentage) would be charged as provision for contingencies.

Prepare Contract No. 420 Account and find out the Profit to be taken to the credit of Profit and Loss Account.

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12. The following expenses were incurred on JOB NO. 555 of ZEE Ltd.

a) Materials ₹ 30,000

b) Wages paid :

Departments : A – 40 Hrs, ₹ 8 per Hour

B – 50 Hrs, ₹ 9 per Hour

C – 60 Hrs, ₹ 5 per Hour

c) Works overhead of these Departments were estimated as under :

Departments : A – ₹ 9,000 for 6,000 working hours.

B – ₹ 10,000 for 5,000 working hours.

C – ₹ 12,000 for 3,000 working hours.

d) Office expenses were ₹ 90,000 when total wages paid in all the three departments came to ₹ 2,70,000.

It is the practice followed in the company to recover office overhead as a percentage of Direct Wages.

You are required to calculate the cost of JOB NO. 555 and its price quoted which would yield 20% profit on selling price.

SECTION – C

Answer any two :

13. From the following Trial Balance of Sharadhi Ltd. for the year ending 31- draw up the Contract Account, Contractee's Account, Work-in-progress Account and Balance Sheet.

	Debit ₹	Credit ₹
Cash received from contractee	-	9,60,000
Buildings	4,60,000	-
Creditors	-	1,80,000
Bank	1,87,000	-

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Share capital	—	12,00,000
Materials	5,00,000	—
Wages	4,50,000	—
Expenses	1,18,000	—
Plant	6,25,000	—
	23,40,000	23,40,000

The work on contract commenced on 01-04-13. Materials worth ₹ 4,25,000 were sent to the site of the contract but those of ₹ 15,000 were destroyed in an accident. Wages of ₹ 4,50,000 were paid during the year. Plant costing ₹ 1,00,000 was used on the contract for the whole year. On 30th September 2013, Plant costing ₹ 25,000 were destroyed due to fire. Plant worth ₹ 5,00,000 were used from 1st April 2013 to 31st December 2013 and then it was returned to store. Material worth ₹ 10,000 were at site on 31st March 2014. The contract price was ₹ 15,00,000 and contractee pays 80% of work certified. Uncertified work amounted to ₹ 37,500. Expenses charged to the contract were 25% of wages. Plant is to be depreciated at 10% for the year.

14. The finished product of a factory has to pass through three processes (A, B and C). The normal wastage of each process is 2% in process A, 5% in process B and 10% in C. The percentage of wastage is computed on the number units entering each process.

The scrap value of wastage of process A, B and C are ₹ 10, ₹ 40 and ₹ 20 per 100 units respectively.

The output of each process is transferred to the next process and the finished products are transferred from process C into stock. The following further information is obtained.

	Process A-₹	Process B-₹	Process C-₹
Materials used	24,000	12,000	12,000
Direct Wages	16,000	10,000	8,000
Manufacturing Expenses	5,000	7,000	5,000

Establishment expenses amounted to ₹ 8,500 which has to be apportioned in the proportion of Direct Wages amongst the three processes.

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20,000 units have been put into process A at a cost of ₹ 60,000. The output each process has been A – 19,600, B – 18,400, C – 16,700.

- a) Process Accounts
- b) Normal Loss Account
- c) Abnormal Loss Account
- d) Abnormal Gain Account.

15. A factory producing article P, also yields Q and R as by-products. The joint cost of manufacture is

Material	₹ 1,00,000
Labour	₹ 20,000
Overhead	₹ 80,000
	₹ 2,00,000

Subsequent expenses are as under :

	P	Q	R
	₹	₹	₹
Material	16,000	15,000	11,000
Labour	6,000	3,000	5,000
Overhead	8,000	7,000	4,000
	30,000	25,000	20,000
Selling price	1,50,000	1,20,000	1,00,000
Estimated profit on selling price	30%	25%	20%

Show how you would apportion the joint costs of production and prepare necessary accounts in respect of P, Q and R.

16. Sugama Tourist runs a bus between Kundapura and Mangalore via Udupi. The distance between Kundapura and Udupi is 35 kms and between Udupi and Mangalore 60 kms. During the onwards journey the bus is full of its capacity up to Udupi but only 80% full between Udupi and Mangalore. On the other hand on the return journey it is full from Mangalore to Udupi but 75% of the capacity between Udupi and Kundapura. The following information is provided :

Cost of the bus	₹ 30,00,000
Estimated scrap value	₹ 20,000
Estimated life	10 years

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Annual road tax	₹ 5,000
Insurance charges per year	₹ 10,000
Garage rent per year	₹ 24,000
Drivers salary per month	₹ 15,000
Conductor's salary per month	₹ 8,000
Cleaner's salary per month	₹ 3,000
Cost of diesel per litre	₹ 50
Kms run per litre of diesel	4 kms
Proportionate charges for tyre per km.	₹ 0.50

Capacity of the bus is 50 passengers and the bus makes a round trip from Kundapura to Mangalore on an average 25 days in the month.

You are required :

- a) To compute the cost per passenger km of operating the bus.
- b) Assuming 10% profit on takings for the Company, work out the bus fare to be charged in between Kundapura and Udupi and Udupi and Mangalore for each passenger.

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Reg. No.

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**BCMCMC 302**

**Credit Based V Semester B.Com. Degree
Examination, November/December 2015
(2008-09 Onwards)
Commerce
MODERN MARKETING**

Time : 3 Hours

Max. Marks : 120

SECTION - A

Answer any four:

(4×6=24)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.

1. Define marketing management and state the objectives of marketing management.
ಮಾರುಕಟ್ಟೆ ನಿರ್ವಹಣೆಯ ವ್ಯಾಖ್ಯೆ ನೀಡಿ. ಅದರ ಉದ್ದೇಶಗಳನ್ನು ತಿಳಿಸಿ.

2. What is meant by differentiated marketing strategy ? State its merits and demerits.
ವಿಭಿನ್ನ ಮಾರುಕಟ್ಟೆ ಕಾರ್ಯತಂತ್ರ ಎಂದರೇನು ? ಅದರ ಗುಣದೋಷಗಳನ್ನು ತಿಳಿಸಿ.

3. Write a note on cognitive dissonance.
ಖರೀದಿ ನಂತರದ ಅತ್ಯಪ್ತಿಯ ಬಗ್ಗೆ ಒಂದು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

4. What are the methods of motivating salesmen ?
ವಿಕ್ರಯದಾರರನ್ನು ಪ್ರೇರೇಪಣೆಗೊಳಿಸುವ ವಿಧಾನಗಳಾವುವು ?

5. What is process-a marketing mix in service marketing ?
ಸೇವಾ ಮಾರುಕಟ್ಟೆಯಲ್ಲಿನ ಒಂದು ಮಾರುಕಟ್ಟೆ ಮಿಶ್ರಣವಾಗಿರುವ ಪ್ರಕ್ರಿಯೆ ಎಂದರೇನು ?

6. What are the features of rural marketing ?
ಗ್ರಾಮೀಣ ಮಾರುಕಟ್ಟೆಯ ಲಕ್ಷಣಗಳನ್ನು ತಿಳಿಸಿ.

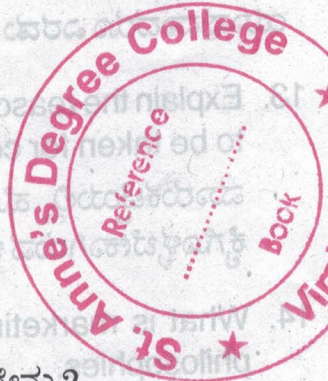
SECTION - B

Answer any four questions :

(4×12=48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.

7. Explain the economic factors that determine the consumer behaviour.
ಅನುಭೋಗಿಯ ವರ್ತನೆಯ ಮೇಲೆ ಪ್ರಭಾವ ಬೀರುವ ಆರ್ಥಿಕ ಅಂಶಗಳನ್ನು ವಿವರಿಸಿ.



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P.T.O.



8. State the factors influencing the advertising budget.

ಜಾಹೀರಾತು ಮುಂಗಡ ಪತ್ರದ ಮೇಲೆ ಪ್ರಭಾವ ಬೀರುವ ಅಂಶಗಳನ್ನು ತಿಳಿಸಿ.

9. Define service, and explain the peculiar features of services.

ಸೇವೆಯ ವ್ಯಾಖ್ಯೆ ನೀಡಿ, ಅದರ ವಿಚಿತ್ರವಾದ ಗುಣಲಕ್ಷಣಗಳನ್ನು ವಿವರಿಸಿ.

10. What do you mean by packing and packaging ? Explain briefly the branding strategies.

ಸಂವೇಷ್ಟಿ ಮತ್ತು ಸಂವೇಷ್ಟೀಕರಣ ಎಂದರೇನು ? ಮುದ್ರೆ ಹಾಕುವಿಕೆಯ ಕಾರ್ಯತಂತ್ರಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.

11. Explain different methods of training salesmen.

ವಿಕ್ರಮಗಾರರಿಗೆ ತರಬೇತು ನೀಡುವ ವಿವಿಧ ವಿಧಾನಗಳನ್ನು ವಿವರಿಸಿ.

12. What is product life cycle ? Briefly explain the various stages in the product life cycle.

ಉತ್ಪನ್ನ ಜೀವನ ಚಕ್ರ ಎಂದರೇನು ? ಉತ್ಪನ್ನ ಜೀವನ ಚಕ್ರದ ವಿವಿಧ ಹಂತಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.

SECTION - C

Answer any two questions. (2×24= 48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.

13. Explain the reasons for failure of new product in the market. What are the measures to be taken for controlling product failure ?

ಮಾರುಕಟ್ಟೆಯಲ್ಲಿ ಹೊಸ ಉತ್ಪನ್ನದ ವೈಫಲ್ಯಕ್ಕೆ ಕಾರಣಗಳನ್ನು ವಿವರಿಸಿ, ಉತ್ಪನ್ನ ವೈಫಲ್ಯವನ್ನು ನಿಯಂತ್ರಿಸಲು ಕೈಗೊಳ್ಳಬೇಕಾಗಿರುವ ಕ್ರಮಗಳನ್ನು ತಿಳಿಸಿ.

14. What is marketing philosophy ? Explain the various marketing management philosophies.

ಮಾರುಕಟ್ಟೆ ತತ್ವ ಎಂದರೇನು ? ವಿವಿಧ ಮಾರುಕಟ್ಟೆ ನಿರ್ವಹಣಾ ತತ್ವಗಳನ್ನು ವಿವರಿಸಿ.

15. Explain the social and personal factors that influence the consumer behaviour.

ಅನುಭೋಗಿಯ ಕೊಳ್ಳುವ ವರ್ತನೆಯ ಮೇಲೆ ಪ್ರಭಾವ ಬೀರುವ ಸಾಮಾಜಿಕ ಮತ್ತು ವೈಯಕ್ತಿಕ ಅಂಶಗಳನ್ನು ವಿವರಿಸಿ.

16. Narrate the various processes of recruiting salesman.

ವಿಕ್ರಮಗಾರರ ನೇಮಕಾತಿ ನಡೆಸುವ ವಿವಿಧ ಪ್ರಕ್ರಿಯೆಗಳನ್ನು ವಿವರಿಸಿ.

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**Credit Based V Semester B.Com. Degree Examination, Nov./Dec. 2015
(2008-09 Batch)**

FINANCIAL ACCOUNTING – V

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

Note : Answer any four :

(4×6=24)

1. State the provisions for the redemption of preference shares.
2. Describe the various methods for redemption of debentures.
3. How do you determine the intrinsic value of shares ?
4. The net profits of Modern Ltd. after providing for taxation, for the past five years are : ₹ 42,000, ₹ 47,000, ₹ 43,000, ₹ 41,000 and ₹ 47,000. The capital employed in the business is ₹ 4,00,000 on which a reasonable rate of return of 10% is expected. Compute the value of goodwill under capitalisation of average profit method.
5. Apoorva Ltd. has 50,000 equity shares of ₹ 10 each and 40,000 7% preference shares of ₹ 10 each. The company transfers 10% of divisible profits to general reserve every year. The expected profit before tax is ₹ 10,00,000 and the rate of tax is 65%. Normal rate of return is 16%.
Find out the market value of each equity share.
6. On 31-03-2014 the following balances appear in the books of Nethravathi Bank

	₹
Rebate on bills discounted (1.04.2013)	3,20,000
Discount received	46,00,000
Bills discounted	2,95,00,000

The average due date of all the bills discounted is 12th June, 2014 and the average rate of discount is 15% p.a.

Compute the amount to be shown in schedule 13 in the profit and loss A/c of the bank.

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SECTION - B

(4x12)

Note : Answer any four :

7. Following is the Balance Sheet of Garware Ltd. as on 31.03.2014 :

Liabilities	₹	Assets	₹
Share capital :		Cash at Bank	4,00,000
80,000 equity shares		Other assets	12,50,000
of ₹ 10 each	8,00,000		
30,000 6% redeemable			
preference shares			
of ₹ 10 fully paid	3,00,000		
20,000 7% redeemable			
preference shares			
of ₹ 10, ₹ 7 paid up	1,40,000		
Profit and loss A/c	3,50,000		
Creditors	60,000		
	16,50,000		16,50,000

On the above date the preference shares are redeemed to the extent possible a premium of 10%. For this purpose the company issued 20,000 fresh equity shares of ₹ 10 each at a premium of 10%.

Pass journal entries and redraft the Balance Sheet.

8. The following balances stood in the books of Sunrise Ltd. on 31st March, 2014

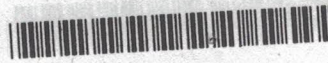
12% debentures	₹ 5,00,000
Debenture Redemption Fund	5,00,000
Debenture Redemption Fund Investments :	
Govt. Bonds (Face value ₹ 2,40,000)	2,45,000
Port Trust Bonds (Face value ₹ 1,80,000)	1,75,000

The company realised on that date Govt. Bonds at par and Port Trust Bonds at 95%. The debentures were redeemed on 31-03-2014. On that date the company had a bank balance of ₹ 1,50,000 (before interest on investments).

Prepare in the books of Sunrise Ltd. :

- 1) 12% debentures A/c
- 2) Debenture Redemption Fund A/c
- 3) Debenture Redemption Fund Investment A/c
- 4) Debenture holders A/c
- 5) Bank A/c.

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11. Following figures are extracted from the books of Varada Bank as on 31st March, 2014 :

	₹
Interest and discount received	36,95,738
Interest paid on deposits	20,32,452
Commission, exchange and brokerage	2,00,000
Rent received	55,000
Profit on sale of investments	2,00,000
Salaries and allowances	1,75,000
Directors fees and allowances	55,000
Rent and taxes paid	87,973
Postage and printing	62,313
Depreciation on buildings	27,375
Stationery	17,625
Audit fees	5,000
Advertisement expenses	15,000

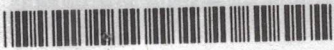
Additional information :

- 1) A customer to whom a sum of ₹ 10,00,000 has been advanced has become insolvent. It is expected that only 50% can be recovered from his private estate.
 - 2) For the remaining debts a provision of ₹ 1,50,000 is necessary.
 - 3) Rebate on bills discounted as on 31-03-2013 was ₹ 12,000 and on 31-03-2014 ₹ 16,000 to be provided for.
 - 4) Transfer ₹ 6,50,000 to general reserve.
 - 5) Make provision for statutory reserve @ 20% of net profit.
- Prepare the profit and loss A/c of the Bank for the year ending 31st March, 2014 in the prescribed form.

12. From the following information relating to Alembic Ltd., prepare a Balance Sheet as on 31st March, 2014 in the prescribed form :

Debit balances	₹
Fixed assets	50,00,000
Investments	2,50,000
Debtors	13,80,000
Loans and advances	5,30,000
Miscellaneous expenditure	60,000
Profit and loss A/c (loss)	4,00,000
Goodwill	3,00,000
Closing stock	14,00,000
Cash and Bank	3,40,000
	96,60,000

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Credit balances		₹
Share capital :		
Equity shares of ₹ 10 each		10,00,000
Preference shares of ₹ 100 each		8,00,000
Securities premium A/c		8,00,000
Secured loans		18,00,000
Bills payable		3,00,000
General reserve		32,00,000
Unsecured loans		3,10,000
Creditors		12,50,000
Provision for taxation		2,00,000
		96,60,000

SECTION - C

Note : Answer any two :

(2x24=48)

13. The Balance Sheet of Cummins Ltd., as on 31st March, 2014 was as under :

Liabilities	₹	Assets	₹
40,000 Redeemable preference shares of ₹ 10 fully paid	4,00,000	Sundry assets	8,40,000
20,000 equity shares of ₹ 10	2,00,000	Cash at bank	3,00,000
Securities premium A/c	50,000		
Profit and loss A/c	2,80,000		
Current liabilities	2,10,000		
	11,40,000		11,40,000

The company decided to redeem the preference shares at a premium of 5%. For this purpose it issued for cash as many equity shares of ₹ 10 each at a premium of ₹ 2.50 per share, as were necessary to provide for redemption, so as to leave a balance of ₹ 50,000 in profit and loss A/c. The directors then issued bonus shares at the rate of one for every two shares held, at par value of ₹ 10 (excluding fresh issue). The new equity shares were fully subscribed and the preference shares were redeemed.

Pass entries and draw up the revised Balance Sheet.

2785



9. Following is the Balance Sheet of Sindhur Ltd. as on 31st March, 2014 :

Liabilities	₹	Assets	₹
Share capital :		Fixed assets	1,70,000
30,000 equity shares		Stock	3,10,000
of ₹ 10 each	3,00,000	Debtors	2,03,000
General reserve	1,60,000	Bank	1,17,000
Profit and loss A/c	1,20,000		
Creditors	1,00,000		
Income tax liabilities	1,20,000		
	8,00,000		8,00,000

Net profit after taxation for the last three years were :

- ₹69,000
- ₹91,500
- ₹98,000

It is the practice of the company to keep 20% of the profit after taxation to the reserve. The average yield in this type of business is 15% on capital employed.

The fixed assets were valued at ₹ 3,00,000 and there is a necessity to provide R.B.D. at 10%.

Compute the value of each share under :

- 1) Net Assets Method
- 2) Yield Method.

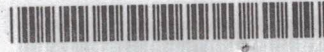
10. The Balance Sheet of Arathi Industries Ltd. was as follows on 31-03-2014 :

Liabilities	₹	Assets	₹
Share capital	6,50,000	Bank	85,000
Creditors	30,000	Debtors	70,000
		Stock	50,000
		Fixed assets	4,75,000
	6,80,000		6,80,000

The average profit of the company was ₹ 2,00,000. The market value of fixed assets are estimated at ₹ 5,25,000. The rate of return in similar business is 30% on capital employed.

Compute the value of goodwill based on 4 years purchase of super profit.

25.28



14. Apollo Ltd., issued ₹ 2,00,000 in 10% debentures of ₹ 100 each at par on 01-04-2008, repayable at the end of 5 years at a premium of 6%. A debenture Redemption Fund at 4% compound interest is created for the redemption of debentures. The investments were made in multiples of ₹ 10 in Govt. Bonds. The investments realised 10% below book value and the debentures were redeemed on 31-03-2013. On 31st March, 2013 the company had a bank balance of ₹ 90,000 (before interest on investment).
Note: ₹ 1 per year at 4% compound interest at the end of 5th year would become ₹ 5.4163.

Prepare in the books of Apollo Ltd., :

- 1) 10% debentures A/c
- 2) Debenture Redemption Fund A/c
- 3) Debenture Redemption Fund Investment A/c
- 4) Bank A/c
- 5) Debenture holders A/c.

15. Following is the Trial Balance of Centurion Bank as at 31st March, 2014 :

	Debit ₹	Credit ₹
Share capital (1,00,000 shares of ₹ 10)	—	10,00,000
Cash in hand	3,00,000	—
Statutory Reserve Fund	—	5,00,000
Deposits	—	15,00,000
Cash at banks	5,00,000	—
Loan from Axis Bank	—	7,00,000
Money at call and short notices	3,00,000	—
Share premium	—	50,000
Government securities	8,00,000	—
Loans and cash credits	18,30,000	—
Bills discounted	1,50,000	—
Commission	5,000	35,000
Interest and discount	—	7,25,000
Interest paid on deposits	1,55,000	—
Premises less depreciation	3,60,000	—
Directors fees	10,000	—
Audit fees	10,000	—
Salaries and allowances	60,000	—
Depreciation on property	15,000	—
Printing and stationary	6,000	—
Postage expenses	6,000	—
Other expenses	3,000	—
	45,10,000	45,10,000

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Additional information :

- 1) Provide ₹ 25,000 for doubtful debts
- 2) Make provision for income tax ₹ 30,000
- 3) The average due date of all the bills discounted is 60 days including the grace days. The bills have been discounted at 12% per annum.
- 4) Bills for collection amounted to ₹ 1,50,000
- 5) Acceptances on behalf of customers amounted to ₹ 80,000
- 6) Make provision for statutory reserve at 20%.

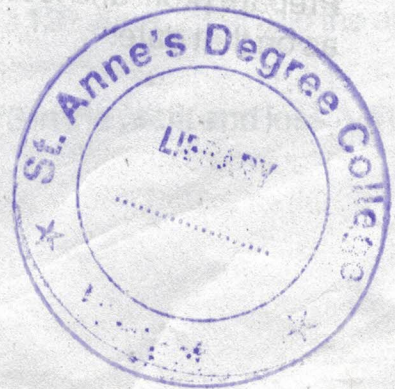
Prepare profit and loss A/c for the year ended 31st March, 2014 and a Balance Sheet as on that date in the prescribed form with schedules.

16. The following balances appeared in the books of Hindustan Ltd. as on 31st March, 2014 :

Debit Balances

	₹
Stock on 1-04-2013	51,000
Purchases	8,10,000
Manufacturing expenses	1,80,000
Salaries and wages	26,400
General charges	11,000
Directors fees	400
Dividend for 2012-13	18,000
Buildings	1,01,000
Plant and machinery	70,400
Furniture	10,200
Motor vehicles	40,800
Bills receivable	75,000
Book debts	1,14,000
Investments	8,000
Cash at Bank	1,06,600
Total	16,22,800

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Bank.
P.T.O.



Credit Balances	₹
Creditors	2,48,000
Sales	11,10,000
Profit and loss A/c	30,000
Interest	2,600
Share capital	1,44,000
Pension Fund	46,000
Provision for taxation (previous year)	17,000
Dividend Equalisation Fund	20,000
Unclaimed dividend	2,000
Deposits	3,200
Total	16,22,800

Additional information :

- 1) Stock on 31st March, 2014 ₹ 73,200
- 2) Outstanding expenses :

	₹
Manufacturing expenses	45,000
Wages	3,000

- 3) Interest accrued on investment ₹ 200
- 4) General charges prepaid ₹ 1,660
- 5) Provide depreciation on : Buildings at 2%, plant and machinery at 10%, furniture at 10% and motor vehicles at 20%
- 6) The directors propose a dividend at 20%
- 7) Provide for taxation at 60% of net profit.

Prepare profit and loss A/c for the year ending 31-03-2014 and a Balance Sheet as on that date.



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**Credit Based V Semester B.Com. Degree
Examination, November/December 2015
(2008-09 Batch)**

COMMERCE

Financial Management – I

Time : 3 Hours

Max. Marks : 120

Instruction : Provide working notes wherever necessary.

SECTION – A

Answer any four :

(4×6=24)

1. What are the features of Book-Building ?
2. Explain the features of "Debt".
3. Mahesh Batteries Ltd. estimates a sale of 20,000 units at ₹ 20 per unit. The variable cost is expected to be ₹ 5 per unit. While fixed cost is likely to be ₹ 1,00,000, interest payable would be ₹ 50,000. The company is in 50% tax bracket. Calculate :
 - a) The operating leverage
 - b) The Financial leverage and
 - c) The combined leverage.

What effect a 25% increase in sales will have on leverages ?

4. Shakthi components Ltd. is a Bombay based automobile components manufacturer. It furnishes the operating details and the balance sheet as on 31-3-2014.

Balance Sheet as on 31-3-2014

Liabilities	₹	Assets	₹
Equity Shares	80,000	Investments	40,000
Preference Shares	40,000	P/L A/c	20,000
Borrowed Funds	1,00,000	Preliminary Expenses	30,000
Current Liabilities	40,000	Fixed Assets	1,70,000
	2,60,000		2,60,000



Operating Details :

Sales 1,000 Units at ₹ 170 per Unit

Material Cost ₹ 35 per Unit

Labour Cost ₹ 15 per Unit

Fixed Cost ₹ 50,000

Calculate the return on investment of the Company.

5. From the following data, calculate the Beta and Alpha of shares of Company A and Company B.

	Arithmetic mean	σ	γ
Market mean	13%	3%	-
Shares of A	15%	3.5%	0.8
Shares of B	12%	2.5%	0.7

6. Explain the grouping of shares in the National Stock Exchange.

SECTION – B

Answer any four :

(4×12=48)

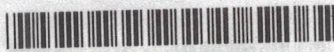
- Describe the various types of speculators in the stock market.
- What are the various functions of SEBI ?
- Explain Financial Management under modern approach.
- ABC Company's latest Balance Sheet is as follows :

Liabilities	₹	Assets	₹
Equity Capital		Net Fixed Assets	1,50,000
(₹ 10 per share)	60,000	Current Assets	50,000
10% Long term Debt	80,000		
Retained Earnings	20,000		
Current Liabilities	40,000		
	2,00,000		2,00,000

The company's total Assets turnover ratio is 3. Its Fixed operating costs are ₹ 1,00,000 and variable cost ratio is 40%. The Income Tax rate is 50%.

- Calculate for the company all the three types of leverages.
- Determine the likely level of Earning Before Interest and Tax (EBIT) if Earnings per Share (EPS) is (A) Re.1, (B) Rs. 3, (C) Re. 0, (D) Rs. 4 and (E) Rs. 2.

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11. The share prices of Tata Motors and Maruti Udyog are given for the two weeks between August 19, 2013 and September 19, 2014. Compare the Share prices by calculating the Co-efficient of variation.

Tata Motors (₹)	Maruti Udyog (₹)
468	452
476	458
470	460
461	464
471	461
472	464
480	482
480	482
484	481
478	476

12. Two projects are under the consideration of a small scale industry. The projected data for both the projects are given below. Advise the company about the less riskier project based on sensitivity analysis by calculating return on investment and its range.

Particulars	Project X		
	Optimistic	Expected	Pessimistic
Sales (Units)	10,000	9,000	8,000
Selling Price per Unit	₹ 20	18	16
Material Cost per Unit	₹ 1	2	3
Labour cost per Unit	₹ 2	3	4
Fixed cost	₹ 40,000	45,000	50,000
Capital Employed	₹ 1,60,000	1,70,000	2,00,000

Particulars	Project Y		
	Optimistic	Expected	Pessimistic
Sales (Units)	11,000	9,000	8,000
Selling Price per Unit	₹ 20	16	15
Material Cost per Unit	₹ 1	2	3
Labour cost per Unit	₹ 1	3	4
Fixed cost	₹ 40,000	50,000	60,000
Capital Employed	₹ 1,50,000	2,00,000	2,50,000

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SECTION – C

Answer any two :

(2×24=48)

13. Explain in detail the procedures involved in the public issue of equity shares.
14. What is a stock exchange ? What are the functions of a stock exchange ?
15. KKK Engineering Ltd. has an equity share capital of ₹ 7,00,000 divided into equity shares of ₹ 10 each. It also enjoys an ebit of ₹ 1,50,000. It wants to expand its capacity for which it requires additional long term funds of ₹ 8,00,000. It has four alternative plans. The future Earnings before Interest and tax (EBIT) is estimated to be ₹ 2,50,000 and the tax rate is expected to be 40%. The four alternative plans are given below :
 - a) All Equity
 - b) All the additional fund by issue of 10% debentures.
 - c) ₹ 4,00,000 by issue of Equity shares and the remaining ₹ 4,00,000 by issue of 10% debentures.
 - d) ₹ 2,00,000 by issue of equity shares, ₹ 3,00,000 By issue of 15% preference shares and the remaining ₹ 3,00,000 by issue of 10% Debentures.

Calculate the Financial Leverage and Earnings per share for the alternative plans.

16. A) For the months of Jan-June, the return on stock prices of company A Ltd. and Company B Ltd. are given below along with the market return. Calculate the beta and alpha of both the stocks.

Months	Market return (%)	Return on Company A Securities (%)	Return on Company B Securities (%)
J	8	9	13
F	11	12	14
M	10	8	12
A	13	12	10
M	10	11	15
J	20	14	14

- B) A Ltd. Company present the following facts :

Sales – 20,000 Units @ ₹ 10 per Unit.

Material Cost – ₹ 4 per Unit.

Wages – ₹ 2 per Unit.

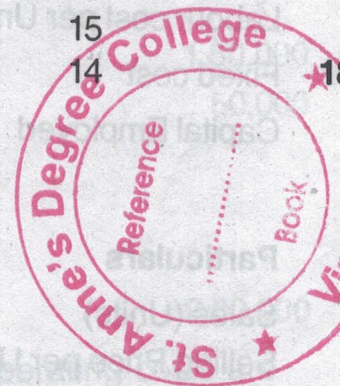
Fixed cost – ₹ 10,000.

Capital Employed ₹ 1,00,000.

Calculate Return on Investment.

Also calculate the range of return on Investment for the following situations :

- i) Material cost goes up by 25%
- ii) Labour cost increases by 20%
- iii) Sales declines by 20%
- iv) Fixed cost increases by 25%.



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