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BCMCMC 313

**Credit Based V Semester B.Com. Degree Examination,
October/November 2016
(Semester Scheme)
Commerce
(2016 – 17 Batch Onwards)
FINANCIAL MANAGEMENT – I**

Time : 3 Hours

Instruction : Give working notes wherever necessary.

SECTION – A

Answer any four.

(4x6=24)

1. Describe wealth maximisation as an objective of financial management.
2. Give a brief account of the Bull and the Bear speculators in the stock market.
3. A Machine costs Rs. 3,00,000 and its effective life is estimated to be 6 years. A sinking fund is created for replacing the machine at the end of its effective life time, when its scrap realizes a sum of Rs. 20,000 only. Calculate the amount which should be provided every year for the sinking fund if it accumulates 8% p.a. compounded annually.
4. Nataraj Paper Ltd.'s Balance Sheet as on 31st March 2015 is as follows :

	Amount (in lakhs)
Equity share capital (5,00,000 shares of Rs. 10 each)	50
Preference share capital (12%) (10,000 shares of Rs. 100 each)	10
Share premium	20
General reserve	10
Non convertible debentures (14%) fully secured	45
Current liabilities	5
Total	140

Calculate the Debt Equity ratio.



5. From the following data calculate the beta and alpha of shares of Company S and Company T.

	Arithmetic Mean	Standard Deviation	Correlation Coefficient
Market Mean	13%	3%	-
Shares of S	15%	3.5%	0.08
Shares of T	12%	2.5%	0.07

6. Explain the rationale for the issue of equity shares by a company.

SECTION – B

Answer any four questions.

(4x1)

7. Explain the scope of Financial Management under modern approach.
 8. What is a stock exchange ? What are functions of a stock exchange ?
 9. The operating details of Reddys home products are given below.

No. of units sold : 25,000
 Selling price per unit Rs. 12
 Material cost per unit Rs. 4
 Labour cost per unit Rs. 5
 Fixed cost Rs. 30,000

Calculate the operating profit for the above. Determine the effects of any of the following possibilities on operating profits :

- a) 10% decline in sales price
- b) 25% increase in material cost
- c) 20% increase in fixed cost.

10. Based on the data given below, ascertain which of the two projects would be more risky based on the coefficient of variation ?

Project A		Project B	
Cash Flow (Rs.)	Probability	Cash Flow (Rs.)	Probability
3,000	0.10	2,000	0.10
3,500	0.20	3,000	0.25
4,000	0.40	4,000	0.30
4,500	0.20	5,000	0.25
5,000	0.10	6,000	0.10

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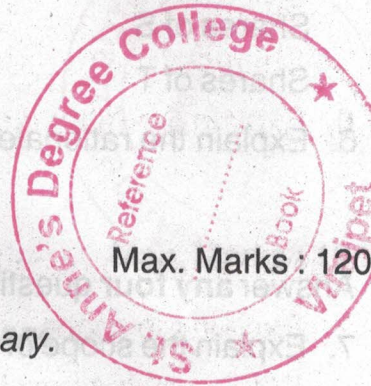
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October/November 2016
(Semester Scheme)
Commerce
(2016 – 17 Batch Onwards)
FINANCIAL MANAGEMENT – I**

Time : 3 Hours

Max. Marks : 120

Instruction : Give working notes *wherever* necessary.



SECTION – A

Answer any four.

(4×6=24)

1. Describe wealth maximisation as an objective of financial management.
2. Give a brief account of the Bull and the Bear speculators in the stock market.
3. A Machine costs Rs. 3,00,000 and its effective life is estimated to be 6 years. A sinking fund is created for replacing the machine at the end of its effective life time, when its scrap realizes a sum of Rs. 20,000 only. Calculate the amount which should be provided every year for the sinking fund if it accumulates 8% p.a. compounded annually.
4. Nataraj Paper Ltd.'s Balance Sheet as on 31st March 2015 is as follows :

	Amount (in lakhs)
Equity share capital (5,00,000 shares of Rs. 10 each)	50
Preference share capital (12%) (10,000 shares of Rs. 100 each)	10
Share premium	20
General reserve	10
Non convertible debentures (14%) fully secured	45
Current liabilities	5
Total	140

Calculate the Debt Equity ratio.

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5. From the following data calculate the beta and alpha of shares of Company S and Company T.

	Arithmetic Mean	Standard Deviation	Correlation Coefficient
Market Mean	13%	3%	-
Shares of S	15%	3.5%	0.08
Shares of T	12%	2.5%	0.07

6. Explain the rationale for the issue of equity shares by a company.

SECTION - B

Answer any four questions.

(4x12)

7. Explain the scope of Financial Management under modern approach.
 8. What is a stock exchange ? What are functions of a stock exchange ?
 9. The operating details of Reddys home products are given below.

No. of units sold : 25,000
 Selling price per unit Rs. 12
 Material cost per unit Rs. 4
 Labour cost per unit Rs. 5
 Fixed cost Rs. 30,000

Calculate the operating profit for the above. Determine the effects of any of the following possibilities on operating profits :

- a) 10% decline in sales price
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3,500	0.20	3,000	0.25
4,000	0.40	4,000	0.30
4,500	0.20	5,000	0.25
5,000	0.10	6,000	0.10

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SECTION – C

Answer any two questions.

(2x24=48)

13. Explain in detail the procedure for the issue of shares through the book building process.
14. Discuss the powers and functions of the Securities and Exchange Board of India (SEBI).
15. ZBB Ltd. has an existing capital structure consisting of 1,00,000 equity shares of Rs. 10 each. It further needs Rs. 50,00,000 for the construction of a new plant. The following three financial plans are feasible.
 - i) The company may issue 5,00,000 equity shares at Rs. 10 each.
 - ii) The company may issue 2,50,000 equity shares at Rs. 10 each and 25,000 debentures of Rs. 100 each bearing a 8% rate of interest.
 - iii) The company may issue 2,50,000 equity shares at Rs. 10 each and 25,000 preference shares at Rs.100 each bearing 8% rate of dividend. If the company's EBIT are Rs. 2,00,000, Rs. 4,00,000, Rs. 8,00,000, Rs. 10,00,000 and Rs. 12,00,000, what are the earnings per share under each financial plans ? Which alternative would you recommend and why ? Assume corporate tax rate to be 50 %.
16. The Returns on the Two Stocks and the market is given below. Calculate the Alpha and Beta of the stocks.

Year	Return on market portfolio (%)	Return on Stock ABC (%)	Return on Stock XYZ (%)
1	12	10	8
2	5	6	10
3	18	13	6
4	12	6	12
5	10	13	4
6	16	14	5
7	7	4	15
8	15	18	18
9	30	24	20
10	35	22	25

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Credit Based V Semester B.Com. Degree Examination, Oct./Nov. 2016
(2016-17 Batch Onwards) (Semester Scheme)

COMMERCE

Business Taxation – III (Elective)

Time : 3 Hours

Max. Marks : 120

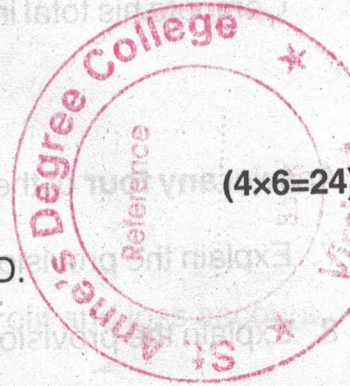
Instruction : Provide working note wherever necessary.

SECTION – A

Answer any four of the following questions.

(4x6=24)

1. Write an explanatory note on deduction under Section 80 DD.
2. Write short notes on Section 80TTA and 80U.
3. State how the following amounts received from the firm are treated in the assessment of the partners :
 - a) Interest received from the firm.
 - b) Remuneration received from the firm.
4. The total income of Sri Vasudev (aged 82 years) is Rs. 1,02,50,000. It includes long term capital gain of Rs. 2,50,000. Short term capital gains u/s 111A is Rs. 1,50,000 and winnings from crossword puzzles Rs. 25,000. Find out his tax liability.
5. The gross total income of Rahul amounted to Rs. 8,32,000 which includes long term capital gains of Rs. 2,00,000, accrued interest on NSC Rs. 40,000 and he donated Rs. 32,000 to PMNRF; paid Rs. 32,000 towards medical insurance premium including preventive medical bill of Rs. 7,000. He paid a rent of Rs. 6,000 p.m. for the house. Assuming that the conditions for allowing deduction U/S 80GG are satisfied, compute the total income.



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6. Mr. Raman has gross total income Rs. 5,00,000 (including Rs. 1,50,000 term capital gain). During the year he made the following payments.
- Medical insurance premium Rs. 30,000
 - Donation to National Sports fund Rs. 15,000
 - Amount paid to Govt. for promotion of family planning Rs. 20,000
 - Expenses incurred for the treatment of his physically handicapped brother Rs. 75,000.
 - (Amount received from insurance company Rs. 20,000)
- Compute his total income and tax payable for the assessment year 2016-17.

SECTION – B

Answer **any four** of the following questions :

7. Explain the provisions relating to deductions u/s 80P.
8. Explain the provisions relating to 115 JB relating to Minimum Alternate Tax.
9. Mr. Samanth, a reputed vocalist who is partially blind furnishes the following details :
- a) Salary paid to his assistant (helping him in his profession) Rs. 18,000.
 - b) Medical bill for voice culturing Rs. 7,500.
 - c) Cost of musical instruments Rs. 45,000.
 - d) Gross receipts for the year Rs. 9,00,000.
 - e) Tuition fees received from music classes Rs. 45,000.
 - f) Payment to supporting artists Rs. 1,20,000.
 - g) Travelling expenses Rs. 75,000.
 - h) Interest on housing loan taken Rs. 60,000.
 - i) LIC premium paid Rs. 36,000.
 - j) NSC purchased Rs. 60,000.
 - k) Medical insurance premium paid Rs. 18,000.
 - l) Donations to Govt. Music Academy Rs. 7,500.
- Compute Total Income and Tax Liability for the assessment year 2016-17.



10. Mr. Vihan Pai furnishes the following particulars of his income and losses for the year.

	Rs.
Salary income	4,00,000
Interest on self-occupied housing loan	45,000
Short term capital gains	40,000
Long term capital gains	55,000
Long term capital loss	1,00,000
Business income (speculation)	80,000
Business loss	2,15,000
Bank interest	25,000
Winnings from horse race (net)	35,000
Loss from buffalo race	5,000

Compute Gross Total Income.

11. A, B and C are partners in a firm with equal shares. The profit and loss account of the firm for the year ended 31-3-2016 is as under :

	Rs.		Rs.
Interest on capital at 18%		Gross profit b/d	27,000
A	24,000	Net Loss : A	3,75,000
B	21,000	B	3,75,000
C	<u>27,000</u>	C	3,75,000
Salary : A	3,60,000		
B	3,60,000		
C	<u>3,60,000</u>		
	10,80,000		
	11,52,000		11,52,000

Compute book profit and the total income of the firm for the assessment year 2016-17. The firm fulfils the conditions of Sec. 184.

12. Mr. Krishna has made the following donations during the previous year 2015-16 :

	Rs.
National Children's Fund	2,00,000
National Blood Transfusion Council	3,00,000
Mysore University	5,00,000
An approved charitable institution	2,50,000
Repairs to Notified Gurudwara	1,20,000
Help to poor student	35,000

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Books donated to approved college	57,500
Congress I party	55,000
Municipality for Family planning	80,000

His gross total income amounted to Rs. 62 lakhs. This included long term capital gain Rs. 2 lakhs. During the year he paid Rs. 48,000 (principal amount Rs. 30,000) towards the education loan. Compute total income.

SECTION – C

Answer **any two** of the following questions.

13. Nithin, Keerthan and Omkar are partners in a firm. Nithin is a non-working partner. They share profits and losses equally. Their profit and loss account for the year is given below.

	Rs.		
To Office expenses	15,000	By Gross Profit	5,00,000
To Rent	30,000	By Dividend from Indian Co.	15,000
To Salaries	1,00,000	By Rent from house property	13,000
To Donations	10,000	By Interest on Govt. securities	2,000
To Advertisement	15,000		
To R.B.D.	10,000		
To Sundry expenses	30,000		
To Bad debts	10,000		
To Depreciation reserve	20,000		
To Interest on capital :			
Nithin	50,000		
Keerthan	30,000		
Omkar	20,000		
To Commission :			
Nithin	10,000		
Keerthan	7,500		
Omkar	2,500		
To Bonus :			
Nithin	7,500		
Keerthan	7,500		
To Net profit	1,55,000		
	5,30,000		



Additional information :

- 1) Salary includes salary to Keerthan Rs. 15,000 and Omkar Rs. 10,000.
- 2) Depreciation allowable as per income tax rules Rs. 7,500.
- 3) Donation includes Rs. 5,000 to National Defence Fund and the balance to a local recognised school.
- 4) Capital account of partners stood at Nithin Rs. 2,00,000, Keerthan Rs. 1,20,000 and Omkar Rs. 80,000 as on 1st April, 2015.

Compute the book profit, total income of the firm and share of income of the partners from the firm.

14. Karnataka Multi Purpose Co-operative Society provides the following details of its income for the year ending 31st March 2016. Calculate its total income and tax liability. Income from providing credit facility to its members Rs. 80,000.

Rent received from letting of house for residential purpose Rs. 24,000.

Income from sale of consumer products Rs. 2,90,000 which is arrived after considering expenditure relating to house property let out – repairs Rs. 10,000, municipal tax Rs. 2,000, rent collection charges Rs. 10,000, fire insurance premium Rs. 2,000.

Taxable income from letting of godown for storage Rs. 16,000.

Dividends from other Co-operative society Rs. 9,000.

Interest on fixed deposit with Dhanalaxmi Co-operative Society Rs. 8,000.

Interest on securities Rs. 12,000.

Dividend received from other co-operatives Rs. 14,000.

Dividend received from Indian Companies Rs. 35,000.

Long term capital gain Rs. 1,25,000.

The society gave donation of Rs. 20,000 to Prime Minister's National Relief Fund.

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15. The following particulars are furnished by Nexus Company Limited.
Trading and Profit and Loss A/c for the year ending 31-3-2016

	Rs.		
To Purchases	6,50,000	By Sales	77,72,000
To Entertainment expenses	70,000	By Amount withdrawn from	
To Travelling expenses	1,40,000	general reserve	6,00,000
To Depreciation	16,00,000	By Long term capital gains	2,40,000
To Income tax	7,90,000	By Sundry income	10,00,000
To Outstanding sales tax	60,000	By Profit on sale of motor car	50,00,000
To Provision for unascertained liability	1,20,000	By Interest on Tax-free Govt. Securities	40,00,000
To Proposed Dividend	3,60,000		
To Tax consultation fees	40,000		
To Provision for loss of Subsidiary Co.	90,000		
To Salaries	4,00,000		
To Sundry expenses	3,00,000		
To Net profit	40,92,000		
	87,12,000		87,12,000

Additional information :

- 1) Value of plant and machinery (excluding car) as on 1-4-2015 was Rs. 1,20,00,000 and building Rs. 20,00,000, depreciation allowable on plant and machinery and 10% on building.
- 2) Excise duty of 2013-14 paid during the year Rs. 1,30,000 was not in the account.
- 3) Sundry expenses include an item of Rs. 80,000 in cash.
- 4) Out of outstanding amount of sales tax Rs. 50,000 was paid before of filing returns.
- 5) Unabsorbed business loss brought forward is Rs. 12,00,000 income purpose and Rs. 9,00,000 for accounting purposes.
- 6) Unabsorbed depreciation brought forward is Rs. 6,00,000 for a purposes.
- 7) Motor car was sold during the year for Rs. 2,80,000. Its written down 1-4-2015 was Rs. 2,30,000.

Compute :

- i) Total income of the company.
- ii) Book-profit u/s 115 JB and
- iii) Tax liability of the company.



16. Given below is the P & L A/c of Pooja Limited for the year ending 31-3-2016.

	Rs.		Rs.
To Establishment charges	4,80,000	By Gross profit B/D	21,10,000
To Entertainment expenses	92,000	By Commission	40,000
To Municipal tax on commercial complex	36,000	By Dividend from Co-operative Society	18,000
To Fire insurance premium	20,000	By Long term capital gain	80,000
To Legal charges	40,000	By Refund of customs duty	44,000
To General expenses	3,60,000	By Refund of sales tax	36,000
To Interest paid	1,40,000	By Rent from commercial complex	2,40,000
To Provision for bad debts	28,000		
To Bad debts	24,000		
To Provision for depreciation	1,80,000		
To Advertising	60,000		
To Loss of Goods due to Fire	24,000		
To Provision for taxation	2,80,000		
To Sales tax paid	1,20,000		
To Reserve fund	1,00,000		
To proposed dividends	3,20,000		
To Net profit	2,64,000		
	25,68,000		25,68,000

Additional information :

- a) Establishment charges include amount paid towards National Laboratory Rs. 75,000.
 - b) Legal expenses include Rs. 16,000 in connection with issue of debentures.
 - c) Fire insurance includes Rs. 8,000 insurance premium paid in respect of commercial complex.
 - d) General expenses include Rs. 1,60,000 paid to an approved charitable institution as donation.
 - e) Interest includes Rs. 20,000 as interest on loan borrowed to pay sales tax liability.
 - f) Depreciation allowable as per IT Act Rs. 1,60,000.
- Compute total income and tax liability of the company for the assessment year 2016-17.

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**Credit Based V Semester B.Com. Degree Examination, Oct./Nov. 2016
(2016-17 Batch Onwards)**

COMMERCE

Financial Accounting – V

Time : 3 Hours

Instruction : Provide working note wherever necessary.

Max. Marks : 120

SECTION – A

Answer any four questions :

1. Explain the various methods of Redemption of Debentures.
2. Explain intrinsic and market value methods of determining value of equity share.
3. What is minority interest and cost control in holding company accounts ?
4. Sunrise Ltd. has 50,000, 8% Preference shares of ₹ 10 each and 50,000 Equity shares of ₹ 10 each, ₹ 8 paid up. The company transfers 10% of divisible profits to general reserve every year. The expected profit before tax is ₹ 1,00,000 and Rate of tax is 40%. Normal rate of Dividend is 12%. Find out the value of Equity Share by Yield method.
5. Emami Ltd. wishes to redeem its Preference Shares amounting to ₹ 1,00,000 at a premium of 5% and for this purpose issues 5,000 Equity Shares of ₹ 10 each at a premium of 5%. The company has also a balance of ₹ 1,00,000 in Profit and Loss Account. Journalise the above.
6. The following information is given to you :
 - a) Capital employed ₹ 1,50,000.
 - b) Normal rate of profit 10%.
 - c) Net profit for last five years ₹ 14,400, ₹ 15,400, ₹ 16,900, ₹ 17,400, ₹ 17,900.
 - d) The profits include a non-recurring profits on an average basis of ₹ 1,000.

You are required to calculate Goodwill under five years purchase of Super Profit Method and Capitalisation Method.

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SECTION - B

Answer **any four** questions :

7. The Balance Sheet of Amardeep Ltd. as on 31-3-2016 was as follows :

Liabilities	₹	Assets	
6500, 12% Red. Pref. shares of ₹ 10 each	65,000	Fixed Assets	3,45,
4500 Equity Shares of ₹ 50 each	2,25,000	Investments	22,
Profit and Loss Account	48,000	Bank	30,
Creditors	60,000		
	3,98,000		3,98,

In order to redeem the preference shares at 10% premium the company decided

- a) Sell investments for ₹ 20,000.
 - b) Leave a balance of ₹ 12,000 in Profit and Loss Account.
 - c) Issue sufficient number of Equity shares of ₹ 50 each at a Premium of ₹ 12 share to raise the balance of funds required for redemption. The equity shares were fully subscribed. Pass Journal Entries and Redraft Balance Sheet.
8. On 1 Jan. 2012 Ajantha Ltd. Issued 2000, 9% Debentures of ₹ 100 each repayable at the end of 4 years at a premium of 5%. It has been decided to institute sinking fund for the purpose. The investments being expected to earn Net. Sinking fund table shows that ₹ 0.234590 annually amounts to ₹ 1 at 4 years on 31 Dec. 2015. The Balance at Bank ₹ 75,000 (before receiving interest) and Investments realised ₹ 1,65,000. The debentures were paid off.
- Prepare :
- a) Sinking fund account.
 - b) Sinking fund investment account.



9. Following is the Balance Sheet of Godavari Ltd. as on 31 Dec. 2015.

Liabilities		Assets	
	₹		₹
Share capital 10000		Buildings	1,30,000
Shares of ₹ 10 each	1,00,000	Plant	65,750
Reserve	80,000	Debtors	47,500
Workmen savings account	40,000	Stock	31,750
Profit and Loss account	45,000	Cash	29,250
Creditors	45,000	Preliminary expenses	5,750
	3,10,000		3,10,000

Plant and Buildings valued at ₹ 60,000 and ₹ 1,70,000 respectively. Out of Debtors, ₹ 2,500 are taken as bad. The profits for the company for three years are 2013 – ₹ 35,000 2014 – ₹ 40,000 2015 – ₹ 47,500.

Company transfers 20% of the profits to reserve every year. Normal rate of return in similar companies is 12% and Sales Tax Liability of ₹ 1,000 is likely to arise. Find of value of equity.

Share : a) Net Asset Method.

b) Yield Method.

10. Given below is the Balance Sheet of Arvind Ltd. as on 31 March 2016.

Liabilities		Assets	
	₹		₹
Equity share capital 10000		Goodwill	15,000
Shares of ₹ 10 each	1,00,000	Land	40,000
Reserve	45,000	Plant	50,000
Profit and Loss A/c		Investments	60,000
on 1-4-2015	6,000	Stock	50,000
Profit of current year	<u>24,000</u>	Debtors	60,000
8% Debentures	50,000	Cash	20,000
Creditors	30,000	Preliminary Expenses	5,000
Provision for Tax	20,000		
Depreciation Fund (Plant)	25,000		
	3,00,000		3,00,000

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Profit for the year includes ₹ 3,000 Income from Investments. Land and Plant valued at ₹ 1,00,000 and ₹ 20,000 respectively. Investments are all in Securities.

Compute the value of Goodwill on the basis of 3 years purchase of Super Profit. Normal return on capital employed in this type of business is 10%.

11. From the following Ledger Balances of Kamath Ltd. Prepare a statement of Profit and Loss for the year ended March 31, 2016.

	₹
Stock	38,000
Interim dividend paid	5,000
Machinery	44,000
Patents	8,000
Patterns	10,300
Purchases	1,27,310
Preliminary expenses	1,600
Manufacturing wages	59,000
Repairs	5,000
Coal, Gas and Water	2,400
Rates and Taxes	3,500
Salaries	2,250
Discount allowed	4,040
Travelling expenses	2,150
Directors fees	840
Bad debts	500
Debenture interest	800
4% Debentures	40,000
Profit and loss A/c (1-4-2015)	4,280
Sales	2,47,000
Discount received	2,360
Bad debts reserve	2,500
Royalty received	700
Debtors	55,400

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The Bank Balance on 31-12-2015 was ₹ 3,00,000 (inclusive of interest on investment for the year) on 31 Dec. 2015, investments realised 96% of value and the debentures were paid off.

You are required to show :

- i) 6% Debentures A/c
- ii) Sinking Fund A/c
- iii) Sinking Fund Investment A/c
- iv) Bank A/c
- v) Debenture Holders A/c.

14. The following is the Summarised Balance Sheet of Royal Blue Ltd.

Liabilities	₹	Assets	
6000, 8% Redeemable		Sundry Assets	26,200
Pref. Shares of ₹ 100 each	6,00,000	Cash at Bank	8,200
3000, 9% Redeemable Pref. Shares of ₹ 100 each			
₹ 75 paid up	2,25,000		
1,50,000 Equity shares of ₹ 10 each fully paid	15,00,000		
Capital Reserve	1,00,000		
Securities Premium	60,000		
Revenue Reserve	6,00,000		
Other Liabilities	3,60,000		
	34,45,000		34,45,000

It was decided to redeem both the classes of preference shares at a premium of 5%. The company issued for cash so many equity shares of ₹ 10 each at a premium of 10% as were necessary to provide for redemption of both classes of preference shares which could not otherwise be redeemed. The issue was subscribed and all the moneys were received. Then the company made a bonus issue for one share for every three shares for existing equity holders.

Pass Journal Entries and Redraft the Balance Sheet.

15. From the following Balances and Additional Information of Abhilash Ltd. Prepare Statement of Profit and Loss and the Balance Sheet as at 31 March, 2016.

Debit Balances

Investment in Shares	₹ 25,000
Purchases	2,65,545

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Packing Charges	9,000
Delivery charges	17,700
Stock on 1 April 2015	72,600
Wages	15,000
Salaries	9,000
Directors Fees	2,000
Carriage	4,100
Dividend for 2015	6,000
Preference dividend for half year upto 30-9-2015	3,000
Machinery	12,500
Discount on issue of debentures	1,000
Rates and Taxes	7,750
Preliminary Expenses	500
Bills Receivable	20,750
Interest on Bank loan	2,900
Debenture interest for half year	1,875
Sundry Debtors	25,050
Buildings	1,75,000
Furniture (Cost ₹ 25,000)	17,500
Technical knowhow	75,000
Cash	2,075
	7,70,845
Credit Balances	₹
Creditors	43,925
Preference Capital :	
Shares of ₹ 100 each	1,00,000
Equity Capital :	
Shares of ₹ 10 each	1,00,000
5% Mortgage debentures	75,000
Dividend and Interest	22,420
Profit and Loss A/c on 1-4-2015	14,250
Sales	3,40,250
Bank Loan	75,000
	7,70,845



Additional Information :

- 1) Closing stock ₹ 71,250.
 - 2) Wages include ₹ 1,000 incurred for installation of machinery.
 - 3) Purchases include goods worth ₹ 2,500 distributed as free samples.
 - 4) Depreciate Furniture at 10% on original cost.
 - 5) Write off half of discount on issue of debentures.
 - 6) Provide for remaining half year's preference dividend
 - 7) Technical knowhow is to be write down over 15 years.
 - 8) Provide for Taxation ₹ 5,000.
 - 9) The authorised capital of the company is ₹ 3,00,000 consisting of 1,500, 6% Preference shares of ₹ 100 each and 15000 Equity shares of ₹ 10 each.
16. The following are the Balance Sheets of H Ltd. and its Subsidiary S Ltd.

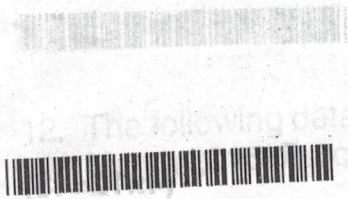
Balance Sheets as on 31 March, 2016

Liabilities	H. Ltd.	S. Ltd.	Assets	H. Ltd.	S. Ltd.
	₹	₹		₹	₹
Share Capital			Goodwill	60,000	20,000
Shares of ₹ 10 each	10,00,000	4,00,000	Machinery	7,00,000	2,70,000
General Reserve	1,50,000	—	Stock	1,80,000	90,000
Profit and Loss A/c	1,42,000	60,000	Debtors	2,60,000	1,20,000
Creditors	1,20,000	80,000	Cash at Bank	40,000	25,000
Bills payable	20,000	—	Investments		
			(24000 Shares of S Ltd. at Cost)	1,92,000	
			Bills Receivable	—	15,000
	14,32,000	5,40,000		14,32,000	5,40,000

Prepare a Consolidated Balance Sheet after taking the following into Consideration :

- a) H Ltd. acquired the shares of S Ltd. on 1 October 2015. Profit and Loss A/c in the books of S Ltd. Showed a Debit Balance of ₹ 20,000 on 1 April 2015.
- b) The Bills payable in H Ltd. represented Bills issued in favour of S Ltd. which company got bills of ₹ 5000 discounted.
- c) Included in the stock of S Ltd. are goods of the value ₹ 20,000 which were supplied by H Ltd. at cost plus 25%.
- d) ₹ 30,000 Creditors of H Ltd. due to S Ltd.

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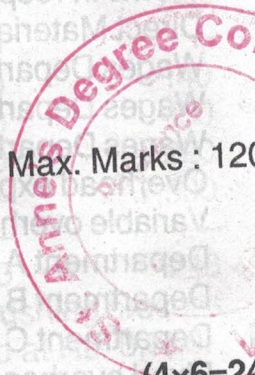


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BCMCMC 305

Credit Based V Semester B.Com. Degree Examination, Oct./Nov. 2016
(2015-16 and Earlier Batches)
COMMERCE
Cost and Management Accounting – III



Max. Marks : 120

Time : 3 Hours

Note : Provide working notes wherever necessary.

SECTION – A

(4x6=24)

Answer any four questions from the following :

1. Explain the term 'Work certified' and 'Retention money' in contract costing.
2. Distinguish between Job costing and Batch costing.
3. The cost of setting up a machine for the production is Rs. 240 irrespective of the size of the batch. The carrying cost of inventory is estimated to be 5 paise per month, per unit. The demand for the product is 250 units per month and this demand is constant.
Calculate Economic Batch Quantity.
4. Sauparnika Travels has 5 buses, operating between Delhi and Agra which are 150 kms apart. Each bus makes two trips a day. The seating capacity is 50 passengers. On an average 75% of seats are occupied. Calculate passenger kms for the month of August 2015 in which each bus was laid down for 6 days for repairs.
5. From the following data ascertain the amount of net profit for the period under total cost less Post split-off cost plus selling and distribution expenses method.
Main product produced and sold during the period 12,000 units at Rs. 25 per unit.
Total joint cost Rs. 1,60,000.
By product produced and processed further after the split off point at a cost of Rs. 10,000.
Sale of by product Rs. 25,000.
Administration and selling expenses :
On main product Rs. 12,000
On By product Rs. 1,000.
6. What is meant by abnormal loss and abnormal gain in Process Costing ?



SECTION – B

(4×12=48)

Answer any four questions from the following :

7. The following information have been taken from the records of Suvega Engineering Works in respect of Job No. 606.

Direct Materials	Rs. 5,020
Wages Department A	60 Hrs. at Rs. 3 per hr.
Wages Department B	40 Hrs. at Rs. 2 per hr.
Wages Department C	20 Hrs. at Rs. 5 per hr.
Overhead expenses for these three departments were as follows :	
Variable overhead	
Department A	Rs. 5,000 for 5,000 hrs.
Department B	Rs. 3,000 for 1,500 hrs.
Department C	Rs. 2,000 for 500 hrs.

Fixed overhead is estimated at Rs. 20,000 for 10,000 hrs.
You are required to calculate the cost of Job No. 606 and the price to be quoted for the Job to give a profit of 25% on selling price.

8. What is cost-plus contract ? Explain its merits and demerits.
9. Explain different methods of By-product accounting.
10. Mayura Company produces A as main product, B and C as its By-products. The following expenses have been incurred for the above products.

	Joint Expenses Rs.	Separate Expenses		
		A Rs.	B Rs.	C Rs.
Materials	5,000	2,000	900	1,300
Labour	4,500	1,000	800	800
Overheads	4,000	500	300	400
Selling Price		21,000	10,000	9,000
Profit on sale		50%	50%	33 ¹ / ₃

Show the methods of apportionment of joint expenses and also prepare necessary accounts.

11. A firm of building contractor began to trade on 1-4-2015. The following were the expenditure on contract for Rs. 6,00,000.
Materials issued to contract Rs. 1,02,000, Plant used for contract Rs. 30,000, Wages Rs. 1,62,000. Other expenses Rs. 10,000. Cash received on account to 31-3-2016 amounted to Rs. 2,56,000 being 80% of the work certified; of the plant and materials charged to the contract, plant which cost Rs. 6,000 and materials which cost Rs. 5,000 were lost on 31-3-2016. Plant costing Rs. 4,000 was returned to stores. The cost of work done but uncertified was Rs. 2,000 and materials costing Rs. 4,600 were in hand on site. Charge 15% depreciation on plant.
Prepare Contract Account.

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12. The following details are extracted from the costing records of an oil mill for March 2015. Purchase of 500 tons of copra costing Rs. 2,00,000.

	Crushing Rs.	Refining Rs.	Finishing Rs.
Labour	2,500	1,000	1,500
Power	600	360	240
Other materials	100	2,000	—
Repairs	280	330	140
Steam	600	450	450
Expenses	1,320	660	220
Cost of drums	—	—	7,500
Sacks sold	400	—	—
Production (tons)	300	250	248

175 tons of copra residues sold for Rs. 11,000. Loss in weight in crushing process is 25 tones. 45 tons of by-products got in refining process valued at Rs. 6,750. Prepare process accounts.

SECTION – C

Answer any two questions from the following : (2x24=48)

13. A company of builders having an authorised capital of Rs. 1,00,000 divided into 1000 ordinary shares of Rs. 100 each, commenced operations on 1st January, 2015. During the year it was engaged in a contract, the contract price being Rs. 4,00,000. The trial balance extracted from the books on 31st December, 2015 stood as follows :

	Dr. (Rs.)	Cr. (Rs.)
Share Capital being 80% paid up		80,000
Sundry Creditors		8,000
Land and Buildings at cost	34,000	
Cash at Bank	9,000	
Materials	80,000	
Plant	15,000	
Wages	1,05,000	
Expenses	5,000	
Cash received being 80% of work certified		1,60,000
Total	2,48,000	2,48,000

Of the plant and materials charged to the contract, plant costing Rs. 2,000 and materials costing Rs. 2,000 were destroyed by an accident.

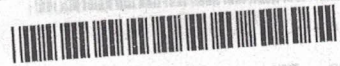
On 31st December, 2015 plant which cost Rs. 4,000 was returned to store, value of materials on site was Rs. 4,000, cost of work uncertified was Rs. 2,000.

Charge depreciation at the rate of 10% on plant.

Prepare the contract account for the year 2015 and the balance sheet as on 31st December, 2015 and show your calculation of the amount to be transferred to profit and loss account.

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PS



14. Finished product of a factory has to pass through three processes A, B and C. Normal wastage of each process is 2% in process A, 5% in process B and 10% in process C. Scrap value of wastage of process A, B and C are Re. 1, Rs. 4 and Rs. 2 per unit respectively.

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

Process	A (Rs.)	B (Rs.)	C (Rs.)
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	4,000	2,500	2,000

20,000 units have been put into process A at a cost of Rs. 60,000. The output of each process has been A – 19,600, B – 18,400 and C – 16,700 units. Prepare Process accounts abnormal loss account and abnormal gain account.

15. A bus with a capacity of 50 passengers makes a round trip from Delhi to Gazipur via Nawalabad, per day. The distance between Delhi and Nawalabad is 75 Kms and between Nawalabad and Gazipur is 25 Kms. During onward journey the bus is full of its capacity up to Nawalabad but only 60% full between Nawalabad and Gazipur. On return trip it is full of its capacity from Gazipur to Nawalabad but 80% of the capacity between Nawalabad and Delhi.

- The following information is provided:
- The bus runs on an average 25 days in a month.
 - Cost of the bus is Rs. 25,00,000.
 - Its estimated scrap value after 10 years of life is Rs. 2,50,000.
 - Annual road tax Rs. 25,000.
 - Insurance charges per year Rs. 24,000.
 - Garage rent per year Rs. 12,000.
 - Driver's salary per month Rs. 15,000.
 - Cleaner's wages per month Rs. 10,000.
 - Accountant's salary per month Rs. 12,000.
 - Supervisor's salary per month Rs. 10,000.
 - Cost of diesel per liter Rs. 60.
 - Kilometers run per liter of diesel 4 km.
 - Proportionate charges for tyres per km Rs. 2
 - Repairs and maintenance per km Rs. 5

Calculate the cost per passenger-km of operating the bus.

16. a) Explain different methods of apportioning the joint cost.
 b) Write a note on Inter-Process Profit.

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BCMCMC 311

**Credit Based V Semester B.Com. Degree
Examination, October/November 2016
(2016 – 17 Batch Onwards)**

**Commerce
BUSINESS LAW**

ವಾಣಿಜ್ಯ ನ್ಯಾಯ

Time : 3 Hours

Max. Marks : 120

SECTION – A

ವಿಭಾಗ – ಎ

Answer any four questions.

(4x6=24)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.

1. Write a note on voidable contract.

ಅನೂರ್ಜಿತವಾಗಬಲ್ಲ ಒಪ್ಪಂದದ ಬಗ್ಗೆ ಒಂದು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

2. Explain the case law : "Carlill Vs Carbolic Smoke Ball Company"

"ಕಾರ್ಲಿಲ್ ವಿರುದ್ಧ ಕಾರ್ಬೋಲಿಕ್ ಸ್ಮೋಕ್ ಬಾಲ್ ಕಂಪೆನಿ" ದಾವೆಯನ್ನು ವಿವರಿಸಿರಿ.

3. Write a note on right to information.

ಮಾಹಿತಿ ಹಕ್ಕಿನ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

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

ನಿಕ್ಷೇಪಣೆಯ ವ್ಯಾಖ್ಯೆಯನ್ನು ನೀಡಿರಿ. ನಿಕ್ಷೇಪಣೆಯ ಅವಶ್ಯಕ ಅಂಶಗಳನ್ನು ವಿವರಿಸಿರಿ.

5. Write a note on wagering agreements.

ಜೂಜಾಟದ ಒಪ್ಪಂದಗಳ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

6. Write a note on 'Equity Law' and 'Common Law'.

'ಧರ್ಮದ ನ್ಯಾಯ' ಮತ್ತು 'ಸಂಪ್ರದಾಯ ನ್ಯಾಯ' ಗಳ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

SECTION – B

ವಿಭಾಗ – ಬಿ

Answer any four questions.

(4x12=48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.

7. Briefly explain the essential elements of a valid contract.

ಒಂದು ನ್ಯಾಯಬದ್ಧ ಒಪ್ಪಂದದ ಪ್ರಮುಖ ಅಂಶಗಳ ಬಗ್ಗೆ ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.

P.T.O.

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8. Define and explain coercion. Distinguish it from undue influence.
ಜುಲುಮೆಯ ವ್ಯಾಖ್ಯೆಯನ್ನು ನೀಡಿ ಮತ್ತು ಅದಕ್ಕೂ ಅನುಚಿತ ಪ್ರಭಾವಕ್ಕೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿರಿ.
9. Explain briefly different types of damages that are awarded for the breach of a contract.
ಒಪ್ಪಂದ ಉಲ್ಲಂಘನೆಯಾದಾಗ ಕೊಡಬಹುದಾದ ವಿವಿಧ ನಷ್ಟ ಪರಿಹಾರಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.
10. What are 'Quasi-contracts' ? Briefly explain the Quasi-contracts that are dealt within the Indian Contract Act.
ಸೂಚ್ಯ ಒಪ್ಪಂದವೆಂದರೇನು ? ಭಾರತೀಯ ಒಪ್ಪಂದ ಶಾಸನದಲ್ಲಿ ನಮೂದಿಸಿರುವ ಅಂತಹ ಒಪ್ಪಂದಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿ.
11. Briefly explain the agreements opposed to Public Policy.
ಸಾರ್ವಜನಿಕ ನೀತಿಗೆ ವಿರುದ್ಧವಾದ ಒಪ್ಪಂದಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿರಿ.
12. Who is an agent ? Explain the duties and rights of an agent towards the principal.
ಕಾರ್ಯಭಾರಿ ಎಂದರೆ ಯಾರು ? ಕಾರ್ಯಭಾರಿಯು ಯಜಮಾನನಿಗೆ ನಿರ್ವಹಿಸಬೇಕಾದ ಕರ್ತವ್ಯಗಳು ಮತ್ತು ಹಕ್ಕುಗಳನ್ನು ವಿವರಿಸಿ.

SECTION - C

ವಿಭಾಗ - ಸಿ

Answer any two questions.

(2×24=48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ.

13. Who is a "Minor" ? Explain the law relating to minor's agreements.
ಅಪ್ರಾಪ್ತ ವಯಸ್ಕ ಎಂದರೆ ಯಾರು ? ಅಪ್ರಾಯಸ್ಥನ ಒಡಂಬಡಿಕೆಗಳಿಗೆ ಸಂಬಂಧಿಸಿದ ನಿಯಮಗಳನ್ನು ವಿವರಿಸಿರಿ.
14. Define consideration. Explain the essentials of lawful consideration.
ಪ್ರತಿಫಲದ ವ್ಯಾಖ್ಯೆ ನೀಡಿ. ನ್ಯಾಯಬದ್ಧ ಪ್ರತಿಫಲದ ಅವಶ್ಯಕ ಅಂಶಗಳನ್ನು ವಿವರಿಸಿರಿ.
15. What is meant by discharge of a contract ? Discuss various modes by which a contract may be discharged.
ಒಪ್ಪಂದ ವಿಸರ್ಜನೆ ಎಂದರೇನು ? ಒಪ್ಪಂದವನ್ನು ವಿಸರ್ಜಿಸುವ ವಿವಿಧ ವಿಧಾನಗಳನ್ನು ವಿವರಿಸಿ.
16. Explain the circumstances under which a surety is discharged in a contract of guarantee. Distinguish between contract of indemnity and contract of guarantee.
ಜಾಮೀನುದಾರನು ಜಾಮೀನುದಾರಿಕೆ ಒಪ್ಪಂದದಿಂದ ಬಿಡುಗಡೆಯಾಗುವ ಸಂದರ್ಭಗಳನ್ನು ವಿವರಿಸಿ. ನಷ್ಟ ಪರಿಹಾರ ಒಪ್ಪಂದಕ್ಕೂ ಜಾಮೀನುದಾರಿಕೆ ಒಪ್ಪಂದಕ್ಕೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿ.

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