

18COM101

Reg. No.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
FINANCIAL ACCOUNTING – I

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

3×20=60

Answer any THREE questions:

1. From the following Trial Balance of Arjun as on 31-3-2016. Prepare Final Accounts:

Particulars	Debit (₹)	Credit (₹)
Capital Account	-	1,20,000
Drawings	15,000	-
Bills Receivable	22,000	-
Machinery	19,000	-
Depreciation on Machinery	1,000	-
Debtors & Creditors	60,000	58,000
Wages	40,000	-
Outstanding Wages	-	1,000
Purchases & Sales	2,52,000	3,55,000
Commission	-	5,500
Rent & Taxes	6,000	-
Stock 1-4-2015	90,000	-
Salaries	10,500	-
Travelling Expenses	2,000	-
Insurance	600	-
Repairs	3,400	-
Bad Debts	3,500	-
Furniture	9,000	-
Returns	5,000	2,000
Cash in Hand	500	-
Cash at Bank	2,000	-
	5,41,500	5,41,500

Adjustments:

- Stock in hand on 31-3-2016 was ₹1,00,000.
 - Create 5% Provision for doubtful debts.
 - Prepaid insurance amounts to ₹100.
 - Commission earned but not received amounts to ₹500.
 - Salaries are unpaid to the extent of ₹1,500.
 - Depreciate furniture by 10% p.a.
2. A Machinery was purchased by ABC Ltd on 1-1-2012 for ₹50,000. The machine is to be replaced at the end of 5th year for which sinking fund was established. It is expected that securities will earn 5% interest. As per Sinking Fund Table 9048.75 to be invested every year in outside securities with compound interest at 5% which will be ₹50,000 in 5 years. Show Depreciation Fund Account,

Depreciation Fund Investment Account and Machinery Account assuming that securities were sold on 31st Dec 2016 for ₹40,000.

3. From the following prepare Income and Expenditure Account and Balance Sheet as on 31-3-2016 of Mother India Club:

Balance sheet as on 31-3-2015			
Liabilities	₹	Assets	₹
Capital fund	61,000	Building	64,000
Subscription received in advance	1,000	Subscriptions receivable	1,600
Sundry expenses Payable	4,000	Rent receivable	400
Bank Loan	20,000	Furniture	12,000
	86,000	Cash in hand	8,000
			86,000

Receipts and Payments for the year ended 31-3-2016			
Receipts	₹	Payments	₹
To Balance b/d	8,000	By Sundry expenses	
To Subscription		2014-15	4,000
2014-15	1,600	2015-16	6,000
2015-16	17,600	By Salary to Staff	4,400
2016-17	2,800	By Benefit show expenses	6,000
To Entrance fee	400	By Investments	10,000
To Rent	4,000	By Bank Loan	8,000
To Receipt from Benefit show	10,000	By Balance c/d	6,000
	44,400		44,400

Adjustments:

- Subscription outstanding ₹1,000.
 - Salary to staff paid in advance ₹400.
 - Interest on Bank Loan accrued but not paid ₹2,400.
 - Depreciation on Furniture ₹1,000.
 - Depreciation on Building ₹4,000.
 - Half of Entrance fee to be capitalised.
4. Transactions of Anitha for April 2017 are given below. Journalise them and prepare necessary Ledger Accounts.

2017 April 1 Anitha started Business with	₹20,000
April 2 Paid into Bank	₹14,000
April 3 Bought goods for cash	₹1,000
April 5 Drew cash from Bank for office	₹100
April 13 Sold to Vidya goods on credit	₹150
April 20 Bought from Seema goods on credit	₹225
April 24 Received from Vidya	₹145
April 24 Allowed her discount	₹5
April 28 Paid to Seema	₹215
April 28 Discount allowed by her	₹10
April 30 Cash sales for the month	₹800
April 30 Paid Rent	₹50
April.30 Paid Salary	₹100

SECTION – B

Answer any FOUR questions:

4×10=40

5. From the following particulars Prepare Bank Reconciliation Statement as on 31-3-2016.
- Bank balance as per Cash Book ₹5,000.
 - Cheque deposited but not collected by the bank ₹1,500.
 - Cheques issued but not presented for payment ₹2,500.
 - Bank charges debited in pass book only ₹200.
 - Interest credited in pass book ₹100.
 - Insurance premium directly paid by the bank by understanding advice ₹500.
 - Bills receivable directly collected by the bank ₹2,000.
 - Wrong debit given by the bank in the pass book ₹2,000..
 - Wrong credit given by the bank in the pass book ₹400.
6. On 1st July 2012, a company purchased a machine for ₹3,90,000 and spent ₹10,000 on its installation. It decided to provide depreciation at 15% p.a. using written down value method. On 30th Nov 2015, the machine was sold for ₹1,00,000. On 1st Dec 2015, the company acquired a new machine at a total cost of ₹7,60,000. The Company closes books of accounts on 31st March every year. Prepare Machinery Accounts for four years till 31-3-2016.
7. Explain the important Accounting Concepts.
8. Prepare the Trading and Profit & Loss Account of Kiran for the year ending 31-3-2017 from the following information:

Particulars	Debit (₹)	Credit (₹)
Kiran's Capital Account	-	25,000
Stock on 1-4-2016	6,200	-
Cash	1,700	-
Debtors	9,100	-
Purchases	61,300	-
Sales	-	93,600
Returns	500	1,800
Freight Inwards	3,700	-
Freight Outwards	7,200	-
Salaries	10,500	-
Rent	6,000	-
Creditors	-	4,000
Miscellaneous receipts	-	100
Drawings A/C	6,300	-
Furniture and Fittings	10,800	-
Depreciation on Furniture	1,200	-
	1,24,500	1,24,500

Closing Stock on 31-3-2017 was ₹7,800.

9. The books of Sharma did not agree. The Accountant transferred an amount of ₹296 being excess of debit side total to the Suspense Account. The following errors were subsequently traced:
- Sales book was over cast by ₹300.
 - Purchase of Furniture worth ₹615 was passed through the Purchases Book.
 - An amount of ₹55 received from Thomas & Co was posted to his account as ₹550.
 - Purchases Returns Book total on a page was carried forward as ₹221 instead of ₹112.
 - A cash sales of ₹1235 though duly entered in the cash book was posted to the Sales Account as ₹35.

Rectify the errors by means of Journal entries and prepare the Suspense Account.

SECTION – C

Answer ALL the questions:

4×5=20

- What is meant by Accounting Standards? What are the objectives of Accounting Standards?
- What is Suspense Account? When is it opened?
- From the following Ledger Account Balances on 1-4-2016. Prepare the Balance Sheet and ascertain the Capital Fund.

Particulars	₹
Endowment Fund	60,000
Equipments	30,000
Furniture and Fixtures	9,000
Subscription in Arrears	3,600
Outstanding Payments	6,400
Excess of Income over Expenditure	30,000
Subscription Received in Advance	1,200
Prepaid Rent	400
Land & Building	70,000
Investments	50,000

- On 31-12-2017 Bank Balance of a Company's cash Book showed a debit balance of ₹9,550. On examination of the Cash Book and the Pass Book, the following points were noted:
 - Cheque issued but not presented for payment upto 31-12-2017 amounted to ₹4,200.
 - There was a debit of ₹300 in the pass book for Locker Rent .
 - Cheque deposited but not cleared upto 31-12-2017 ₹2,800.
 - Interest on Deposit with UTI ₹1,300 was directly credited in the Bank.

Prepare Bank Reconciliation Statement.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
FINANCIAL ACCOUNTING - I

Time: 3 Hrs

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. From the following trial balance of Mr. Nikhil Kumar, Prepare a Trading and Profit and Loss account for the year ending 31.12.2016 and a Balance Sheet as on that date.

Particulars	Debit (₹)	Credit (₹)
Nikhil Kumars Capital		71,000
Cash in hand	3,900	
Purchases and Sales	41,000	98,800
Returns	600	500
Wages	10,500	
Power and fuel	4,000	
Salaries	15,000	
Carriage outwards	3,200	
Carriage Inwards	2,000	
Stock (1.1.2016)	5,800	
Building	40,000	
Plant & Machinery	20,000	
Furniture	7,500	
Debtors	14,000	
Bad debts	500	
Creditors		6,000
Provision for bad debts		300
General expenses	3,000	
Insurance	600	
Drawings	5,000	
	1,76,600	1,76,600

Adjustments:

- 1) Closing Stock on 31.12.2016 was valued at ₹7,000
 - 2) Building, Machinery and Furniture are to depreciated by ₹2000, ₹3000 and ₹1500 respectively.
 - 3) Salaries and Advertisement bill are outstanding to the extent of ₹500 and ₹1000 respectively.
 - 4) Create 5% R.B.D on debtors.
 - 5) Prepaid Insurance amounted to ₹170
 - 6) Goods purchased worth ₹5000 were received and included in closing stock but were not entered in Purchases Book.
2. Kiran & Company Limited purchased machinery on 1.11.2013 for ₹55,000. Its scrap value estimated at ₹5,000. It was decided to replace it in four years by means of depreciation fund. The investments yield 4% per annum. According to the sinking fund table an annual investment of Re 0.083291 is required. At the end of the fourth year the investments realized at 5% less than the book value.

Show the Depreciation Fund Account, Depreciation Fund Investment Account and the Machinery Account.

3. From the following information relating to Recreation club, Prepare Income and Expenditure account for the year ended 31.12.2016 and a Balance Sheet as on that date.

Balance Sheet as on 31.12.2015

Liabilities	₹	Assets	₹
Capital Fund	65,300	Sports materials	40,000
Creditors	1,500	Furniture	10,000
Subscription received in advance	3,200	Subscription due	3,000
		Investment (10%)	15,000
		Rent due	1,000
		Cash	1,000
	70,000		70,000

Receipts and Payments Account for the year ended 31.12.2016

Receipts	₹	Payments	₹
To Balance b/d	1,000	By Salaries	6,000
To Subscriptions	32,000	By Creditors	1,000
To Entrance fee	3,000	By Rent(for 11 months)	5,500
To Donations	6,000	By Refreshment Expenses	2,500
To Sale of furniture	800	By 12% Investments	18,000
To Sale of Newspaper	500	By Sports Materials	10,000
To sale of Refreshments	3,500	By Printing	1,000
To Miscellaneous receipts	200	By Honorarium	2,000
To Interest on Investments	2,000	By Balance c/d.	3,000
	49,000		49,000

Adjustments:

- 1) Subscriptions for 2016 due were ₹1,000, Subscriptions for 2017 received were ₹750, and Subscriptions for 2015 were still due ₹500.
- 2) Depreciate furniture by 10% and sports materials including additions during the year at 50%.
- 3) Prepaid printing was ₹200.
- 4) $\frac{2}{3}$ of entrance fee to be capitalized.

4. a) Explain any four types of accounting errors.
- b) Following mistakes were located and a Suspense Account was opened to agree the trail balance.

Give the rectification entries and prepare the Suspense Account assuming that the Trail Balance showed a difference of ₹782 (debit)

- 1) Sales day book was overcast by ₹ 300
- 2) An amount of ₹ 250 for interest on bank overdraft has been credited to Interest Account.
- 3) The total of return inwards book has been overcast by ₹5.
- 4) Bills receivable for ₹500 from Mr. Baskar was passed through Bills Payable Book
- 5) Discount amounting to ₹22 from a Creditor had been duly entered in his account but not posted to Discount Account.
- 6) ₹500 paid to Gopal against our acceptance were debited to his Personal Account.
- 7) An item of sale of ₹267 was posted as ₹270 in the Sales Account.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. From the following information, Prepare a Manufacturing Account for the year ending 31.12.2015.

	₹
Work in Progress (1.1.2015)	4,000
Raw Materials (31.12.2015)	90,000
Carriage Inwards	3,000
Sale of scrap	1,000
Work in Progress (31.12.2015)	5,000
Raw Materials (1.1.2015)	74,000
Purchase of Materials	45,000
Factory Rent	10,000
Wages	20,000
Depreciation on Machinery	8,000

6. Classify the following into Capital and revenue giving reasons for the same.

- a) Life membership fees
- b) Sale of old furniture
- c) Cost of air conditioning
- d) Repairs of Lecture hall
- e) Wages paid for erection of plant.

7. A Manufacturing concern whose books are closed on 31st December, purchased a machinery for ₹40,000 on 1.1.2013. Additional machinery was purchased for ₹20,000 on 1.7.2014 and for ₹10,000 on 1.4.2015. Write up machinery account for three years applying original cost method assuming 10% p.a. as rate of depreciation.
8. What is meant by Accounting Standards? What are its objectives?

SECTION – C

Answer **ALL** questions:

5×1=5

9. What is Suspense Account?
10. A machinery is purchased for ₹4,00,000. The sinking fund table shows that 0.317208 at 5% interest p.a. becomes rupee one after 4 years. Compute the amount to be appropriated every year from P/L a/c.
11. Goods costing ₹10,000 were sent to a customer on sale on return basis on 30.12.2015. These were recorded as actual sales. The rate of gross profit was $\frac{1}{5}$ of sale. Compute the amount of net sales.
12. State any two differences between Manufacturing and Trading A/C.
13. Donation for Prize Fund (2015) ₹5,000
Prizes awarded from Prize Fund ₹2,000 during the year.
Donation to Prize Fund during the year ₹7,000.
What is the amount of Prize Fund for the year 2015?

18COM102

Reg. No.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
CONTEMPORARY MANAGEMENT**

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×16=48

1. What is Controlling? Explain the various techniques of Controlling?
2. Explain the contributions of Henry Fayol in Modern Management.
3. What are the different types of Decision? Explain the steps involved in Decision Making Process.
4. Describe Herzberg's Two Factor Theory and differentiate it from Maslow's Theory of Need Hierarchy.

SECTION – B

Answer any THREE questions:

3×8=24

5. Explain the Trait Theory of Leadership.
6. Explain the causes for poor MIS and guidelines for improving MIS.
7. Differentiate between Administration & Management.
8. Explain the requirement of sound Motivational System.

SECTION – C

Answer ALL the questions:

4×2=8

9. What is Matrix Structure of Organization?
10. What is MBO?
11. What is meant by Bennis Transformational Leadership?
12. What are Formal and Informal Plans?

COM 102.1

Reg. No.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
MODERN BANKING**

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. Define Bank. Explain the functions of Commercial Bank.
2. What is Endorsement? Explain the types of endorsement with examples.
3. Who is a paying Banker? Explain the precautions to be taken while honouring customers' cheques.
4. Explain the precautions to be taken by a banker while allowing operations in the accounts of
a) Minor b) Illiterate person

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Explain the functions of EXIM banks.
6. Distinguish between general crossing and special crossing.
7. Briefly explain the various classifications of assets.
8. What are the rights and liabilities of a collecting banker as a holder for value?

SECTION – C

Answer **all** the questions:

5×1=5

9. Expand RTGS.
10. What is Interest Rate Risk?
11. What is meant by internet banking?
12. State any two reasons for dishonour of cheque.
13. What is Bill of Exchange?

18COM103

Reg. No.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
BUSINESS COMMUNICATION

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×16=48

1. Explain the principles and barriers to Communication.
2. Draft a Letter complaining the dispatch of defective goods and a Letter of Adjustment to the above complaint.
3. Explain the steps in preparation for a Meeting. Draft an Agenda.
4. Explain the Types of Communication with merits and demerits.

SECTION – B

Answer any **THREE** questions:

3×8=24

5. Explain the importance of Communication in business.
6. What is the need of business letter for a good Business Correspondence?
7. Draft a letter asking the applicant to appear for an interview for the post of HR Manager.
8. Explain the guidelines or rules to prepare a Report.

SECTION – C

Answer **ALL** the questions:

4×2=8

9. Define Electronic Mail.
10. What is Project Appraisal?
11. State any two differences between Formal and Informal Communication.
12. What is meant by Resolution in a Meeting?

COM 103

Reg. No.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
MANAGEMENT PERSPECTIVES**

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. Henri Fayol is considered as the Father of Modern Management Theory. Explain his contribution to Modern Management Theory.
2. What is Planning? Explain the steps involved in Planning Process.
3. Explain the procedure for selection followed in an organisation.
4. Define Leadership and briefly explain the various leadership styles.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Write any five differences between Administration and Management.
6. Write a note on Network Form of organization structure.
7. Explain the various types of Decision Making.
8. Write a note on McGregory's Theory X.

SECTION – C

Answer all the questions:

5×1=5

9. State any two features of Management.
10. What are Standing Plans?
11. State the meaning of Line and Staff Organisation.
12. What is meant by Controlling?
13. State any two Hygienic factors, mentioned in Herzberg's Model.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
BUSINESS ECONOMICS

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

I. Answer any three of the following: **20×3=60**

1. Define Business Economics. Explain the subject matter of Business Economics.
2. Define Price Elasticity of Demand. Explain the different methods of measuring Price Elasticity of Demand.
3. What is Monopolistic Competition? Explain equilibrium price-output determination under Monopolistic Competition.
4. Explain the short run Cost-Output Relationship.

SECTION – B

II. Answer any three of the following: **5×3=15**

5. Briefly explain the Determinants of Demand?
6. Explain the Law of Supply.
7. Explain the features of Perfect Competition.
8. Explain the types of Price Discrimination.

SECTION – C

III. Answer all the questions: **1×5=5**

9. What is Micro Economics?
10. What is an Indifference Curve?
11. What is Fixed Cost?
12. What is Monopoly?
13. What is Dual Pricing?

CREDIT BASED FIRST SEMESTER B.COM.DEGREE EXAMINATION

OCTOBER 2018

ECONOMICS

PAPER I – BUSINESS ECONOMICS

Time: 3 Hrs

Max. Marks: 80

SECTION – A

Answer any THREE of the following:

3X20=60

1. State and explain the law of demand with the help of a demand curve. What are its exceptions?
2. Explain the various methods of demand forecasting.
3. Explain the law of variable proportions with an illustration.
4. What are the features of a monopoly? How are price and output determined under monopoly?

SECTION – B

Answer any THREE of the following:

3X5=15

5. Explain the subject-matter of business economics.
6. State and explain the law of supply.
7. Explain the features of perfect competition.
8. Explain the full-cost pricing and marginal cost pricing methods.

SECTION – C

Answer ALL the following:

5X1=5

9. What is consumer's surplus?
10. Define price elasticity of demand.
11. Define indifference curve.
12. What is price discrimination?
13. What is skimming pricing?

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
INTERNATIONAL FINANCIAL ACCOUNTING - I

Time: 3 Hrs.

Max. Marks: 120

SECTION – AAnswer any **THREE** questions:**3×20=60**

1. B is reviewing the financial statements of two companies, Z and O. The companies trade as wholesalers, selling electrical goods to retailers on credit. Their Statements of Profit or Loss for the year ended 31 March 2018 are as follows:

	Z		O	
	\$000	\$000	\$000	\$000
Sales revenue		4,000		6,000
Cost of sales:				
Opening inventory	200		800	
Purchases	<u>3,200</u>		<u>4,800</u>	
	3,400		5,600	
Less: Closing inventory	<u>400</u>	<u>(3000)</u>	<u>800</u>	<u>(4,800)</u>
Gross profit		1,000		1,200
Expenses:				
Distribution costs	200		150	
Administrative Expenses	290		250	
Interest paid	<u>10</u>	<u>500</u>	<u>400</u>	<u>800</u>
Profit before tax		500		400
Taxation		<u>120</u>		<u>90</u>
Profit for the year		<u>380</u>		<u>310</u>

Statement of Financial Position as at 31 March 2018

	Z		O	
	\$000	\$000	\$000	\$000
Assets:				
Tangible Non-Current assets:				
Warehouse and Office Building	1,200		5,000	
Equipment and Vehicles	<u>600</u>	1,800	<u>1,000</u>	6,000
Current Assets:				
Inventories	400		800	
Trade Receivable	800		900	
Other Receivables	150		80	
Cash at Bank	-	<u>1,350</u>	<u>100</u>	<u>1,880</u>
		<u>3,150</u>		<u>7,880</u>
Equity and Liabilities				
Equity:				
Share Capital	1,000		1,600	
Revaluation Surplus	-		500	
Retained Earnings	<u>950</u>	1,950	<u>790</u>	2,890
Non-Current Liabilities:				
Non-Current Loan (Interest 10% per annum)				4,000

Current Liabilities:				
Trade Payables	800		800	
Other Payables	80		100	
Overdraft	200		-	990
Taxation	120	1,200	90	7,880
		3,150		

Required:

- (a) Calculate the following accounting ratios for both years:
- Current Ratio
 - Receivables Turnover in days
 - Payables Turnover in days (based on purchases)
 - Gross Profit %
 - Return on Equity(ROE)
 - Return on Capital Employed(ROCE)
- (b) Comment on the liquidity and profitability of the company.

(14 Marks)
(6 Marks)

2. (A) The following is a summary from the Cash Account of the N Company: On investigation you discover the following:

Cash Account			
	\$		\$
Opening balance b/d	2,814	Payments	31,040
Receipts	30,146	Closing balance c/d	1,920
	32,960		32,960

- Bank charges \$70 shown on the bank statement has not been entered in the Cash Account.
- A cheque drawn for \$94 has been entered in error as a receipt in the Cash Account.
- A cheque for \$36 has been returned by the bank marked "refer to drawer" but it has not been written in the Cash Account.
- An error has occurred in that the opening balance in the Cash Account should have been carried down as \$2,940.
- Three cheques paid to suppliers for \$428, \$740 and \$60 have not yet been presented to the bank.
- The final entry in the paying in book shows \$3,084 being paid in which has not yet been credited to the account by the bank.
- The bank has debited a cheque for \$144 in error to the company's account.
- The bank statement shows an overdrawn balance of \$248.

Required:

- Show the adjustments required in the Cash Account. (5 Marks)
 - Prepare a Bank Reconciliation Statement. (5 Marks)
- (B) L's draft statement of profit or loss showed a profit of \$830,000. However, the Trial Balance did not balance and a suspense account with a credit balance of \$20,000 has been included in the Statement of Financial Position for the difference.

The following errors were found on investigation:

- The proceeds of issue of 100,000 50c shares at 70c per share were correctly entered in the Cash Book but had been credited to Sales Account.
- Cash of \$8000 paid for plant repairs was correctly accounted for in the cash book but was credited to the Plant Cost Account.

- (iii) In arriving at the net sales and purchases totals for the year, the \$48,000 balance on the Returns Outwards Account had been transferred to the debit of the Sales Account and the \$64,000 balance on the Returns Inwards Account had been transferred to the credit of the Purchase Account.
- (iv) A payment of \$4,000 for the rent had been correctly recorded in the cash book but debited to the Rent Account as \$40,000.

Required:

- (a) Pass Journal Entries to correct the errors. Narratives are NOT required. (5 Marks)
- (b) Calculate the revised profit after adjusting for the errors. (5 Marks)

3. (A) J. Company prepares monthly Receivables and Payables Ledger Control Accounts.

At 1 November 2016 the following balances existed in the entity records.

	Dr \$	Cr \$
Receivables Ledger Control Account	54,000	1,000
Payables Ledger Control Account	200	43,000

The following information was extracted in November 2016 from the entity records.

	\$
(i) Credit Sales	251,000
(ii) Cash Sales	34,000
(iii) Credit Purchase	77,000
(iv) Cash Purchases	29,000
(v) Credit Sales Return	11,000
(vi) Credit Purchase Return	3,000
(vii) Amount received from Credit Customers	242,000
(viii) Dishonored cheques	500
(ix) Amount paid to Credit Suppliers	74,000
(x) Cash Discounts Received	2,000
(xi) Irrecoverable debts written off	4,000
(xii) Increase in allowances for receivables	1,200
(xiii) Interest charged to customers	1,400
(xiv) Contra Settlements	800

At 30 November 2016, the balances in the Receivables & Payables ledger as extracted, totalled.

	Dr \$	Cr \$
Receivables Ledger balance	To be calculated	2,000
Payables Ledger balances	200	To be calculated

Prepare the Receivables Ledger Account & the Payables Ledger Account for J Company for the month of November 2016 to determine the closing debit and closing credit balance on the Receivables Ledger Control Account and Payables Ledger Control Account respectively.

(10 Marks)

(B) Intex has closing inventory of 5 units of a cost of \$3.50 per unit at 31 December 2017.

During the first week of January 2018, Intex entered into the following transactions:

Purchases:

2 January - 5 Units at \$4.00 per unit

4 January - 5 Units at \$5.00 per unit

6 January - 5 Units at \$5.50 per unit

Intex sold 7 units for \$10.00 per unit on 5 January. Calculate the value of the closing inventory at the end of the First week of trading using the following inventory valuation methods:

i. FIFO

ii. Periodic Weighted Average Cost

iii. Continuous Weighted Average Cost

(10 Marks)

4. On 1 April 2017 Gandalf started a business with capital of \$20,000 which he paid into a business account. The following is a summary of the cash transactions for the first year:

Amounts from customers	34,628
Salary of Assistant	4,000
Cash paid to suppliers for purchases	20,700
Purchase of Motor Van 31 March 2018	8,000
G's drawings during the year	4,800
Electricity payments	1,120
Rent for the year	2,200
Postage and stationary	700

The following further information is relevant:

(a) At the end of the year Receivables balance \$8,512 and Payables Balance \$11,344.

(b) Outstanding bonus of \$800 at 31 March 2018.

(c) At 31 March 2018 there was inventory of \$8,514 and outstanding expenses of \$340.

(d) As the Van was acquired in the last day of March, G has decided not to charge any depreciation for the year.

Required:

Prepare a Statement of Profit or Loss for the year ended 31 March 2018 and a Statement of Financial Position at that date.

SECTION – B

Answer any FOUR questions:

4×10=40

5. S runs a large toy shop. In the year ended 31 August 2017 she bought the following non-current assets:

i. A New cash register for \$5,000. This was purchased on 1 December 2016, in the time for the Christmas rush & was to be depreciated at 10% Straight line.

ii. A new delivery van, purchased on 31st March 2017 at a cost of \$22,000. The Van is to be depreciated at 15% reducing balance.

S charges depreciation on a monthly basis.

Show Assets Account and Accumulated Depreciation Account (separately for each asset) for the year ended 31 August 2017.

6. K sets up a business on 1 January 2016 selling mountain bikes. Capital of \$10,000 is contributed and the following transactions take place:

Buys 20 bikes for \$400 each for cash \$8,000

Sells 12 bikes for \$500 each for cash \$6,000

There are no other transactions during the year 2016.

Required:

- a) Draft the Statement of Profit and Loss for the year. (5 marks)
 b) Show the accounting entries for the year-end inventory in the relevant Ledger Accounts for the year 2016 (5 Marks)

7. Y extracted a Trial Balance showing an excess of \$56 in the debit column. This difference has been transferred to Suspense Account. The following errors had been made:

- a) Purchase of goods from A for \$120 had been credited to the account of H.
 b) Sale of goods to H for \$27 had been credited to his account.
 c) Sale of Plant for \$190 had been credited to sales.
 d) Sale of goods to D entered in day book as \$120, but debited to his account as \$12.
 e) Sales day book under cast by \$200.
 f) A balance for rent payable accrued as \$30 in previous period has not been brought forward in the current period.
 g) Petty cash balance \$12, omitted from the Trial Balance.

Pass the Journal Entries to correct errors and prepare Suspense Account.

8. The following information relates to first two months trading of D, who is in business as a hair dresser. All transactions are on cash basis.

2 March D paid \$525 into the business
 16 March Purchased supplies for \$300
 24 March Paid Miscellaneous expenses \$60
 29 March Cash from customers \$450
 6 April Received \$450 from R as a loan payable in two years time
 8 April Purchased supplies \$300
 9 April Receipts from customers \$225
 22 April Paid Rent on premises \$75
 30 April Receipts from customers \$450

D held no Inventory at 30 April.

Required:

Write up and balance the Ledger Accounts for each month.

9. The Cash Account of G showed a debit balance of \$204 on 31 March. A comparison with the bank statement revealed the following:

	\$
(i) Cheques drawn but not presented	3,168
(ii) Amounts paid into the bank but not credited	723
(iii) Entries in the bank statements not recorded in the Cash Account	
a) Standing order	35
b) Interest on Bank Deposit Account	18
c) Bank Charges	14
(iv) Balance on the bank statement at 31 March	2,618

Required:

- a) Show the appropriate adjustments required in the Cash Account of G bringing down the correct balance at 31 March. (6 Marks)
- b) Prepare a Bank Reconciliation Statement at that date. (4 Marks)

SECTION – C

Answer ALL the questions:

4×5=20

- 10. Explain the information needs of internal and external users of Financial Statements.
- 11. On 1 January 2017, a company had Plant and Equipments with a cost of \$150,000 and accumulated depreciation there on of \$60,000. During the year ended 31 December 2017 the cost of Plant additions was \$30,000 and Plant was disposed of with a cost of \$20,000 for \$18,000. This Plant was bought on 30 September 2015.
The depreciation policy is to make an allowance of 25% p.a. on the reducing balance with a full charge in the year of acquisition and none in the year of disposal.
What is the Depreciation Charge for the year ended 31 December 2017?
- 12. J bought new machinery on 1 January 2013 for \$16,000. It's useful life was estimated to be five years after which its second-hand value is expected to be \$4,000.
Required:
Using the Straight Line Method, write up the Assets and Accumulated Depreciation Ledger Accounts over the useful life of the asset.
- 13. The books of H reveal a receivables loss allowance of \$206 brought forward on 1 January. Trade receivables at 31 December amount to \$2,440 and irrecoverable debts to be written off total \$55. A loss allowance amounting to 5% of trade receivables is required to be carried forward.
Required:
Write up the following accounts:
 - (a) The Irrecoverable Debts Expense Account (2 Marks)
 - (b) The Receivable Loss Allowance Account. (3 Marks)

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
ACCOUNTANT IN BUSINESS - I**

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×16=48

1. Explain the impact of following economic issues:
a) Inflation b) Stagnation c) Unemployment d) Balance of Payments
2. a) Explain the impact of technological changes on the Organisation Structure. (8 Marks)
b) Write a note on Porter's Value Chain. (8 Marks)
3. What is meant by Business Organisation? Explain the various Types.
4. a) What are the main threats to ethical behavior? How is it safeguarded against business and professional bodies? (10 Marks)
b) Explain briefly the benefits of Corporate Governance to the organization. (6 Marks)

SECTION – B

Answer any **THREE** questions:

3×8=24

5. Briefly explain the different types of Information System.
6. What is the relationship of Informal Organisation with Formal Organisation? Give the advantages & disadvantages of Informal Organisation.
7. Explain briefly the factors that influence Price Elasticity.
8. Explain the responsibilities of Employer and Employee for health and safety in the workplace.

SECTION – C

Answer **ALL** the questions:

4×2=8

9. List the Commercial Sectors in which organisations operate.
10. What is meant by Centralisation & Decentralisation of Organisation?
11. What is meant by Inflation?
12. Mention the Sources of Legal Authority.

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CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
MANAGEMENT ACCOUNTING

Max. Marks: 80

Time: 3 hours

SECTION- A

3x16=48

Answer any THREE questions

1. A business is forecasting the value of their sales for the first quarter of the coming year. Current year values to date are as follows:

Month	Sales Value \$
June	851
July	771
August	916
September	935
October	855
November	1,000
December	1,019

Using moving averages calculate the forecast sales values for January to March.

2. A product passes through three Process A, B and C. 10,000 units at a cost of \$1.10 were issued to Process A. The other direct expenses were as follows:

Particulars	Process-A	Process-B	Process-C
Sundry Materials \$	1500	1500	1500
Direct Labour \$	4500	8000	6500
Direct Expenses \$	1000	1000	1503

The wastage of Process 'A' was 5% and in Process 'B' 4%
The wastage of Process 'A' was sold at 25 cents per unit and that of 'B' at 50 cents per unit and that of 'C' at \$1.
The overhead charges were 160% of direct labour. The final product was sold at \$10 per unit fetching a profit of 20% on sales.
Find out the percentage of wastage in Process 'C'.

3. A company is divided into four departments of which A, B and C are Production Departments and D is a Service Cost Centre responsible for maintenance. The actual costs for the period are as follows:

	\$
Rent	1,000
Light	160
Supervision	1,500
Power	900
Depreciation of Plant	450
Employer's Liability Insurance	150
Insurance of Inventory	500
Heating	440

The following additional information is available.

	A	B	C	D
Area (m ³)	1,500	1,100	900	500
Number of employees	20	15	10	5
Value of Plant	\$24,000	\$18,000	\$12,000	\$6,000
Value of Inventory	\$15,000	\$9,000	\$6,000	-
Machine hours	4,000	3,000	2,000	-
Maintenance hours	210	80	120	-
Labour hours	1,150	400	800	820

Required:

- (a) Apportion the costs on the most equitable basis and re-apportion the service Cost Centre costs to the three Production Departments. (12 Marks)
- (b) Calculate an Absorption Rate for each Production Department based on Labour hours. (4 Marks)

4. What is a Cost Sheet? Explain in detail the classification of Costs.

SECTION-B

Answer any **THREE** questions:

3x8=24

5. Bayern produces brakes for the motor industry. Its Management Accountant is investigating the relationship between electricity costs and volume of production. The following data for the last 10 quarters has been derived, the cost figures having been adjusted (i.e. deflated) to take into account price changes.

Quarter	1	2	3	4	5	6	7	8	9	10
Production x (000 units)	30	20	10	60	40	25	13	50	44	28
Electricity costs y (\$000)	10	11	6	18	13	10	10	20	17	15

$$\sum x^2 = 12,614, \quad \sum y^2 = 1,864, \quad \sum xy = 4,728$$

Required:

Find the Least Squares Regression Line for electricity costs on production and explain the result.

6. Pinafore manufactures and sells a single product. The budgeted statement of profit or loss for this month, which has been prepared using Marginal Costing principles, is as follows:

	\$000	\$000
Sales (24,000 units)		864
Less: Variables production cost of sales:		
Opening inventory (3,000 units)	69	
Production (22,000 units)	506	
Closing inventory (1,000 units)	(23)	
		552
		312
Less: Variable selling cost		(60)
Contribution		252
Less: Fixed overheads costs:		
Production	125	
Selling and administration	40	(165)
Profit for the period		87

The normal monthly level of production is 25,000 units and inventory is valued at standard cost.

Required:

- (a) Prepare a Budgeted Statement of Profit or Loss for the month using Absorption Costing Principles. Assume that Fixed Production Overhead costs are absorbed using the normal level of activity. (6 Marks)
- (b) Prepare a Statement that Reconciles the profit or loss calculated in (a) with the profit for the period under Marginal Costing. (2 Marks)
7. Distinguish between Marginal Costing and Absorption Costing.

8. Mr Simon has achieved the sales in recent years:

	20X4	20X5	20X6	20X7
	\$000	\$000	\$000	\$000
Period 1: 1 January to 30 April	180	190	230	220
Period 2: 1 May to 31 August	230	250	300	310
Period 3: 1 September to 31 December	410	450	540	520

Required: Using Trend Analysis, Determine the seasonal variations affecting sales.

SECTION-C

4x2=8

Answer ALL the questions:

9. A Cost Centre has an overhead absorption rate of \$4.25 per machine hour, based on budgeted activity level of 12,400 machine hours. In the period covered by the budget, actual machine hours worked were 2% more than the budgeted hours and the actual overhead expenditure incurred in the cost centre was \$56,389. What was the total over or under absorption of overheads?

10. A company manufactures a product in batches. It is capable of replenishing the product at the rate of 100,000 units, but annual sales demand is 40,000 units. The cost of setting up a batch production run is \$1500 and the cost of holding a unit of the product inventory is \$25/year. What is the EOQ for manufacturing the product?
11. What are Simple Indices and Chain Based Index Numbers?
12. State any four objectives of Budgetary Control.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
PERFORMANCE MANAGEMENT - I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×16=48

1. Duff Co manufactures three products, X, Y and Z. Demand for products X and Y is relatively elastic whilst demand for product Z is relatively inelastic. Each product uses the same materials and the same type of direct labour but in different quantities. For many years, the company has been using full absorption costing and absorbing overheads on the basis of direct labour hours. Selling prices are then determined using cost plus pricing. This is common within this industry, with most competitors applying a standard mark-up.

Budgeted production and sales volumes for X, Y and Z for the next year are 20,000 units, 16,000 units and 22,000 units respectively.

The budgeted direct costs of the three products are shown below:

Product	X \$ per unit	Y \$ per unit	Z \$ per unit
Direct Materials	25	28	22
Direct Labour (\$12 per hour)	30	36	24

In the next year, Duff Co also expects to incur indirect production costs of \$1,377,400, which are analysed as follows:

Cost pools :	\$	Cost drivers:
Machine set up costs	280,000	Number of batches
Material ordering costs	316,000	Number of purchase orders
Machine running costs	420,000	Number of machine hours
General facility costs	361,400	Number of machine hours
	<u>1,377,400</u>	

The following additional data relate to each product:

Product	X	Y	Z
Batch size (units)	500	800	40
No of purchase orders per batch	4	5	4
Machine hours per unit	1.5	1.25	1.4

Duff Co wants to boost sales revenue in order to increase profits but its capacity to do this is limited because of its use of cost plus pricing and the application of the standard mark-up. The finance director has suggested using activity based costing (ABC) instead of full absorption costing, since this will alter the cost of the products and may therefore enable a difference price to be charged.

Required:

- (a) Calculate budgeted full production cost per unit of each product using Duff Companies current method of absorption costing. All workings should be to two decimal places. **(3 Marks)**
- (b) Calculate the budgeted full production cost per unit of each product using activity based costing. All workings should be to two decimal places. **(9 Marks)**

(c) Discuss the impact on the selling prices and the sales volumes of each product which a change to activity based costing would be expected to bring about. **(4 Marks)**

2. Yam Co is involved in the processing of sheet metal into products A, B and C using three processes, pressing, stretching and rolling. Like many business Yam faces tough price competition in what is a mature world market.

The factory has 50 production lines each of which contains the three processes; Raw material for the sheet metal is first pressed then stretched and finally rolled. The processing capacity varies for each process and the factory manager has provided the following data:

Processing time per meter in hours

	Product A	Product B	Product C
Pressing	0.50	0.50	0.40
Stretching	0.25	0.40	0.25
Rolling	0.40	0.25	0.25

The factory operates for 18 hours each day for five days per week. It is closed for only two weeks for the year for holiday when maintenance is carried out. On average one hour of labour is needed for each of the 225,000 hours of factory time. Labour is paid \$10 per hour.

The raw material cost per metre is \$3.00 for product A, \$2.50 for product B and \$1.80 for product C. Other factory costs (excluding labour and raw materials) are \$18,000,000 per year. Selling prices per metre are \$70 for product A, \$60 for product B and \$27 for product C. Yam carries very little inventory.

Required:

- (a) Identify the bottleneck process and briefly explain why this process is described as a 'bottleneck'. **(6 Marks)**
- (b) Calculate the throughput accounting ratio (TPAR) for each product assuming that the bottleneck process is fully utilized. **(10 Marks)**

3. Wargrin designs, develops and sells many PC games. Games have a short lifecycle lasting around three years only. Performance of the games is measured by reference to the profits made in each of the expected three years of popularity. Wargrin accepts a net profit of 35% of turnover as reasonable. A rate of contribution (sales price less variable cost) of 75% is also considered acceptable.

Wargrin has a large centralized development department which carries out all the design work before it passes the completed game to the sales and distribution department to market and distribute the product.

Wargrin has developed a brand new game called Stealth and this has the following budgeted performance figures.

The selling price of Stealth will be a constant \$30 per game. Analysis of the costs show that at a volume of 10,000 units a total cost of \$130,000 is expected. However at a volume of 14,000 units a total costs of \$150,000 is expected. If volumes exceed 15,000 units the fixed costs will increase by 50%.

Stealth's budgeted volumes are as follows:

	Year 1	Year 2	Year 3
Sales Volume	8,000 Units	16,000 Units	4,000 Unit

In addition, marketing costs for Stealth will be \$60,000 in year one and \$40,000 in year two. Design and development costs are all incurred before the game is launched and has cost \$300,000

for Stealth. These costs are written off to the income statement as incurred (i.e., before year 1 above).

Required:

- (a) Explain the principles behind lifecycle costing and briefly state why Wargrin in particular should consider these lifecycle principles. (6 Marks)
- (b) Produce the budgeted results for the game Stealth and briefly assess the game's expected performance, taking into the account the whole lifecycle of the game. (10 Marks)

4. B Chemicals refines crude oil into petrol. The refining process uses two types of crude oil- heavy and light. A mixture of these oils is blended into either Super or Regular petrol. In the refining process one gallon (g) of Super is made from 0.7g of heavy crude and 0.5g of light crude. One gallon of Regular is made from 0.5g of heavy crude and 0.7g of light crude oil. (There is a refining loss of 0.2g in each case)
- At present, 5,000g of heavy crude and 6,000g of light crude oil are available for refining each day. Market conditions suggest that at least two-thirds of the petrol refined should be Super. The company makes contribution of \$0.25 per gallon of Super and \$0.10 per gallon of Regular.

Required:

- (a) State the objective function and three constraints, one for heavy crude, one for light crude and one for market conditions. (8 Marks)
- (b) Graph the constraints and for market and shade the feasible region. (8 Marks)

SECTION – B

Answer any **THREE** questions:

3×8=24

5. Recently, another local hospital has implemented activity – based costing (ABC). This has led the finance director at BH to consider whether this alternative costing technique would bring any benefits to BH. He has obtained an analysis of BH's total overheads for the last year and some additional data, all of which is shown below:

Cost	Cost driver	Costs in \$
Administrative costs	Administrative time per procedure	1,870,160
Nursing costs	Length of patient stay	6,215,616
Catering costs	Number of meals	966,976
General facility costs	Length of patient stay	<u>8,553,600</u>
		<u>17,606,352</u>

	Procedure A	Procedure B
Number of procedures	14,600	22,400
Administrative time per procedure(hours)	1	1.5
Length of patient stay per procedure (hours)	24	48
Average no. of meals required per patient.	1	4

Using activity based costing, what is the administrative cost per hour and Nursing cost per hour?

6. The owner of a tourist hotel is facing a difficult decision. It is low season and, because the weather is unpredictable at this time of the year, it is difficult to predict the demand for the hotel's facilities. If the weather is poor then there will be 200 room nights demanded for the hotel's facilities. There is a 70% likelihood of the weather being poor. If the weather is good then there will be 600 room nights demanded for the hotel's facilities, but there is only a 30% chance that the weather will be good.

The owner of the hotel is considering advertising some reduced prices locally or nationally in order to improve the demand during this period.

If the reduced prices are advertised locally and if the weather is poor, there is a 60% chance that the lower prices would affect demand and would cause there to be 300 room nights demanded; but if the weather is good, then there is a 40% chance that the lower price would affect demand and would cause there to be 800 room nights and 900 room nights respectively.

If these lower prices were advertised nationally there is a 50% chance that these demand levels would increase to 400 room nights demanded.

Expected earnings (before deducting the costs of any local or national advertising) at different levels of demand are as follows:

Rooms nights demanded	Earnings(\$)
200	(35,000)
300	(15,000)
400	(5,000)
500	20,000
600	30,000
700	45,000
800	65,000
900	90,000

The costs of advertising locally and nationally are \$10,000 and \$25,000 respectively.

Required:

Prepare a decision tree to illustrate the above problem and use this to recommend, with reasons, the best course of action for the owner of the hotel.

7. The budgeted sales prices and volumes for the next year (2016) for C Co. are as follows:

	T	C	R	
Selling Price	\$1,600	\$1,800	\$1,400	
Units	420	400	380	
Total sales revenue	\$672,000	\$720,000	\$532,000	<u>\$1,924,000</u>

The standard cost card for each product is shown below:

	T	C	R
Material	\$430	\$500	\$360
Labour	\$220	\$240	\$190
Variable overheads	\$110	\$120	\$95

Labour costs are 60% fixed and 40% variable. General fixed overheads excluding any fixed labour costs are expected to be \$55,000 for the next year. What is the Margin of Safety in \$ Revenue for C Co.

8. ALG Co is launching a new, innovative product onto the market and is trying to decide on the right launch price for the product.

The products expected life is three years. Given the high level of costs which have been incurred in developing the product, ALG Co wants ensure that it sets its price at the right level and has therefore consulted a market research company to help it do this.

The research, which relates to similar but not identical products launched by other companies, has revealed that at a price of \$60, annual demand would be expected to be 250,000 units. However, for

every \$2 increase in selling price, demand would be expected to fall by 2,000 units and for every \$2 decrease in selling price, demand would be expected to increase by 2,000 units.

A forecast of the annual production costs which would be incurred by ALG Co in relation to the new product are as follows:

Annual production units	200,000	250,000	300,000	350,000
	\$	\$	\$	\$
Direct materials	2,400,000	3,000,000	3,600,000	4,200,000
Direct labour	1,200,000	1,500,000	1,800,000	2,100,000
Overheads	1,400,000	1,550,000	1,700,000	1,850,000

Using the high-low-method, the variable overhead cost has correctly been calculated at \$3 per unit. What is the total variable cost per unit and total fixed overheads? If total marginal cost (MC) is \$21, what is the optimum (profit maximizing) selling price for the new product?

SECTION - C

4×2=8

Answer ALL the questions:

9. A company uses activity-based costing to calculate the unit cost of its products. The figures for Period 3 are as follows: production set-up costs are \$84,000. Total production is 40,000 units of each of products A and B, and each run is 2,000 units of A or 5,000 units of B. What is the set-up cost per unit of B?

10. The following information is available for a single product:

Units produced	500
Time taken	200 hours
Maximum time available	200 hours
Materials purchased 1,000 kg costing	\$3,000
Materials used	800 kg
Labour costs	\$2,000
Overheads	\$1,500
Sales	\$9,000

What is the Throughput Accounting Ratio for this product?

11. A company makes and sells product X and product Y. Twice as many units of product Y are made and sold as that of product X. Each unit of product X makes a contribution of \$10 and each unit of product Y makes a contribution of \$4. Fixed costs are \$90,000. What is the total number of units which must be made and sold to make a profit of \$45,000?

12. An organisation is considering the costs to be incurred in respect of a special order opportunity. The order would require 1,250 kgs of material D that is readily available and regularly used by the organization on its normal products. There are 265kgs of material D in inventory which cost \$795 last week. The current market price is \$3.24 per kg. Material D is normally used to make product X. Each unit of X requires 3 kgs of material D, and if material D is costed at \$3 per kg, each unit of X yields a contribution of \$15. What is the relevant cost of material D to be included in the costing of the special order?

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
PROFESSIONAL ACCOUNTING - I

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

3×20=60

Answer any THREE questions:

1. A) Classify each of the following transactions into Capital or Revenue transaction:

1. Complete repaint of existing Building
2. Installation of new Central Heating System
3. Repainting of Delivery Van
4. Providing drainage for a new piece of water-extraction Equipment
5. Legal fees on the acquisition of Land
6. Carriage cost on a replacement part for a piece of Machinery

(6 Marks)

B) Prepare a Triple Column Cash Book for the month of September 2018 from the following transactions and bring down the balance for the start of next month.

Date	Particulars	₹
1	Cash in hand	4,500
1	Cash at bank	18,000
2	Paid into bank	1,500
5	Bought Furniture and issued cheque	2,250
8	Purchased goods for cash	750
12	Received cash from Mr. K	1,470
	Discount allowed	30
14	Cash Sales	7,500
16	Paid to Mr. P by cheque	2,175
	Discount received	75
19	Paid into Bank	750
23	Withdrawn from bank for private expenses	900
24	Received cheque from Mr. B	2,145
	Allowed him discount	30
26	Deposited Mr. B cheque into Bank	
28	Withdrew cash from bank for office use	3,000
30	Paid Rent by cheque	1,200

(14 Marks)

2. On 1st April, 2015, Z limited purchased the lease of property for ₹10,00,000. The lease would expire on 31 March 2018. Z Ltd., decided to set up a sinking fund. The Sinking Fund was to be credited (or debited) with an annual contribution from profit, the interest on the investments and any profits (or losses) made on the realisation of the sinking fund investments. The sinking fund was to be represented by specific investment, and any sums made available to the sinking fund were to be immediately invested, except at the termination of the fund.

During the three years following transactions took place:

- a. 2016 31 March: A contribution from profits of ₹3,20,000 was made and this sum was invested
- b. 2016 13 October: Investments which originally costed ₹1,10,000 were sold for ₹1,20,000 and the proceeds of sale were reinvested.
- c. 2017 31 March: A contribution from profits of ₹3,20,000 was made; interest on investments of ₹16,000 was received and these amounts were reinvested.

- d. 2017 9 August: Investments which originally costed ₹2,10,000 were sold at a profit of ₹20,000 and proceeds of sale were re-invested.
- e. 2018 31 March: Interest on investments ₹48,000 was received which was not invested. All existing investments were sold for ₹6,60,000. A contribution from profit of an amount required to make up the sinking fund to ₹10,00,000 was made and this amount was not invested.
- Prepare Sinking Fund, Sinking Fund Investment Account and Lease Account for the years 2015-16, 2016-17, 2017-18.

3. Anil and Bhaskar, who are Share brokers are to enter into Joint Venture to underwrite 5,00,000 equity shares of ₹10 each of X Ltd. who agrees to allot a fully paid 4,000 shares in the company in consideration of the underwriting arrangement. In connection with the venture, the following expenses are incurred by:

Anil: Printing and Stationary (₹5,000); Postage (₹1,000); Advertisement (₹3,000)

Bhaskar: Postage (₹750); Solicitor's (₹3,500); Entertainment expenses (₹4,000)

The public subscription was for 4,80,000 shares only and the underwriters had to take up the balance shares. Therefore, they approached the Bank, which on the security of the shares, advanced the required sum on 1st July @ 15% simple interest p.a. The underwriters paid for the shares on the same day and were also allotted the 4,000 shares by X Ltd. The underwriters through the Bank sold their total holdings in the market in two equal lots and realized 90% of the face value of the first lot on 30 September and 85% for the second lot on 31 October. The sale proceed were used first to discharge the principal value. However, interest was paid at the time of final settlement. Shares transfer fees of ₹1,000 was met from the Joint Venture Bank Account.

You are required to prepare a Memorandum Joint Venture Account, the account of Anil as appearing in Bhaskar's Books and also the settlement of account between the parties.

4. Vikram Milk Foods Co. Ltd of Vikrampur sent to Sunder Stores, Sonepuri 5,000 kgs of baby food packed in 2,000 tins of net weight 1 kg and 6,000 packets of net weight ½ kg for sale on consignment basis. The Consignee's commission was fixed at 5% of sale proceeds. The cost price and selling price of the product were as under:

Particulars	1kg. Tin	½ kg. Packet
	₹	₹
Cost Price	10	6
Selling Price	15	7

The consignment was booked on freight "To Pay" basis, and freight charges came to 2% of Selling value. One case containing 50(1kg. tins) was lost in transit and the transport carrier admitted a claim of ₹450.

At the end of the first half-year, the following information is gathered from the "Account Sales" sent by the consignee:

Sale proceeds:	1500	1 kg. Tins
	4,000	½ kg. Packets
Store rent and insurance charges ₹600		

Find out the value of closing inventory on consignment.

Show the Consignment Account and the Consignee Account in the books of Vikram Milk Food Co. Ltd. assuming that the consignee had paid the amount due from him.

SECTION – B

Answer any FOUR questions:

4×10=40

5. On 30 December, 2017 the bank column of A. Philip's cash book showed a debit balance of ₹4,610. On examination of the cash book and bank statement you find that:

- Cheques amounting to ₹6,30,000 which were issued to trade payables and entered in the cash book before 30 December, 2017, were not presented for payment until that date.
- Cheques amounting to ₹2,50,000 had been recorded in the cash Book as having been paid into the bank on 30 December, 2017, but were entered in the bank statement on 1 January, 2018.
- A cheque for ₹73,000 had been dishonoured prior to 30 December 2017, but no record of this fact appeared in the cash book.
- A dividend of ₹3,80,000 paid direct to the bank and not been recorded in the cash book.
- Bank interest and charges amounting to ₹4,200 had been charged in the bank statement but not entered in the cash book.
- No entry had been made in the cash book for a trade Subscription of ₹10,000 paid vide banker's order in November, 2017.
- A cheque for ₹27,000 drawn by B. Philip had been charged to A. Philip's bank account by mistake in December, 2017.

You are required:

- To make appropriate adjustments in the cash book bringing down the correct balance and
- To prepare a Statement reconciling the adjusted balance in the Cash book with the balance shown in the bank statement.

6. Explain the concepts of a) Conservatism b) Materiality

7. For the mutual accommodation of 'X' and 'Y' in 1 April, 2016, 'X' drew a four months bill on 'Y' for ₹4,000. 'Y' returned the bill after acceptance of the same date. 'X' discounts the bill from his bankers @ 6% per annum and remit 50% of the proceeds to 'Y' on due date 'X' is unable to send the amount due and therefore 'Y' draws a bill for ₹7,000, which is duly accepted by 'X'. 'Y' discounts the bill for ₹6,600 and sends ₹1,300 to 'X'. Before the bill is due for payment 'X' becomes insolvent. Later 25 paise in a rupee received from his estate.

Record Journal Entries in the books of 'X'

8. A and B two partners of a firm have drawn the following amount from the firm in the year ending 31 March 2018

Date	A	Date	B
	₹		₹
1 July	500	12 June	1,000
30 September	800	11 August	500
1 November	1,000	9 February	400
28 February	400	7 March	900

Interest at 6% p.a. is charged on all drawing. Calculate interest chargeable by using Average due date System. (Assume 1 year = 365 days)

9. From the following particulars make up an Account Current to be rendered by S. Dasgupta to A. Halder at 31 December reckoning interest 5% p.a. (assume 1 year = 365 days)

2017	Particulars	₹
June 30	Balance owing by A. Halder	520
Aug 1	Goods sold to A. Halder	810
Aug 19	Cash received from A. Halder	550
Sep 1	Cash received from A. Halder	400
Sept 1	A. Halder accepted S Dasgupta's Bill at 3 months date	300
Oct 22	Goods bought from A. Halder	20

SECTION – C

Answer ALL the questions:

4×5=20

10. A sends out goods on approval to few customers and includes the same in the sales Account. On 31.3.2018, Trade receivables balance stood at ₹1,00,000 which included ₹7,000 goods sent on approval against which no intimation was received during the year. These goods were sent out at 25% over and above cost price and were sent to-
- Mr. X – ₹4,000 and Mr. Y – ₹3,000.
- Mr. X sent intimation of acceptance on 30 April and Mr. Y returned the goods on 10 April, 2018.
- Make the adjustment entries and show how these items will appear in the Balance Sheet on 31 March 2018. Show also the entries to be made during April 2018. Value of closing Inventories as on 31 March, 2018 was ₹60,000

11. State with reasons, whether the following statements are true or false
- The problem of red- ink interest arises when the due date of a transaction falls after the closing date of account current.
 - Consignment account is of the nature of real account.
 - The balance in petty cash book represents an asset.
 - Stock at the end, if appears in the Trial Balance, is taken only to the Balance Sheet.
 - “Salary paid in advance” is not an expense because it neither reduces assets nor increases liabilities.

12. From the transactions given below Prepare the Sales Book of Amin Chand, a furniture dealer:
June, 2018 Credit sale to A & Co. ₹5,000/- Dt. 5.1.18.

Date	Particulars
5	Sold on credit to Ideal College: 10 tables @ ₹25 10 chairs @ ₹15 } less 10%
8	Sold Mohan Bros: 5 stools @ ₹10
10	Sold on credit M/s. Golchand & Co.: 3 tables @ ₹75, 5 chairs @ ₹30
20	Sold to M/s. Ram Lal & Sons for cash 5 tables @ ₹40
27	Sold on credit to Anand Pal & Co. old typewriter for ₹400

13. Kumar grants a mine on lease to Hello on 31.3.2014 for a royalty of ₹2 per tonne of the coal produced. The following is the quantum of output for each year:

For the year ended 31 March, 2015	7,500 tonnes
2016	8,000 tonnes
2017	10,000 tonnes
2018	12,500 tonnes

The minimum rent is fixed at ₹17,500 and short-workings recoupment is allowable throughout the period of lease. You are required to calculate the amount of royalty payable for the years ended 31 March, 2015, 2016, 2017 and 2018.

**CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE**

BUSINESS MATHEMATICS AND STATISTICS - I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×16=48

- 1.a) Find the number of years for annuity of ₹100 to accumulate to ₹3137.12 at 4.5%p.a. CI. (4 Marks)
- b) Find the number of 4 digits numbers greater than 5,000 that can be formed out of the digits 3, 4, 5, 6 and 7. (4 Marks)
- c) Find the simplified value of $(125)^{2/3} \times \sqrt{25} \times \sqrt[3]{5^3} \times 5^{1/2}$ (4 Marks)
- d) If the sides of an equilateral triangle are shortened by 3 units, 4 units and 5 units respectively and a right angled triangle is formed, then find the sides of the equilateral triangle. (4 Marks)
2. a) Find the difference between S.I and C.I on ₹2,400 for 2 years at 5% p.a. (4 Marks)
- b) If p:q is the sub-duplicate ratio of $p - x^2 : 9 - x^2$, Find x^2 (4 Marks)
- c) Graph the following inequalities and find the extreme points of the solution space.
 $2x_1 + 6x_2 < 24$
 $6x_1 + 2x_2 < 24$
 $x_1 \geq 0, x_2 \geq 0$ (4 Marks)
- d) Solve the following system of equations using Cramer's rule.
 $x + y + z = 3$
 $x + 2y + 3z = 4$
 $x + 4y + 9z = 6$ (4 Marks)
3. a) The sum of 3 integers in A.P is 15 and their product is 80. Find the integers. (4 Marks)
- b) If $\log \left(\frac{x-y}{2} \right) = \frac{1}{2} (\log x + \log y)$, find $x^2 + y^2$ (4 Marks)
- c) Find n if ${}^n C_2 = {}^{n+2} C_3$ (4 Marks)
- d) The wages of 8 men and 6 Boys amount to ₹33. If four men earn ₹4.50 more than 5 Boys, Determine the wages of each men and boy. (4 Marks)
4. a) The sum of ages of 3 persons is 150 years. 10 years ago their ages were in the ratio 7:8:9. Find their present ages. (4 Marks)
- b) Mr. X borrowed ₹5,120 at $12\frac{1}{2}\%$ p.a. CI. At the end of 3 years, the money was repaid along with the interest accrued. Find the amount of interest paid by him. (4 Marks)

- c) If $A = \begin{bmatrix} 2 & -3 \\ 4 & 5 \end{bmatrix}$ and $B = \begin{bmatrix} 1 & 5 \\ 6 & -7 \end{bmatrix}$, find AB and BA (4 Marks)
- d) In a class of 60 students, 40 students like Maths, 36 like Science and 24 like both the subjects. Find number of students who like
- Either Maths or Science
 - Neither Maths nor Science.
- (4 Marks)

SECTION – B

Answer any THREE questions:

3×8=24

5. a) Prove that $(A \cap B)^1 = A^1 \cup B^1$ for $A = \{15, 20, 25, 35\}$ and $B = \{15, 16, 17, 18, 19, 20\}$ (3 Marks)
- b) Find the sum of all odd numbers between 200 and 300 (3 Marks)
- c) If $2 \log x = 4 \log 3$, then find the value of X (2 Marks)
6. a) The useful life of a machine is estimated to be 10 years and cost ₹10,000. Rate of depreciation is 10% p.a. Find the scrap value at the end of its life. (3 Marks)
- b) A number consists of two digits. The digit in the ten's place is 3 times the digit in the units place. If 54 is subtracted from the number, the digits are reversed. Find the number. (3 Marks)
- c) If 12, 16, x, 20 are in proportion, find x (2 Marks)
7. a) Find the amount after 12 years if ₹150 is paid at the end of each year at 3.5% p.a. CI. (3 Marks)
- b) If $a^x = b$, $b^y = c$, $c^z = a$, then find xyz (3 Marks)
- c) Find simple interest on ₹3,500 for 3 years at 12% p.a. (2 Marks)
8. a) Find the value of y that satisfies the equation
- $$\frac{y+11}{6} - \frac{y+1}{9} = \frac{y+7}{4}$$
- (3 Marks)
- b) Find the extreme points of the following inequalities:
 $x + y \geq 1$, $7x + 9y \leq 63$, $y \leq 5$, $x \leq 6$, $x \geq 0$, $y \geq 0$ (3 Marks)
- c) Find the number of ways in which the letters of the word "DOGMATIC" can be arranged. (2 Marks)

SECTION – C

Answer ALL the questions:

4×2=8

9. Find the number of ways of selecting 4 letters from the word 'EXAMINATION'.
10. If $f(x) = x+3$, $g(x) = x^2$, find $g \circ f(x)$.
11. If $A = \begin{bmatrix} 2i & 3i \\ 2i & -i \end{bmatrix}$ and $i^2 = -1$, then find $|A|$
12. Find the 20th term of the progression 1, 4, 7, 10.....

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
CORPORATE COMMUNICATION

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×16=48

1. a. Explain the process of Communication in detail. (8 Marks)
 b. Explain the types of Non Verbal Communication. Write in detail the advantages and limitations of any one type. (8 Marks)
2. A committee was appointed to look into complaints of serious financial irregularities in a office branch. As convener of the committee, draft a report to the General Manager, pointing out the problems and suggesting the actions to be taken.
3. Write an enquiry to the Sachin Cloth Store, Ghaziabad, on behalf of L.N Cloth House, Indore. Draft a suitable order letter for the same.
4. a. Explain Blooms Taxonomy for attempting comprehension passages. (8 Marks)
 b. Write a note on improving reading speed. (8 Marks)

SECTION – B

Answer any **THREE** questions:

3×8=24

5. On behalf of The New Era Trading Co. Ltd draft an application addressed to your company's bankers asking for overdraft facilities.
6. Draft a circular to the staff emphasizing the need for observing punctuality and adhering to lunch hours.
7. What is Note Making? Explain the styles of Note Making with examples.
8. Read the following passage. Answer the questions below and write a précis.
 With the recent growth of mass media technology advertising has begun to play a significant role in the national economy. Thousands of people are working to promote the sale of each new product or to boost the sale of a product already in the market. In fact, advertising as an industry now enjoys a respectable status and is regarded by many as a service to society.
 The avowed purpose of advertising is to inform the audience and to influence it to buy a particular product. The customer is made aware of goods and services available, their merits, uses and value. Advertising thus helps him in choosing what he actually needs or what he should have to add to his comfort and improve his standard of living.
 But the sale of a product does not depend on advertising alone. The quality of a product must be good and its price within the reach of those for whom it is intended. If exaggerated claims are made or the price is too high, advertising, howsoever powerful, will not be effective.
 India's advertising industry is about 75 years old. The British firms in India were the first to make the use of advertising for market purpose in the beginning of the twentieth century. The advertising agencies opened by them gave an opportunity to the Indian staff to get training and set up their own establishments in due course.
 1. What is the main function of advertising?
 2. What factors have contributed to the growth of advertising as an industry?
 3. Why advertising is considered an important activity of modern society?
 4. Under what condition can advertising prove effectively?

SECTION – C

Answer ALL the questions:

4×2=8

9. Give Synonyms for the following:
 - a. Rigid
 - b. Declare
10. Use a Prefix to find the opposite of the given word:
 - a. Behave
 - b. Connect
11. Change the following into indirect speech:
 - a. They said, "We have put up an extraordinary performance indeed".
 - b. He said, "I have done amazingly well today".
12. Rewrite the following in Passive voice:
 - a. Have you finished the report?
 - b. The police have caught the thief.

CREDIT BASED FIRST SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
ECONOMICS FOR BUSINESS

Time: 3 Hrs.

Max. Marks: 80

SECTION – AAnswer any **THREE** questions:

3×16=48

1. Toy Ltd. has given you the following data.

Units (Quantity)	Price (₹)
1	20
2	18
3	16
4	14
5	12
6	10
7	8
8	6
9	4
10	2

- a) Calculate Total Revenue, Average Revenue and Marginal Revenue (6 Marks)
 b) Show the graphical presentation of Total Revenue Curve, Average Revenue Curve and Marginal Revenue Curve (6 Marks)
 c) Explain the concept of Kinked Demand Curve (4 Marks)
2. Kesar Ltd. is a dealer in mangoes. The company is testing its product under the law of Diminishing Marginal Utility. The following table is provided.

Quantity of mangoes consumed per day	Total Utility	Marginal Utility
0	0	0
1	30	?
2	?	25
3	75	20
4	90	?
5	100	10
6	105	5
7	?	0
8	100	?
9	90	-10

- a) Compute the missing figures and draw the Diminishing Marginal Utility Curve. (8 Marks)
 b) What are the methods of Demand Forecasting? (8 Marks)
3. a) What is meant by Oligopoly? What are its characteristics and explain the different types of Oligopoly? (10 Marks)
 b) What is the meaning of Monopoly? Explain the features of Monopolistic Competitions. (6 Marks)
4. You are given the following schedule of Dusk Ltd:

Quantity	Total Fixed Cost (₹)	Total Variable Cost(₹)
0	100	-
1	100	50
2	100	90

3	100	120
4	100	140
5	100	175
6	100	230
7	100	310
8	100	400

- a) Compute the Total Cost, Average Fixed Cost, Average Variable Cost, Average Cost and Marginal Cost and explain the relationship between Average Variable Cost and Marginal Cost with the help of diagram. (8 Marks)
- b) What are the characteristics of Labour as a Factor of Production? (8 Marks)

SECTION – B

Answer any THREE questions:

3×8=24

5. Mr. A is a consumer who prefers the following combination of goods.

Combination	Cups of Tea	Biscuits
A	1	50
B	2	38
C	3	28
D	4	21
E	5	17
F	6	15

- a) Determine his Marginal Rate of Substitution and draw his Indifference Curve. (4 Marks)
- b) What are the properties of Indifference Curve? (4 Marks)
6. Minyar is an economy in which the production and distribution of goods are aimed at maximizing the welfare of the community as a whole. The resources of Minyar are allocated according to the commands of a Central Planning Authority.
- a) What kind of economy is prevailing in Minyar? (1 Mark)
- b) State the characteristics of the above economy. (5 Marks)
- c) Mention any two demerits of the above economy. (2 Marks)
7. a) Explain in detail the four phases of a Business Cycle. (4 Marks)
- b) What are the features of Business Cycle? (4 Marks)
8. a) Although price is an important consideration in determining the willingness and desire to part with commodities, there are many other factors which determine the supply of a product or a service. What are the determinants of supply? (4 Marks)
- b) The supply function is given as $-100+10p$. Find the Elasticity of Supply using point method, when price is ₹20. (4 Marks)

SECTION – C

Answer ALL the questions:

2×4=8

9. A firm producing 7 units of output has an Average Total Cost of ₹150 and has to pay ₹350 to its fixed factors of production whether it produces or not. How much of the Average Total Cost is made up of Variable Cost?
10. What is a Budget Line?
11. What are the two fundamental facts of Business Economics?
12. The price of 1kg of tea is ₹30. At this price 5kgs of tea is demanded. If the price of coffee rises from ₹25 to ₹35 per kg, the quantity demanded of tea rises from 5 kgs to 8 kgs. Find out the Cross Price Elasticity of tea.

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
FINANCIAL ACCOUNTING – III

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. A and B are partners in the firm sharing profits and losses equally. On 31.3.2017 their Balance Sheet stood as follows:

Liabilities	₹	Assets	₹
Creditors	70,000	Stock	1,05,000
B/P	50,000	Debtors	1,41,500
General reserve	50,000	Furniture	7,500
A's Capital	1,00,000	Investment	10,000
B's Capital	50,000	Cash	56,000
	3,20,000		3,20,000

C is admitted into the firm on the following terms:

- To write off bad debts amounting to ₹5,500
- To write down Furniture by 10%
- To depreciate Stock by ₹5,000
- To provide for outstanding legal charges ₹4,750
- C to introduce ₹50,000 as Goodwill and ₹2,00,000 as his capital for a fifth share in the profit.
- To adjust the capital of A and B according to the new profit sharing ratio based on the capital of C, through current accounts.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet of the new firm.

2. The Balance Sheet of Sun, Moon and Star who were sharing profits in the ratio of 4:3:2 respectively stood as follows on 31.03.2017:

Liabilities	₹	Assets	₹
Sundry Creditors	12,440	Cash at Bank	3,300
Reserve	18,100	Sundry debtors	13,045
<u>Capital:</u>		(-) Provision for	
Sun	12,000	bad debts	<u>105</u>
Moon	9,000	Stock	4,800
Star	6,000	Plant & Machinery	16,100
		Buildings	15,000
		Furniture	5,400
	57,540		57,540

purchase

f previous

5×1=5

Moon having given notice to retire from the firm, the following adjustments in the books of the firm were agreed upon:

1. The Buildings be appreciated by 10%
2. The Provision for bad debts is no longer necessary.
3. The Stock should be appreciated by 20%
4. The Plant & Machinery be appreciated by 18%.
5. The Furniture be depreciated by 9%
6. That the Goodwill of the firm be fixed at ₹8100 and Moon's share of the same be adjusted to that of Sun and Star who are going to share the future profits in the ratio of 3:2.
7. That the entire capital of the firm as newly constituted will be ₹50,000 and readjusted by bringing in or paying of cash so that the future capital of Sun and Star be in the ratio of 3:2

Prepare necessary Ledger Accounts and Balance Sheet of new firm.

3. Nikhil and Kiran were carrying on business in partnership sharing profits and losses equally. It was agreed that Nikhil should retire from the firm on 31.03.2017 and Suraj should join Kiran from 1.04.2017 and should be entitled to 1/3 profits. The Balance Sheet of Nikhil and Kiran was as follows:

Liabilities	₹	Assets	₹
Creditors	29,500	Cash at bank	33,000
<u>Capital:</u>		Debtors	48,000
Nikhil	1,02,000	Stock	33,000
Kiran	84,500	Furniture	12,000
		Buildings	60,000
		Goodwill	30,000
	2,16,000		2,16,000

On 31.03.2017, Goodwill was valued at ₹60,000, Buildings at ₹1,00,000 and Stock at ₹30,000. It was agreed that enough money should be introduced to enable Nikhil to be paid out and leave ₹30,000 cash by way of working capital. Kiran and Suraj were to provide such sums as would make their capitals proportionate to their share of profits.

Prepare Revaluation Account, Partners Capital Account and the New Balance Sheet.

4. Sonal, Kamal and Vimal were partners sharing profits and losses in the ratio of 3:2:3. The following was the Balance Sheet as on 31.03.2017 on which date the firm was dissolved.

Liabilities	₹	Assets	₹
Creditors	20,000	Cash	8,500
Mortgage loan	4,000	Debtors	30,000
Reserve fund	10,000	Stock	22,100
		Furniture	5,000

Capital:	32,000	Premises	9,000
Sonal	15,500	Capital:	
Vimal		Kamal	4,900
		P/L A/c	2,000
	81,500		81,500

They realised the assets as under:

Premises – ₹5,000, Furniture – ₹1,000, Stock – ₹10,000. 50% of the debtors realised at a discount at 75 paise in a rupee. Sonal took over $\frac{1}{4}$ of the remaining debtors at ₹2,000. Balance of debtors realised ₹2,500. Expenses of realisation amounted to ₹2,000. Creditors agreed to take 75 paise in the rupee in full satisfaction. Kamal became insolvent and a dividend of 50% was received from her private asset. As per partnership deed, any capital deficiency should be shared equally by solvent partners. Show Realisation Account, Partners Capital Account and Bank Account in the books of the firm.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. A & B sharing Profit & Losses in the ratio of 2:3 took out a Joint Life Policy on 1st Jan 2014 for ₹1,00,000 for 10 years. The premium for the whole year is ₹10,000. B died on 1st June 2017 and claim was received on 1st September 2017. The books of the firm are closed on 31st March each year. The surrender value of the policy at the end of 2014, 2015, 2016 & 2017 were NIL, ₹2,000, ₹6,000 and ₹12,000 respectively. Prepare Joint Life Policy Account & Joint Life Policy Reserve Account.
6. A, B and C are partners in a firm sharing profits in the ratio of 4:3:2. A retires from the firm. Goodwill of the firm is valued at ₹36,000. The new ratio is 2:1. Compute Gain Ratio and pass Journal entry for Goodwill.
7. Pranav and Chinthan are partners sharing profits and losses in the ratio of 3:2. On 1.04.2017 they had Capitals of ₹60,000 and ₹40,000 respectively. According to their partnership deed they are entitled to the following:
 - a) Interest on Capital at 6% p.a.
 - b) Interest on Drawings at 5% p.a.
 - c) Chinthan's is allowed a salary of ₹500 p.m. for first 6 months and for the remaining period ₹1,000 p.m.
 - d) Their drawings during the year Pranav ₹8,000 and Chinthan ₹10,000. Interest on the same ₹400 and ₹500 respectively.

The profits for the year before making the above adjustments was ₹24,100.

Prepare Profit and Loss Appropriation Account for the year ended 31.03.2018.

8. Pearl, Ruby and Coral are partners sharing profits in the ratio of 2:2:1. Their Balance Sheet as on 31.12.2017 was as follows:

Liabilities		₹	Assets		₹
Creditors		5,000	Cash		1,000
B/P		2,000	B/R		1,500
Reserve		3,000	Stock		12,500
<u>Capital:</u>			Debtors		15,000
Pearl	10,000		Furniture		5,000
Ruby	8,000				
Coral	<u>7,000</u>	25,000			
		35,000			35,000

Coral died on 31.3.2018. His dependents were entitled to the following:

1. His Capital and share of Reserve on the date of death.
2. His share of Goodwill. The Goodwill is to be ascertained on the two years purchase of the last three years profits:
2015- ₹10,000, 2016 – ₹12,000 and 2017 – ₹14,000.
3. His share of profits till the date of his death is to be calculated on the basis of previous years profit.

Ascertain the amount due to Coral's Executor.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is meant by a Partnership Deed?
10. What is Gain Ratio?
11. Write the meaning of Executor's Account.
12. A & B are partners sharing profits & Losses in the ratio of 7/10 and 3/10. They admit C and gave him ¼ share in the future profits which are contributed by them in the ratio of 3:2. Calculate Sacrifice Ratio.
13. State any two methods of Valuation of Goodwill.

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
COST ACCOUNTING - I

Time: 3 Hrs.

Max. Marks: 80

SECTION - A

3×20=60

Answer any THREE questions:

1. Limitations of Financial Accounting have made the management realize the importance of Cost Accounting. Comment.
2. The following particulars are obtained from the books of Siddha Co. Ltd. for the year ended 31.03.2018:

	₹		₹
Purchase of Raw Materials	42,500	Direct Wages	32,500
Motive Power	2,000	Unproductive wages	3,000
Loose tools written off	250	Chargeable expenses	2,500
Duty on purchase	250	Reserve for bad debts	1,600
Bad Debts	500	Telephone charges	200
Works stationery	750	Material sold	250
Scrap sold - material	100	Sale of scrap (factory)	150
Loss of material by fire	800	Carriage inwards	400
Debt collection charges	230	Carriage outwards	100
Loss on sale of furniture	1,000	Office expenses	4,800
Show room rent	400	Welfare services	1,000
Haulage	325	Water supply	125
Estimating expenses	625	Rectification cost of defectives	75
Samples and free gifts	550	Upkeep of delivery vans	400
Commission on sales	625	Warehouse rent	445

Stock	On 1-4-2017 (₹)	On 31-3-2018 (₹)
Materials	5,500	1,500
Work in Progress	7,500	5,500
Finished goods (Value)	27,000	-
Finished goods(Units)	1,500	500

6,000 units are sold at ₹40/- per unit. Prepare Cost Sheet showing the elements of Cost per unit and also calculate the Profit.

3. From the following write up a stores ledger card in the prescribed form using FIFO method for August 2016:

Date: 1 Opening balance 250 units at a total value of ₹275

3 Received 100 units at ₹1.20 per unit

4 Issued 50 units

6 Received 800 units at ₹1.30 per unit

7 Issued 300 units

8 Returned to stores 20 units, issued on 4 August

12 received 300 units at ₹1.40 per unit

- 15 Issued 320 units
 18 Received 100 units at ₹1.40 per unit
 20 Stock verification revealed a loss of 20 units
 21 Issued 100 units
 23 Returned to vendor 30 units, received on 18 August
 25 Transferred from Job A to Job B 50 units
 26 Received 200 units at ₹1.00 per unit
 28 Freight paid on purchase made on 26 August ₹70
 30 Issued 150 units
 31 Excess of 5 units were found on store verification

4. In a factory there are three Production Departments (A, B and C) and 2 Service Departments (D and E). The following figures are extracted from the books of the factory for the month of January 2017:

	₹		₹
Rent of the building	10,000	Indirect wages	1,500
Lighting	6,000	Supervision charges	6,000
Power	15,000	Depreciation on Machinery	8,000
Sundries	10,000	Amenities to staff	8,000

Other details:

Particulars	A	B	C	D	E
Floor Area (Sq. feet)	2,000	1,000	3,000	2,000	2,000
Light Points	20	30	10	30	30
Direct Wages (₹)	30,000	40,000	10,000	25,000	25,000
H.P of machine	3	3	4	3	2
Value of Machinery(₹)	20,000	30,000	10,000	10,000	-
Number of workers	20	30	25	25	20

The expenses of D and E are to be allotted as follows:

	A	B	C	D	E
D	20%	30%	40%	-	10%
E	40%	20%	30%	10%	-

Prepare Primary and Secondary Distribution Summary under Repeated Distribution Method.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the classification of Cost based on Variability.
6. Calculate the Earnings of workers A and B under Taylor's Differential Piece Rate System from the following particulars: Normal rate per hour ₹ 24. Standard time per unit 30 seconds. Differentiate to be applied 80% of piece rate below standard and 120% of piece rate at or above standards. In a day of 8 hours worker A produces 800 units and worker B produces 1,000 units.
7. Two component A1 and A2 are used as follows:
 Average usage - 300 units per week each
 Maximum usage - 450 units per week each

Minimum usage - 150 units per week each

Re-order quantity - A1: 2400 units, A2: 3600 units

Re-order period - A1: 4 to 6 weeks, A2: 2 to 4 weeks

Calculate for each component:

- Re-order level
- Minimum level
- Maximum level
- Average stock level

8. In a factory there are 2 Service Departments P and Q, and 3 Production Departments A, B and C. The departmental expenses for a month were:

A – ₹6,50,000

B – ₹6,00,000

C – ₹5,00,000

P – ₹1,20,000

Q – ₹1,00,000

The Service Department expenses are allotted as follows:

		A	B	C	P	Q
Service Departments	P	30%	40%	15%	-	15%
	Q	40%	30%	25%	5%	-

Redistribute the Service Departments costs to the Production Departments by using Simultaneous Equation Method.

SECTION – C

Answer ALL the questions:

5×1=5

- State any two objectives of Cost Accounting.
- What is meant by ABC Analysis System of Inventory Control?
- What is Idle Time?
- Mention any one difference between Bin Card and the Stores Ledger.
- A manufacturer buys certain material from outside suppliers at ₹30 per unit. Total annual needs are 800 units. The following data are also available:
Annual Return on Investment: 10%
Rent, Insurance, Taxes per unit per year: ₹1
Cost of placing an order: ₹100
Calculate the EOQ.

CREDIT BASED THIRD SEMESTER B.COM. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
PAPER-I : QUANTITATIVE TECHNIQUES-I

Time: 3 Hrs

Max. Marks: 80

SECTION - A

Answer any THREE of the following:

(3x20=60)

1. a) What are the requisites of a good questionnaire? (5)
- b) Calculate median from the following data. (5)
- | | | | | | | | | |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Age (Yrs) | 20-25 | 25-30 | 30-35 | 35-40 | 40-45 | 45-50 | 50-55 | 55-60 |
| No. of persons | 3 | 14 | 28 | 30 | 20 | 15 | 12 | 8 |
- c) Find the inverse of the following matrix. (10)

$$A = \begin{bmatrix} 1 & 3 & 0 \\ -2 & 3 & 3 \\ 1 & 1 & 4 \end{bmatrix}$$

2. a) Find the coefficient of rank correlation from the following data relating to marks.
 Teaching Method A: 24 29 18 14 31 19 27 30 20 28 11
 Teaching Method B: 37 35 17 26 23 27 19 20 16 11 21 (5)
- b) Population of a city grows at the rates 4%, 6%, 5%, 3% in 4 successive years.
 Find the average growth rate. (5)
- c) Fit an equation of the type $y = a + bx + cx^2$ to the following data.
 X: 1 2 3 4 5 6 7 8 9
 Y: 2 6 7 8 10 11 11 10 9 (10)
3. a) Calculate Quartile deviation for the following data.
 Daily Wages (Rs.): 50, 80, 75, 90, 65, 125, 100 (5)
- b) Obtain the two regression equations from the data given below and estimate the value of y when x = 26.
 X: 18 19 20 21 22 23 24 25 26 27
 Y: 17 17 18 18 18 19 19 20 21 21 (15)
4. a) Calculate the Harmonic mean of the following distribution.
 Values: 4 8 12 16 20
 Frequency: 4 24 48 32 20 (5)

b) Find the correlation coefficient from the data given below:

(15)

% Expenditure on food	Family daily income (Rs.)				
	200-300	300-400	400-500	500-600	600-700
10-15	—	—	—	3	7
15-20	—	4	9	4	3
20-25	7	6	12	5	—
25-30	3	10	19	8	—

SECTION – B

Answer any THREE of the following:

(5x3=16)

5. What is correlation? Explain different types of correlation with example.

(5)

6. Find the coefficient of variation for the following frequency distribution.

Wages (Rs.):	0-30	30-60	60-90	90-120	120-150	150-180	180-210
No. of Workers :	9	17	43	82	81	44	24

7. Find the value of determinant.

$$\begin{vmatrix} 1 & 18 & 72 \\ 2 & 40 & 96 \\ 2 & 45 & 75 \end{vmatrix}$$

(5)

8. Find the two regression coefficients and correlation coefficient from the following data.

$$n = 20, \Sigma x = 80, \Sigma y = 40, \Sigma x^2 = 1680, \Sigma y^2 = 320, \Sigma xy = 480$$

(5)

SECTION - C

Answer the following:

(5x1=5)

9. Mention a function of Statistics.

10. Define classification.

11. The mean and median of a slightly skew distribution are 12 cms and 12.7cms respectively. Find mode of the distribution.

12. A man travels from city A to City B at a speed of 60 Kms/hr and from City B to City A at a speed of 45 Kms/hr. Calculate the average speed.

13. Given $\Sigma(x - \bar{x})^2 = 28$, $\Sigma(y - \bar{y})^2 = 76$, $\Sigma(x - \bar{x})(y - \bar{y}) = 46$. Compute the coefficient of correlation between X & Y.

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
MONTARY ECONOMICS

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

I. Answer any three of the following:

20×3=60

1. Explain the different functions of Money.
2. What are index numbers? Explain the steps involved in the construction of Price Index Numbers?
3. What is Inflation? Explain the different types of Inflation.
4. Explain the various concepts of National Income.

SECTION – B

II. Answer any three of the following:

5×3=15

5. Distinguish between Money and Near Money.
6. Briefly explain Fisher's Equation Of Exchange.
7. Explain the phases of Business Cycle.
8. Explain the features of Indian Money Market.

SECTION – C

III. Answer all the questions:

1×5=5

9. Give the meaning of circular flow of Income.
10. Define Value of Money.
11. Give the meaning of Deflationary Gap.
12. Mention the methods of Note Issue.
13. What is Capital Market?

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
FINANCIAL MANAGEMENT-II

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. The FEM Ltd. is in the tax bracket of 35% and cost of capital at 15%. In the acquisition of an asset of ₹10,00,000, it is given two offers –either to acquire the asset by taking a bank loan at 15% p.a. repayable in the five yearly installments of ₹200000 each or to lease the asset at yearly rentals of ₹3,24,000 for five years. In both cases, the installment is payable at the end of the year. Applicable rate of depreciation is 15% using written down value (WDV) method. You are required to suggest the better alternative.
2. A large sized chemical company is considering investing in a project that costs ₹5,00,000. The estimated salvage value is zero. Tax rate is 35%. The company uses straight line depreciation for the tax purposes and the proposed project has cash flows before tax (CFBT) as follows:

Year	1	2	3	4	5
CFBT (₹)	100,000	100,000	150,000	150,000	250,000

Determine the following:

- a) Pay Back Period (PBP)
 - b) Accounting Rate of return (ARR)
 - c) Net Present Value (NPV) at 12% discount rate
 - d) Profitability Index (PI) at 12% discount rate.
3. Vamshi Industries Ltd. has an Equity Share Capital of ₹6,00,000 divided into shares of 10 each. A proposal is made to expand its capacity at a cost of ₹4,00,000. The company has the following financial options to raise the additional funds of ₹4,00,000.
 - a) Entire ₹4,00,000 to be raised by issue of equity shares.
 - b) Entire ₹4,00,000 to be raised by issue of 15% Secured Redeemable Debentures of ₹100 each.
 - c) ₹1,00,000 to be raised by issue of equity shares and ₹3,00,000 to be raised by issue of 15% Secured Redeemable Debentures of ₹100 each.
 - d) ₹1,00,000 to be raised by issue of equity shares and the remaining ₹3,00,000 to be raised by way of 10% Non-Convertible Preference Shares of ₹100 each.

The EBIT of the company after the capacity expansion is estimated to be ₹2,50,000. The corporate tax rate is 40%.

Determine which is the best option based on EPS.

4. Explain the Credit Rating Agencies in India.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Summer Ltd. and Winter Ltd. are identical in all respects including risk factors except for Debt-Equity mix. Summer Ltd. having issued 12% debentures of ₹30 lakhs, while Winter Ltd. issued only equity capital. Both the companies earn 24% before interest and taxes on their total asset of ₹50 lakhs. Assuming the corporate effective tax rate of 40% and capitalization rate of 18% for an all equity company. Compute the value of Summer Ltd. and Winter Ltd. using Net Income Approach.
6. A machine bought for ₹1,00,000 has an effective life of 10years . However after 10 years, the cost of new machine is expected to go up by 25%. A sinking fund is created for replacing the existing machine by a new one after 10years. If the fund is invested at 10% p.a., find the annuity contribution to the fund.
7. The Financial manager of a company has formulated the financial plan of either equity share capital of ₹20,00,000 and 10% debentures of ₹10,00,000 or 13% Preference Capital of ₹10,00,000, 10% debentures of ₹8,00,000 and ₹12,00,000 equity. You are required to determine the indifference point, assuming 35% corporate tax rate and the face value of equity share is ₹100.
8. Explain the duties and responsibilities of Custodian.

SECTION – C

Answer **ALL** the questions:

5×1=5

9. What is meant by Angel Financing?
10. What is meant by Trading on Equity?
11. Mention the different modes of terminating the Lease.
12. How do you determine the IRR of a Project?
13. State the difference between an Open Ended and a Closed Ended Mutual fund.

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
PERSONAL TAXATION – I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Mr. Abhay is working as Sales Manager in Laneina Springs Ltd. He furnishes the following particulars of his income for the P.Y 2017-18. Compute his Taxable Salary for the A.Y 2018-19.
 - a) Basic salary ₹19,200p.m.
 - b) D.A. ₹1,400 p.m. (50% enters retirement benefits)
 - c) Dearness Pay ₹400p.m.
 - d) H.R.A. ₹6,000p.m. (He paid a rent of ₹7,000p.m for the house)
 - e) Commission on sales at 1% on sales of ₹10,00,000.
 - f) Deputation allowances ₹2,000p.m.
 - g) He contributes 13% of his salary to RPF to which the employer contributes equally.
 - h) Entertainment allowance ₹1,000p.m.
 - i) Academic allowance ₹2,500p.a.
 - j) City Compensatory Allowance ₹750p.m
 - k) Education allowance ₹450p.m. (2 children are studying)
 - l) Hostel allowance ₹550p.m. (1 child stays in the hostel)
 - m) Employment tax paid ₹200p.m.
 - n) Bonus is equal to a month's salary.
 - o) Helper allowance ₹1,000p.m. (Actual expenses amounted to ₹800p.m.)

2. Mr. Raj furnishes the following particulars of his income earned during the P.Y. Compute his Gross Total Income if he is a) OR b) NOR c) NR
 - a) Pension from former employer in Chennai received in England ₹50,000
 - b) Income from business in China, controlled from India ₹80,000
 - c) Income from house property in Nepal received in Iran ₹1,00,000
 - d) Gift from a relative received in India ₹25,000
 - e) Income from Agriculture in England ₹20,000
 - f) Profit from business in Bengaluru, controlled from Bombay ₹1,00,000
 - g) Dividend from an Indian company ₹24,000
 - h) Profits earned from business in Paris, which is controlled from India, ½ of the profits received in India ₹1,60,000
 - i) Income from Agriculture in Pakistan brought to India ₹40,000
 - j) Income from property in U.K. and received there ₹32,000
 - k) Gift in foreign currency from a friend received in India ₹51,000
 - l) Interest on FD with Bombay branch of SBI bank ₹10,000
 - m) Gift from friend in U.K. received in India ₹55,000
 - n) Dividend from German Company ₹16,000 received there

3. Compute Income from House Property from the following particulars.

	<u>House I</u>	<u>House II</u>	<u>House III</u>	<u>House IV</u>
Municipal Value	30,000	15,000	12,000	12,000
Fair Rental Value	28,000	21,000	18,000	20,000
Rent Received	27,000	16,000	15,400	17,000

Standard Rent	32,000	18,000	21,000	18,000
Vacancy period	3 months	----	1 month	1 month
Repairs	10,000	12,000	6,000	14,000
Municipal taxes				
Paid	3,000	1,500	----	----
Due	----	----	1,200	1,600

The assessee had borrowed loan on 1-8-2012 ₹2,50,000 @ 12%p.a. for the construction of III house which was completed on 31.10.2015. As on 1-4-2017 ₹2,00,000 was outstanding.

4. Define Perquisites. Briefly explain tax provisions relating to different types of Perquisites provided by an employer to the employee.

SECTION – B

Answer any THREE questions:

3×5=15

5. From the following particulars calculate Deduction U/S 80C.
- ₹1000 deposited in POSB A/c
 - LIC premium of ₹10,000 on own life policy of ₹40,000
 - ₹8,000 paid to the ELSS of UTI
 - Repayment of bank loan borrowed for construction of the house ₹15,000
 - ₹6,450 as contribution to RPF, Interest accrued there on ₹12,800
6. X company is a new industrial undertaking which begins on 10 April of P.Y. It purchased plant valued ₹30 lakhs. The WDV of plant on 1 April of P.Y owned by Y company is ₹18 lakh. Y company purchased plant for ₹12 lakh in November and it also sold old plant for ₹3 lakh. Find out allowable depreciation.
Rate of depreciation 15% and additional depreciation 20%.
7. Mr. Avinash retired from service on 30 November 2017 after serving for 25 years and 6 months. His basic was ₹8,000 on 1-1-2017 and the annual increment of ₹250 falls due on 1 July every year. He contributes 30% of his basic as D.A. (enters into retirement benefits). He received Gratuity of ₹2,30,000. Compute Taxable Gratuity.
8. Mr. Ravi retired on 30 September of the previous year and received ₹95,640 as earned leave encashed. He had to his credit 9 months approved earned leave. His last drawn basic was ₹6,000 and DA (fixed) ₹1,500 (enters to retirement benefits). Annual increment of ₹300 falls due on 1 July every year. Calculate taxable amount of Earned Leave encashed.

SECTION – C

Answer ALL the questions:

5×1=5

- Define the term Assessee.
- What is Gratuity?
- What is meant by Previous Year?
- Define Additional Depreciation.
- What is Net Annual Value?

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
FINANCIAL REPORTING

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3x20=60

1. On 1 August 2007 Patronic purchased 18 million of a total of the Million Equity Shares in Sardonic. The acquisition was through a share exchange of two shares in Patronic for every three shares in Sardonic. Both companies have share with a par value of \$1 each. The market price of Patronic's shares at 1 August 2007 was \$5.75 per share. Patronic will also pay in cash on 31 July 2009 (two years after acquisition) \$2.42 per acquired share of Sardonic. Patronic's cost of capital is 10% per annum. The reserves of Sardonic on 1 April 2007 were \$69 million. Patronic has held an investment of 30% of the equity shares in Acerbic for many years. Acerbic made a profit of \$6 million in the year. The summarized statement of profit or loss for the two companies for the year ended 31 March 2008 are:

	Patronic	Sardonic
	\$000	\$000
Revenue	150,000	78,000
Cost of sales	(94,000)	(51,000)
Gross profit	56,000	27,000
Distribution costs	(7,400)	(3,000)
Administrative expenses	(12,500)	(6,000)
Finance costs (note(ii))	(2,000)	(900)
Profit before tax	34,100	17,100
Income tax expenses	(10,400)	(3,600)
Profit for the period	23,700	13,500

The following information is relevant

- i. The fair values of the net assets of sardonic at the date of acquisition were equal to their carrying amounts with the exception of property and plant. Property and plant had fair values of \$4.1 million and \$2.4 million respectively in excess of their carrying amounts. The increase in the fair value of the property would create additional depreciation of \$200,000 in the consolidated financial statements in the post-acquisition period to 31 March 2008 and the plant had remaining life of four years (straight line depreciation) at the date of acquisition of Sardonic. All depreciation is treated as part of cost of sales. The fair values have not been reflected in Sardonic's financial statements. No fair value adjustments were required on the acquisition of Acerbic.
- ii. The finance costs of Patronic do not include the finance cost on the deffered consideration.
- iii. Prior to its acquisition, Sardonic had been a good customer of Patronic. In the year to 31 March 2008, Patronic sold goods at a selling price of \$1.25 million per month to Sardonic both before and the after its acquisition, Patronic made a profit of 20% on the cost of these sales. At 31 March 2008 Sardonic still held inventory of \$3 million (at cost to Sardonic) of goods purchased in the past-acquisition period from Patronic.
- iv. Patronic had a policy of valuing non-controlling interests using fair value. An impairment test on the goodwill of Sardonic conducted on 31 March 2008 concluded that it should be written down by \$2 million. The value of the investment in Acerbic was not impaired.
- v. All items are deemed to accrue evenly over the year.

Required:

- a) Calculate the consideration paid on the acquisition of Sardonic at 1 August 2007. (3 Marks)
- b) Prepare the consolidated statement of profit or loss for the Patronic Group for the year ended 31 March 2008. (17 Marks)

2. The Statements of Profit or Loss for the year ended 31 December 20X9 are as follows:

Statement of Profit or Loss
for the year ended 31 December 20X9:

	Kathmandu \$	Nepal \$
Revenue	553,000	450,000
Operating costs	(450,000)	(400,000)
Operating profits	103,000	50,000
Investment income	8,000	-
Profit before tax	111,000	50,000
Tax	(40,000)	(14,000)
Profit for the period	71,000	36,000

Additional Information:

- On 1 January 20X5 Kathmandu acquired 70% of the shares of Nepal for \$100,000 when the fair value of Nepal's net assets was \$110,000. Nepal has equity capital of \$50,000. At that date, the fair value of the non-controlling interest was \$40,000. It is group policy to measure the NCI at fair value at the date of acquisition.
- Nepal paid a \$10,000 dividend on 31 March 20X9.
- Nepal had retained earnings of \$80,000 on 1 January 20X9.
- Goodwill has not been impaired.

Required:

Prepare the group statement of profit or loss for the year ended 31 December 20X9 for the Kathmandu group on the basis that Kathmandu plc sold its holding in Nepal on 1 July 20X9 for \$200,000. This disposal is not yet recognized in any way in Kathmandu's Statement of Profit or Loss.

3. Shown below are the recently issued (summarized) financial statements of Hoof, a listed company, for the year ended 30 September 20X7 together with comparatives for 20X6.

Statements of Profit or Loss for the year ended 30 September

	20X7 \$000	20X6 \$000
Revenue	250,000	180,000
Cost of sales	(200,000)	(150,000)
Gross Profit	50,000	30,000
Operating expenses	(26,000)	(22,000)
Finance costs	(8,000)	-
Profit before tax	16,000	8,000
Tax at 25%	(4,000)	(2,000)
Profit for the year	12,000	6,000

Statements of Financial Position as at 30 September

	20X7 \$000	20X6 \$000
Non-current assets:		
Property, Plant and Equipment	210,000	90,000
Goodwill	10,000	-
Current Assets		
Inventory	25,000	15,000
Receivables	13,000	8,000
Bank	Nil	14,000
	258,000	127,000
Equity	100,000	100,000
Retained earnings	14,000	12,000
Non- Current Liabilities:		
8% loan notes	100,000	-
Current Liabilities:		
Bank Overdraft	17,000	-
Trade payables	23,000	13,000
Current tax payable	4,000	2,000
	258,000	127,000

On 1 October 20X6 Hoof purchased 100% of the net assets of Foot for \$100 million. To finance this, Hoof issued \$100 Million 8% loan notes on 1 October 20X6.

Foot results for the year ended 30 September 20X7 can be seen below.

Statement of Profit or Loss

	\$000
Revenue	70,000
Cost of sales	(40,000)
Gross profit	30,000
Operating expenses	(8,000)
Profit Before Tax	22,000
Tax @ 25%	(5,500)
Profit for the period	16,500

Foot paid no dividend during 20X7 but Hoof paid a dividend of 10 cents per share.

The following ratios have been calculated for Hoof for the year ended 30 September 20X6.

Return on capital employed

(Profit before interest and tax/ loan notes + equity)	7.1%
Gross Profit Margin	16.7%
Net profit (before tax) Margin	4.4%

a) Calculate the equivalent ratios for Hoof for 20X7

i) Including the results of Foot

ii) Excluding all effects of the purchase of Foot.

(10 Marks)

b) Analyse the performance of Hoof for the year ended 30 September 20X7.

(10 Marks)

4. Below are extracts from the financial statements of Poochie Ltd.
Statement of Profit or Loss for the year ended 31 March 20X1

	\$
Sales revenue	30,650
Cost of Sales	(26,000)
Gross Profit	4,650
Distribution cost	(900)
Administrative expenses	(500)
Profit from operations	3,250
Investment income	680
Finance costs	(400)
Profit before tax	3530
Income tax expenses	(300)
Profit for the period	3,230

Statement of Financial Position

Assets	31 March 20X1		31 March 20X0	
	\$	\$	\$	\$
Non-Current Assets:				
Property, Plant and Equipments	2280		850	
Investments	2500	4780	2500	3350
Current Assets:				
Inventories	1000		1950	
Trade and other receivables	1900		1200	
Cash and cash equipments	410	3310	160	3310
Total Assets		8090		6660
Equity and Liabilities:				
Capital and Reserves:				
Share Capital	1000		900	
Share Premium	500		350	
Retained Earnings	3410	4910	1380	2630
Non-Current liabilities	2300	2300	1040	1040
Current liabilities:				
Trade and other Payables	250		1890	
Interest Payable	230		100	
Taxation	400	880	1000	2990
Total Equity and Liabilities		8090		6660

Additional information:

- Profit from operations is after charging depreciation on the property, plant and equipment of \$450.
- During the year ended 31 March 20X1, plant and machinery costing \$80 and with accumulated depreciation of \$60, was sold for \$20.
- During the year ended 31 March 20X1, the company acquired property, plant and equipment costing \$1,900 of which \$900 was acquired by means of lease. Cash payments of \$1,000 were made to purchase property, plant and equipment.
- \$90 was paid under lease.

- The receivables at the end of 20X1 includes \$100 of interest receivables. There was no balance at the beginning of the year.
 - Investment income of \$680 is made up of \$300 interest receivable and \$380 dividends received.
 - Dividends paid during the year were \$1200.
- Prepare a statement of cash flows for Poochie Ltd for the year ended 31 March 20X1 in compliance with IAS 7 statement of cash flows using the indirect method.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. Aphrodite Co has a year end of 31 December and operates a factory which makes computer chips for mobile phones. It purchased a machine on 1 July 20X3 for \$80,000 which has a useful life of ten years and is depreciated on the straight line basis, time apportioned in the years of acquisition and disposal. The machine was revalued to \$81,000 on 1 July 20X4. There was no change to its useful life at that date.

A fire at the factory on 1 October 20X6 damaged the machine leaving it with a lower operating capacity. The accountant considers that Aphrodite Co. will need to recognize an impairment loss in relation to this damage. The accountant has ascertained the following information at 1 October 20X6:

- (1) The carrying amount of the machine is \$60,750
 - (2) An equivalent new machine would cost \$90,000.
 - (3) The machine could be sold in its current condition for a gross amount of \$45,000.
Dismantling costs would amount to \$2,000.
 - (4) In its current condition, the machine could operate for three more years which gives it a value in use figure of \$38,685.
- i. In accordance with IAS 16 Property, Plant and Equipment, what is the depreciation charged to Aphrodite Co's profit or loss in respect of the machine for the year ended 31 December 20X4?
 - A. \$9,000
 - B. \$8,000
 - C. \$8,263
 - D. \$8,500

(2 Marks)
 - ii. IAS 36 Impairment of assets contains a number of examples of internal and external events which may indicate the impairment of an asset. In accordance with IAS 36, which of the following would definitely NOT be an indicator of the potential impairment of an asset (or group of assets)?
 - A. An unexpected fall in the market value of one or more assets
 - B. Adverse changes in the economic performance of one or more assets.
 - C. A significant change in the technological environment in which an asset is employed making its software effectively obsolete.
 - D. The carrying amount of an entity's net assets being below the entity's market capitalization

(1 Mark)

- iii. What is the total impairment loss associated with Aphrodite Co's machine at 1 October 20X6?
- A. \$nil
 - B. \$17,750
 - C. \$22,065
 - D. \$15,750
- (2 Marks)

6. a) A company leases a motor vehicle. The Present value of minimum lease payments is \$27,355 and the rate implicit in the lease is 10%. The terms of the lease require three annual installments to be paid of \$10,000 each at the start of each year.

At the end of the first year of the lease what amount will be shown for the lease liability in the company's statement of financial position under the headings of non-current liabilities and current liabilities?

(2 Marks)

- b) IFRS 16 lease permits a simplified treatment for certain assets. For which of the following lease would the simplified treatment not be permitted?

- A. Motor car with cost of \$5,000, leased for 9 months.
 - B. Telephone with cost of \$500, leased for 24 months.
 - C. Motor car with original cost of \$5,000, current fair value of \$500, leased for 24 months.
 - D. Desk with cost of \$750, leased for 24 months.
- (1 Mark)

- c) CS acquired a machine using a lease on 1 January 20X7. The lease for a five year term with rentals of \$20,000 per year payable in arrears. The present value of the lease rentals was \$80,000 and the implied interest rate was 7.93% per year.

Calculate the non-current liability and current liability figures to be shown in CSs statement of financial position at 31 December 20X8.

(2 Marks)

7. Shawler constructed a furnace on 1 April 20X3, causing significant environmental damage which must be repaired at the end of the asset useful life of ten years. The present value of this is estimated to be \$4 million. Shawler has a cost of capital of 8%.

On 1 October 20X3, Shawler received a government grant of \$1.2 million relating to the cost of plant with a five years life. Shawler accounts for grants using the deferred credit method.

On 1 October 20X3, Shawler also acquired land for 12 million dinars. The land was used to construct a factor during the year. Shawler functional currency is the dollar (\$).

On 1 October 20X3 the exchange rate was 4 Dinars \$1. At 31 March 20X4 the exchange rate was 2 Dinars: \$1 and the average rate for the year was 3 Dinars: \$1.

- a) What is the total finance cost (to the nearest thousand) to be recorded in the statement of profit or loss in respect of the environmental damage caused by the furnace for the year ended 31 March 20X4?

- A) \$400,000
- B) \$4,000,000
- C) \$320,000
- D) \$185,000

(2 Marks)

b) What is the non-current liability in respect of the government grant to be shown in Shawler's statement of financial position as at 31 March 20X4?

- A) \$840,000 B) \$960,000
C) \$1,080,000 D) \$720,000

(2 Marks)

c) The costs below are the costs associated with the construction of the factory. Which of the following cannot be capitalized?

- A) Legal fees relating to the site purchase.
B) Health and safety training for new construction workers.
C) Direct labour costs associated with the construction.
D) Costs of the preparation.

(1 Mark)

8. Explain the purpose of Framework.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is Cash Generating Unit?
10. What are Adjusting Events?
11. What is Deferred Tax?
12. Define Cost.
13. What is an Accounting Estimate?

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
INTERNATIONAL FINANCIAL MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Darn Co has undertaken market research at a cost of \$200,000 in order to forecast the future cash flows of an investment project with an expected life of four years as follows:

Year	1	2	3	4
Sales revenue(\$000)	1,250	2,570	6,890	4,530
Costs(\$000)	500	1,000	2,500	1,750

These forecast cash flows are before taking account of general inflation of 4.7% per year.

The capital cost of the investment project, payable at the start of the first year, will be \$2,000,000.

The investment project will have zero scrap value at the end of the fourth year.

The level of working capital investment at the start of the each year is expected to be 10% of the sales revenue in that year.

Tax allowable depreciation would be available on the capital cost of the investment project on 25% reducing balance basis. Darn Co pays tax on profits at an annual rate of 30% per year, with tax being paid one year in arrears. Darn Co has a nominal (money terms) after tax cost of capital of 12% per year.

Required:

- (a) Calculate the Net Present Value of the investment project in nominal terms and comment on its financial acceptability. (15 Marks)
- (b) Explain ways in which the Directors of Darn Co can be encouraged to achieve the objectives of maximization of shareholders wealth. (5 Marks)
2. The equity beta of Fence Co is 0.9 and the company has issued 10 million ordinary shares. The market value of each ordinary share is \$7.50. The company is also financed by 7% bonds with a nominal value of \$100 per bond, which will be redeemed in seven years time at nominal value. The bonds have total nominal value of \$14 million. Interest on the bonds has just been paid and the current market value of each bond is \$107.14.
- Fence Co plans to invest in a project which is different to its existing business operations and has identified a company in the same business area as the project, Hex Co. The equity beta of Hex Co is 1.2 and the company has an equity market value of \$54 million. The market value of the debt of Hex Co is \$12 million. The risk-free rate of return is 4% per year and the average return on the stock market is 11% per year. Both companies pay corporation tax at a rate of 20% per year.
- Required:
- (a) Calculate the Current Weighted Average Cost of Capital of Fence Co. (8 Marks)
- (b) Calculate a Cost of Equity which could be used in appraising the new project. (7 Marks)
- (c) Explain the difference between Systematic and Unsystematic Risk in relation to Portfolio Theory and the Capital Asset Pricing Model. (5 Marks)
3. Bar Co is a stock exchange listed company that is concerned by its current level of debt finance. It plans to make a rights issue and to use the funds raised to pay off some of its debt. The rights issue will be at a 20% discount to its current ex-dividend share price of \$7.50 per share and Bar Co plans to raise \$90 million. Bar Co believes that paying off some of its debt will not affect its price/earnings ratio, which is expected to remain constant.

Statement of Profit or Loss information:

	\$m
Revenue	472
Cost of sales	<u>423</u>
Profit before interest and tax	49
Interest	<u>10</u>
Profit before tax	39
Tax	<u>12</u>
Profit after tax	<u>27</u>

Statement of Financial Position information

	\$m
Equity Ordinary shares(\$1 nominal)	60
Reserves	<u>80</u>
	140
Long-term liabilities 8% bonds(\$100 nominal)	<u>125</u>
	<u>265</u>

The 8% bonds are currently trading at \$112.50 per \$100 bond and bondholders have agreed that they will allow Bar Co to buy back the bonds at this market value. Bar Co pays tax at a rate of 30% per year.

Required:

- (a) Calculate the theoretical ex rights price per share of Bar Co following the rights issue. **(3 Marks)**
- (b) Calculate and evaluate whether using the cash raised by the rights issue to buy back bonds is likely to be financially acceptable to the shareholders of Bar Co, commenting in your answer on the belief that the current price/ earnings ratio will remain constant. **(7 Marks)**
- (c) Compare and contrast the financial objectives of a stock exchange listed company such as Bar Co and the financial objectives of a Not-for Profit organization such as a large charity. **(10 Marks)**
4. (A) Herd Co is based in a country whose currency is the dollar (\$). The company expects to receive €1,500,000 in six month's time from Find Co, a foreign customer. The finance director of Herd Co is concerned that the euro (€) may depreciate against the dollar before the foreign customer makes payment and she is looking at hedging the receipt. Herd Co has in issue loan notes with a total nominal value of \$4 million which can be redeemed in 10 years time. The interest paid on the loan notes is at a variable rate linked to LIBOR. The finance director of Herd Co believes that interest rates may increase in the near future. The spot exchange rate is €1.543 per \$1.
- *The domestic short-term interest rate is 2% per year, while the foreign short-term interest rate is 5% per year.
- (a) What is the six-month forward exchange rate predicted by interest rate parity?
- (b) As regards the euro receipt, what is the primary nature of the risk faced by Herd Co and why?
- A. Transaction risk
B. Economic risk
C. Translation risk
D. Business risk
- (c) Which of the following hedging methods will NOT be suitable for hedging the euro receipt? Give reason for your answer.
- A. Forward exchange contract
B. Money market hedge
C. Currency futures
D. Currency swap

(d) As regards the interest rate risk faced by Herd Co, which of the following statements is correct?

- A. In exchange for a premium, Herd Co could hedge its interest rate risk by buying interest rate options.
- B. Buying a floor will give Herd Co a hedge against interest rate increases.
- C. Herd Co can hedge its interest rate risk by buying interest rate futures now in order to sell them at a future date.
- D. Taking out a variable rate overdraft will allow Herd Co to hedge the interest rate risk through matching.

(8 Marks)

(B) Umunat Inc. is considering investing \$50,000 in a new machine with an expected life of five years. The machine will have no scrap value at the end of five years. It is expected that 20,000 units will be sold each year at a selling price of \$3.00 per unit. Variable production costs are expected to be \$1.65 per unit, while incremental fixed costs, mainly the wages of a maintenance engineer, are expected to be \$10,000 per year. Umunat Inc. uses a discount rate of 12% for investment appraisal purposes and expects investment projects to recover their initial investment within two years.

Evaluate the sensitivity of the project's net present value to a change in the following project variables:

- a. Sales volume
- b. Sales price
- c. Variable cost and evaluate the use of sensitivity analysis as a way of evaluating project risk

(12 Marks)

SECTION – B

Answer any THREE questions:

3×5=15

5. (A) A company has in issue loan notes with a nominal value of \$100 each. Interest on the loan notes is 6% per year, payable annually. The loan notes will be redeemed in eight year's time at a 5% premium to nominal value. The before-tax cost of debt of the company is 7% per year. What is the Ex interest market value of each loan note? (2½ Marks)

(B) A company has a 'money' cost of capital of 21% p.a. The inflation is currently estimated at 8% p.a.

What is the 'real' cost of capital? (2½ Marks)

6. A project involves the immediate purchase of an item of plant costing \$110,000. It would generate annual cash flows of \$24,400 for five years starting in year 1. The plant purchased would have a scrap value of \$10,000 in five years, when the project terminates. Depreciation is on a straight line basis.

Determine the projects ROCE using average capital investment.

7. (A) Goldstar has an accounts receivables turnover of 10.5 times, an inventory turnover of 4 times and payables turnover of 8 times.

What is Goldstar's cash operating cycle (assume 365 days in a year)? (2½ Marks)

(B) Sudam Co wishes to undertake a project requiring an investment of \$732,000 which will generate equal annual inflows of \$146,400 in perpetuity. If the first inflow from the investment is a year after the initial investment, what is the IRR of the project? (2½ Marks)

8. Briefly explain the key factor to be considered when formulating a working capital funding policy.

SECTION – C

Answer ALL the questions:

5×1=5

9. Peach Co's latest results are as follows: \$000 Profit before interest and taxation 2,500, Profit before taxation 2,250, Profit after tax 1,400. In addition, extracts from its latest statement of financial positions are as follows: \$000 Equity 10,000 Noncurrent liabilities 2,500. What is Peach Co's return on capital employed (ROCE)?
- A. 14%
 - B. 18%
 - C. 20%
 - D. 25%
10. Drumlin CO has \$5m of \$0.50 nominal value ordinary shares in issue. It recently announced a 1 for 4 rights issue at \$6 per share. Its share price on the announcement of the rights issue was \$8 per share. What is the theoretical value of a right per existing share?
- A. \$1.60
 - B. \$0.40
 - C. \$0.50
 - D. \$1.50
11. Which of the following statements is/ are correct?
- (1) The asset beta reflects both business risk and financial risk
 - (2) Total risk is the sum of systematic risk and unsystematic risk
 - (3) Assuming that the beta of debt is zero will understate financial risk when ungearing an equity beta.
- A. 2 only
 - B. 1 and 3 only
 - C. 2 and 3 only
 - D. 1, 2 and 3
12. TKQ Co has just paid dividend of 21 cents per share and its share price one year ago was \$3.10 per share. The total shareholder return for the year was 19.7%. What is the current share price?
- A. \$3.50
 - B. \$3.71
 - C. \$3.31
 - D. \$3.35
13. Which of the following statements is correct?
- A. A bonus issue can be used to raise new equity finance.
 - B. A share repurchase scheme can increase both earnings per share and gearing.
 - C. Miller and Modigliani argued that the financing decision is more important than the dividend decision.
 - D. Shareholders usually have the power to increase dividends at annual general meetings of a company.

CREDIT BASED THIRD SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
AUDIT AND ASSURANCE

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. a. State the five threats contained within ACCA's Code of Ethics and Conduct and for each threat list one example of a circumstance that may create the threat. (5 Marks)

You are the audit manager of J & Co. and you are planning the audit of LV Co. which has been an audit client for four years and specializes in manufacturing luxury mobile phones. During the planning stage of the audit you have obtained the following information. The employees of LV Co. are entitled to purchase mobile phones at a discount of 10%. The audit team has in previous years been offered the same level of staff discount.

During the year the financial controller of LV Co. was ill and hence unable to work. The company had no spare staff able to fulfill the role and hence a qualified audit senior of J & Co. was seconded to the client for three months. The audit partner has recommended that the audit senior work on the audit as he has good knowledge of the client. The fee income derived from LV Co. was boosted but this engagement and along with the audit & tax fee, now accounts for 16% of the firm's total fees.

From a review of the correspondence files you note that the partner and the finance director have known each other socially or many years and in fact went on holiday together last summer with their families. As a result of this friendship the partner has not yet spoken to the client about fee for last year's audit, 20% of which is still outstanding.

Required:

- b. (i) Explain the ethical threats which may affect the independence of J & Co's audit of LV Co. (5 Marks)
(ii) For each threat explain how it might be avoided. (5 Marks)
c. Describe the steps an audit firm should perform prior to accepting a new audit engagement. (5 Marks)

2. ABC Co provides scientific services to a wide range of clients. Typical assignments range from testing food for illegal additives to providing forensic analysis on items used to commit crimes to assist law enforcement officers. The annual audit is nearly complete. As audit senior you have reported to the engagement partner that ABC Co. is having some financial difficulties. Income has fallen due to the adverse effect of two high-profile court cases, following which a number of clients withdrew their contracts with ABC Co. A senior employee then left ABC Co. stating lack of investment in new analysis machines was increasing the risk of incorrect information being provided by the company. A cash flow forecast prepared internally shows ABC Co. requiring significant additional cash within the next 12 months to maintain even the current level of services.

Required:

- a. Define 'going concern' and explain the auditor's and directors responsibilities in respect of going concern. (5 Marks)
b. State the audit procedures that may be carried out to try to determine whether or not ABC Co. is a going concern. (10 Marks)
c. Explain the audit procedures and activities that the auditor may take where the auditor has decided that ABC Co. is unlikely to be a going concern. (5 Marks)

3. a. Define Audit Risk and the components of Audit Risk.

(5 Marks)

You are an audit supervisor of Ameth & Co and are currently planning the audit of your client, Aquamarine Co., (Aquamarine) which manufactures elevators. Its year-end is 31 July 20X6 and the forecast profit before tax is \$ 15.2 million.

The company undertakes continuous production in its factory therefore at the year-end it is anticipated that work in progress will be approximately \$950,000. In order to improve the manufacturing process, Aquamarine placed an order in April for \$720,000 of new plant and machinery; one third of this order was received in May with the remainder expected to be delivered by the supplier in late July or early August.

At the beginning of the year, Aquamarine purchased a patent for \$1.3 million which gives them the exclusive right to manufacture specialized elevator equipment for five years. In order to finance this purchase Aquamarine borrowed \$1.2 million from the bank which is repayable over five years.

In January 20X6 Aquamarine outsourced its payroll processing to an external service organization, Coral Payrolls Co., (Coral). Coral handles all elements of the payroll cycle and sends monthly reports to Aquamarine detailing the payroll costs. Aquamarine ran its own payroll until 31 December 20X5, at which point the records were transferred over to Coral.

The company has a policy of revaluing land and buildings and the finance director has announced that all land and buildings will be revalued at the year-end. During a review of the management accounts for the month of May 20X6, you have noticed that receivables have increased significantly on the previous year-end and against May 20X5.

The finance director has informed you that the company is planning to make approximately 65 employees redundant after the year-end. No decision has been made as to when this will be announced, but it is likely to be prior to the year-end.

Required:

- b. Describe SIX audit risks, and explain the auditor's response to each risk in planning the audit of Aquamarine Co. (12 Marks)
- c. Explain the additional factors Ameth & Co., should consider during the audit in relation to Aquamarine Co's use of the payroll service organization. (3 Marks)

4. You are an audit senior of Scarlet & Co. and are in the process of reviewing the systems testing completed on the payroll cycle of Bronze Industries Co. (Bronze) as well as preparing the audit programmes for the final audit.

Bronze operate several chemical processing factories across the country, it manufactures 24 hours a day, seven days a week and employees work a standard shift of eight hours and are paid for hours worked at an hourly rate. Factory employees are paid weekly, with approximately 80% being paid by bank transfer and 20% in cash; the different payment methods are due to employee preferences and Bronze has no plans to change these methods. The administration and sales teams are paid monthly by bank transfer.

Factory staff are each issued a sequentially numbered clock card which details their employee number and name. Employees swipe their cards at the beginning and end of the eight-hour shift and this process is not supervised. During the shift employees are entitled to 30-minute paid break and employees do not need to clock out to access the dining area. Clock card data links into the payroll system, which automatically calculates gross and net pay along with any statutory deductions. The payroll supervisor for each payment run checks on a sample basis some of these calculations to ensure the system is operating effectively.

Bronze has a human resources department which is responsible for setting up new permanent employees and leavers. Appointment of temporary staff made by factory production supervisors. Occasionally overtime is required of factory staff, usually to fill gaps caused by staff holidays.

Overtime reports which detail the amount of overtime worked are sent out quarterly by the payroll department to production supervisors for their review.

To encourage staff to attend work on time for all shifts Bronze pays discretionary bonus every six months to factory staff; the production supervisors determine the amounts to be paid. This is communicated in writing by the production supervisors to the payroll department and the bonus is input by a clerk into the system.

For employees paid by bank transfer, the payroll manager reviews the list of payments and agrees to the payroll records prior to authorizing the bank payment. If any changes are required, the payroll manager amends the records. For employees paid in cash, the pay packets are prepared in the payroll department and a clerk distributes them to employees; as she knows most of these individuals she does not require proof of identity.

Required:

- a) Identify and explain FIVE internal control Strengths in Bronze Industries Co's payroll system. (5 Marks)
- b) In respect of the payroll system:
 - i. Identify and explain SIX internal control deficiencies;
 - ii. Recommend a control to address each of these deficiencies; and
 - iii. Describe a test of control Scarlet & Co should perform to assess if each of these controls is operating effectively. (15 Marks)

SECTION – B

Answer any THREE questions:

3x5=15

5. What is Assurance? Explain five elements of Assurance Engagement.
6. Explain the rights that enable Auditors to carry out their duties.
7. a. Whilst performing tests of controls, many control deviations were found. The auditor has therefore concluded that reliance cannot be placed on the internal controls.
Required:
Explain THREE actions that the auditor may now take in response to this problem. (3 Marks)
- b. Define 'tests of control' and explain the performance of tests of control in the audit of a company. (2 Marks)
8. Kingfisher Co (Kingfisher) is a retail company planning to list on a stock exchange within the next six months, and Management has been advised by the company's auditors about the need for compliance with corporate governance provisions. The finance director has two potential non executive directors whom he is considering approaching to join the board of Kingfisher. Andrew Finch is currently an executive sales director of a listed multinational banking company; he sits on an audit committee of another company as a non-executive director and is agreeable to being paid a fixed fee which is not related to profits. Jack Macaw is currently a finance director of a small retail company, which does not complete with Kingfisher, he has expressed an interest in a fixed seven year contract and he is the brother of Kingfisher's chief executive. Kingfisher is aware that it will need to establish an audit committee to comply with corporate governance best practice.
 - a. Which committees, other than an Audit committee, should Kingfisher establish to comply with the UK Corporate Governance Code?
 - A. Controls, Remuneration and Nomination Committees
 - B. Risk and Financial Reporting Committees
 - C. Nomination and Risk Committees
 - D. Nomination and Remuneration Committees (1 Mark)

- b. Once established, which of the following are roles that Kingfisher's Audit Committee perform.
1. Prepare the Financial statement to ensure they give a true and fair view.
 2. Develop a policy on the engagement and remuneration of external auditors.
 3. Implement effective financial reporting internal controls.
 4. Monitor and review the effectiveness of the internal audit function.
- A. 1 and 2 only
 B. 1, 2 and 4
 C. 2 and 3
 D. 2 and 4 only (1 Mark)
- c. Which of the following are advantages of appointing Andrew Finch as a NED of Kingfisher?
1. Andrew is independent of Kingfisher.
 2. Andrew's experience in banking will complement the experience of the Kingfisher board.
 3. Andrew is prepared to accept a fixed fee.
 4. Andrew is not demanding a fixed term contract.
- A. 1, 2 and 3 only
 B. 2 and 4 only
 C. 1, 3 and 4 only
 D. All of them (1 Mark)
- d. Which of the following are advantages of appointing Jack Macaw as a NED of Kingfisher?
1. Jack has close links to Kingfisher's Chief executive.
 2. Jack's experience in retail will help him understand issues faced by the Kingfisher.
 3. Jack's financial experience will be useful if he serves on the audit committee.
 4. Jack wishes to commit to a seven year contract.
- A. 1, 3 and 4 only
 B. 2 and 3 only
 C. 1, 2 and 4 only
 D. All of them (1 Mark)
- e. Which of the following best describes the aim of Corporate Governance?
- A. To ensure companies are well run in the interests of their shareholders and the wider community
 - B. To ensure company directors cannot commit fraud
 - C. To ensure the wealth of companies contributes to the health of the economies where their shares are traded
 - D. To ensure companies have a positive impact on the local community and environment.
- (1 Mark)

SECTION – C

5×1=5

Answer ALL the questions:

9. What is Material Misstatement?
10. What is Limited Assurance Engagement?
11. Which of the following is NOT a benefit of an audit?
 - A. Increased credibility of the financial statements
 - B. Deficiencies in controls may be identified during testing.
 - C. Fraud may be detected during the audit
 - D. Sampling is used
12. Which of the following is NOT a purpose of planning an audit?
 - A. To facilitate an effective review of audit files.
 - B. To organize and manage the audit so that it is performed in an effective and efficient manner.
 - C. To ensure that the client obtains added value from the audit to increase the chances of retaining the audit next year.
 - D. To reduce the risk of giving an appropriate opinion to an acceptable level.
13. Define Audit Sampling.

CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
CORPORATE ACCOUNTING - I

Time: 3 Hrs.

Max. Marks: 120

Provide working notes wherever necessary.

SECTION - A

Answer any **THREE** questions:

3×25=75

1. The following is the trial balance of wonderful Company Ltd., as at 31.3.2015. Prepare Profit & Loss A/c and the balance sheet in vertical form.

Particulars	Dr.(₹)	Cr.(₹)
Authorised capital (50,000, shares of ₹10 each)		5,00,000
Subscribed capital (10,000 shares of ₹10 each)		1,00,000
Calls in arrears	6,400	
Land	10,000	
Buildings	25,000	
Machinery	15,000	
Furniture	3,200	
Carriage	2,300	
Wages	21,400	
Salaries	4,600	
Bad debts reserve		1,400
Sales		80,000
Sales return	1,700	
Bank charges	100	
Coal, gas and water	700	
Rent and rates	800	
Purchases	50,000	
Purchase returns		3,400
Bills receivables	1,200	
General expenses	1,900	
Debtors	42,800	
Creditor's		13,200
Stock	25,000	
Insurance	400	
Cash at bank	13,000	
Cash in hand	2,500	
Securities premium		6,000
General reserve		24,000
	2,28,000	2,28,000

Adjustments:

- 1) charge depreciation on buildings at 2%, on machinery at 10% and furniture at 10% and make a reserve of 5% on debtors for bad debts.
- 2) Prepaid insurance ₹120
- 3) Outstanding wages ₹32,000; outstanding salary ₹500; outstanding rent and rates ₹200.

The value of stock as on 31st March, 2015 ₹30,000.

2. On 1.1.04, A Ltd issued 10,000, 14% debentures of ₹10 each payable after 3 years. It has been decided to establish a Sinking Fund for their redemption. The annuity table shows that annual payment of Rupee 1 for 3 years at 5% interest amounts to ₹3.1525. The investment yields 10% interest. At the end of third year it was sold at 10% higher than the book value. Investments are made in multiple of ₹100 only. The balance in bank on 31.12.2006 was ₹48,000 (after interest on investment has been received).

Prepare a) Debenture A/c b) Debenture Redemption Fund A/c
 c) Debenture Redemption Fund Investment A/c d) Bank A/c

3. Mustard Ltd decided to reconstruct the company on 31.12.2015. On this date, the balance sheet of the company was as follows:

Liabilities	₹	Assets	₹
Share capital		Fixed Assets	6,90,000
1,00,000 shares of ₹10 each	10,00,000	Stock	50,000
Current liability	20,000	Debtors	1,00,000
		Cash	10,000
		Profit & Loss A/c	1,70,000
	10,20,000		10,20,000

The scheme of reconstruction was as follows:

- 1) A new company i.e. Pink Ltd., is to be established with a capital of ₹10,00,000-divided into 1,00,000 shares of ₹10 each.
- 2) The new company was to purchase all liabilities and assets of the old company except cash for ₹7,70,000.
- 3) The new company issued 1,00,000 shares of ₹10 each, ₹7.70 paid up to satisfy the purchase consideration.

Reconstruction expenses amounted to ₹10,000. The new company made a final call of ₹2.30 per share, which was paid in full.

Prepare necessary ledger accounts in the books of Mustard Ltd; pass journal entries in the books of Pink Ltd; and show the opening Balance sheet of Pink Ltd.

4. The following is the Balance sheet of Upset Co. Ltd. As on 31.12.2015.

Liabilities	₹	Assets	₹
Share capital		Goodwill	15,000
2,000, 5% preference shares of ₹100 each	2,00,000	Land & Buildings	2,00,000
4,000 equity shares of ₹100 each	4,00,000	Machinery	3,00,000
6% debentures	1,00,000	Stock	50,000
Bank overdraft	50,000	Debtors	40,000
Sundry creditors	1,00,000	Cash	5,000
		Profit & Loss A/c	2,40,000
	8,50,000		8,50,000

The company adopted following scheme of reconstruction.

- 1) The preference shares are to be reduced to fully paid shares of ₹75 each and equity shares are also to be reduced to shares of ₹40 each fully paid up.
- 2) The debenture holders took over stock and debtors in full satisfaction of their claim.
- 3) The fictitious assets to be eliminated
- 4) Land and buildings to be appreciated by 30% and machinery to be depreciated by $33\frac{1}{3}\%$.
- 5) The expenses of reconstruction amounted to ₹3,000.

Give journal entries for the above and prepare the revised balance sheet.

SECTION – B

Answer any THREE questions:

3×10=30

5. The Mangalore Canning Co. Ltd., issued a prospectus inviting applications for 1,00,000 equity shares of ₹10 each payable as to ₹2 on application, ₹3 on allotment, ₹3 on first call and ₹2 on final call. Applications for 1,20,000 shares were received. The directors allotted as follows.
 To applicants of 80,000 shares full allotment
 To applicants of 30,000 shares 20,000 shares.
 To applicants of 10,000 shares Nil
 All the calls were duly made and received
 Give the journal entries to record the above transactions.

6. Balance sheet of ABC Ltd., disclosed the following information on 31.3.2015.
 15% debentures ₹15,00,000
 Debenture redemption fund ₹11,63,600
 Debenture redemption fund investment A/c (10% Govt. securities) ₹11,63,600
 Contribution to debenture redemption fund ₹1,30,800 p.a.

Show a) Debenture Redemption Fund A/c b) Debenture Redemption Fund Investment A/c assuming that securities were realized on 31.3.2015 for an amount of ₹13,52,000 and debentures were redeemed.

7. Following is the Balance sheet of X Ltd.

Liabilities	₹	Assets	₹
Share Capital	6,00,000	Goodwill	1,00,000
General Reserve	3,00,000	Plant & Machinery	5,00,000
Profit & Loss Appropriate A/c	1,00,000	Furniture	1,00,000
10% debentures	3,00,000	Stock	6,00,000
Sundry creditors	3,20,000	Debtors	2,00,000
		Bank	1,00,000
		Preliminary expenses	20,000
	16,20,000		16,20,000

Y Ltd., takes over the business of X Ltd., on the following terms.

- 1) Good will is valued at ₹2,00,000. Other assets are considered worth their book values.
 - 2) Y Ltd does not take over the balance at bank
 - 3) X Ltd agree to redeem its debentures by itself
 - 4) Consideration is to be discharged in the form of 90,000 fully paid equity shares of ₹10 each valued at par and the balance in cash. Calculate the purchase consideration and show the mode of payment.
8. Write the difference between internal and external reconstruction of companies.

SECTION – C

Answer ALL questions:

3×5=15

9. Write any 3 differences between amalgamation in the nature of merger and purchase.
10. The national trading company Ltd., with a Registered capital of ₹1,00,000, issued 5000 equity shares of ₹10 each, payable ₹2 on application, ₹2 on allotment, ₹3 on first call and ₹3 on final call. All shares were subscribed and the money duly received except the first call on 500 shares and the final call on 1000 shares.
Pass journal entries.
11. Pass the necessary journal entries for the following:
 - a) 8% Debentures issued at par redeemable at 5% premium ₹1,00,000
 - b) 8% Debentures issued at 5% discount redeemable at 5% premium ₹1,00,000

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
MANAGEMENT ACCOUNTING – I**

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

Answer any THREE questions:

3×25=75

1. a) Briefly explain the objectives of Budgetary Control. (10 Marks)
- b) Excellent Manufacturer can produce 4000 units of a certain product at 100% capacity. The following information is obtained from the books of account.

	August 2017	September 2017
Units Produced	2,800	3,600
	₹	₹
Repairs & Maintenance	500	560
Power	1,800	2,000
Shop Labour	700	900
Consumable Stores	1,400	1,800
Salaries	1,000	1,000
Inspection	200	240
Depreciation	1,400	1,400

Rate of production per hour is 10 units. Direct Material cost per unit ₹1 and direct wages per hour is ₹4. You are required to:

- i. Compute the cost of production at 100%, 80% & 60% capacity showing the Variable, Fixed & Semi Variable items under Flexible Budget.
- ii. Find out the overheads absorption rate per unit at 80% capacity. (15 Marks)
2. The summarized Balance Sheet of a Super Fast Ltd. as on 30-06-2016 and 30-06-2017 are as follows:

Liabilities	2016 (₹)	2017 (₹)	Assets	2016 (₹)	2017 (₹)
Share Capital	2,00,000	2,50,000	Building	2,00,000	2,50,000
General Reserve	40,000	70,000	Plant	1,75,000	1,50,000
P&L A/c	30,000	37,500	Stock	2,00,000	1,25,000
Bank Loan	1,50,000	50,000	Debtors	25,000	20,000
Trade Creditors	1,50,000	70,000	Cash at Bank	30,000	17,500
Taxation Reserve	40,000	60,000			
Proposed Dividend	20,000	25,000			
	6,30,000	5,62,500		6,30,000	5,62,500

Additional Information:

- The company paid Tax of ₹30,000 during the year.
 - The company acquired a Building worth ₹50,000 by issuing equal amount of shares of ₹10 each to the vendor.
 - The company sold Plant worth ₹25,000 for ₹20,000 and the loss on sale of the same was debited to Profit and Loss Account.
 - Dividend paid in cash during the year amounted to ₹15,000.
- Prepare a Cash Flow Statement as per AS – 3.

3. The following figures were available in respect of Ashok Engineering Co. for the year ended 31st December 2017.

	Financial Account ₹	Cost Account ₹
Opening Stock: Raw material	6,000	5,000
Work-in-progress	7,000	6,500
Finished goods	5,000	4,500
Closing Stock: Raw Material	4,000	4,300
Work-in-progress	3,000	3,700
Finished goods	5,900	6,200
Purchases	40,000	-
Direct Wages	20,000	-
Direct Expenses	3,000	-
Factory expenses	17,000	21,000
Sales	110,000	-
Administration Expenses	3,000	2,300
Selling expenses	4,000	4,500
Financial expenses	1,000	-
Interest received	1,600	-
Transfer to reserve	4,000	-
Dividends paid	9,000	-

You are required to compute Profit as per Financial Accounts and Cost Accounts and prepare Reconciliation Statement.

- Define Management Accounting. Briefly explain the objectives and functions of Management Accounting. (15 Marks)
- What is meant by Transfer Pricing? Explain briefly the different methods of Transfer Pricing. (10 Marks)

SECTION – B

Answer any THREE questions:

3×10=30

- Explain the reasons for variations in Cost and Financial Accounts.

6. 'Responsibility Accounting is an important device for control'. Explain.
7. The following are the summaries of the Balance Sheet of a company as on 31st March 2016 and 2017.

Liabilities	2016 (₹)	2017 (₹)	Assets	2016 (₹)	2017 (₹)
Share Capital	1,80,000	1,80,000	Machinery	72,000	80,000
P&L A/c	16,000	23,000	Building	1,00,000	1,00,000
Reserves	60,000	50,000	Stock	92,000	1,06,000
Depreciation Fund	40,000	44,000	Prepaid		
5% Debentures	90,000	70,000	Expenses	1,000	2,000
Outstanding			Short Term		
Expenses	13,000	22,000	Investments	1,10,000	84,000
Sundry Creditors	1,03,000	96,000	Debtors	77,000	73,000
			Cash at Bank	50,000	40,000
	5,02,000	4,85,000		5,02,000	4,85,000

You are required to prepare a Statement of Changes in Working Capital.

8. Suresh Ltd made a profit of ₹1,85,000 after considering the following:
- Depreciation on Fixed Assets ₹5,000
 - Profit on sale of Building ₹10,000
 - Loss on sale of Machinery ₹4,000
 - Taxation Provision ₹30,000
 - Transfer to Reserve ₹10,000
 - Amortization of Fictitious Asset ₹2,000.

Details	As on 30-03-2016 (₹)	As on 31-03-2017 (₹)
Debtors	18,000	17,000
Creditors	12,000	9,000
Bills Receivable	7,000	4,000
Bills Payable	3,000	4,000
Bank A/C	1,000	1,500

You are required to calculate the Operating Cash Profit and Cash Flow from Operations.

SECTION – C

Answer ALL the questions:

3×5=15

9. What are the differences between Cost Accounting and Management Accounting?

10. Details given below relate to 60% activity when production was 600 units. Materials ₹120 p.u., Labour ₹50 p.u., Factory expenses ₹50,000 (40% Fixed), Administration expenses ₹35,000 (60% Fixed), Direct expenses ₹9,000. Prepare a Production Cost Budget, showing Marginal Cost and Total Cost for 60% and 80% activity.
11. The following particulars are supplied to you from the records of Big Bell Company. Prepare a Production Budget for the year ending 31-03-2017.

Product	Sales (Units) As per Sales Budget	Estimated Stock (Units)	
		As on 1-4-2016	As on 31-3-2017
X	92,000	3,000	4,000
Y	70,000	1,000	2,000
Z	40,000	2,500	2,500

File to see

COM 503.1

Reg. No.

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE**

MARKETING MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. What is Marketing Management? Explain the various Marketing Concepts.
2. What is Product Life Cycle? Explain the Stages and Strategies involved in Product Life Cycle.
3. Explain the Determinants of Consumer Behaviour.
4. Define Marketing Research. Explain the process of Marketing Research.

SECTION – B

Answer any THREE questions:

3×5=15

5. What is New Product Development? Discuss the reasons for failure of new products in the market.
6. What is an Undifferentiated Marketing Strategy? What are its merits and demerits?
7. Explain the Channels for consumer & industrial goods.
8. Briefly explain the Rational Buying Motives which influence a consumer to buy a product.

SECTION – C

Answer ALL the questions:

5×1=5

9. State any two essentials of Good Packaging.
10. What is Service Marketing?
11. What is Niche Marketing?
12. What is Skimming Pricing?
13. What is Branding?

COM 504.1

Reg. No.

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE**

HUMAN RESOURCE MANAGEMENT-I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Define Human Resource Management. Explain the functions and challenges of HRM.
2. What is meant by Recruitment? Explain the various Sources of Recruitment.
3. Define Performance Appraisal. Explain the objectives and methods of Performance Appraisal.
4. Define Human Resource Policy. Explain the process of Human Resource Planning and Policy.

SECTION – B

Answer any THREE questions:

3×5=15

5. How can you make an effective Induction Programme?
6. Explain the need for Training.
7. What are the limitations of Job Evaluation?
8. Explain a good Transfer Policy in an Organization.

SECTION – C

Answer ALL the questions:

5×1=5

9. What is meant by Refresher Training?
10. State any two differences between Recruitment and Selection.
11. What is meant by Job Enrichment?
12. What is meant by Retrenchment?
13. State any four reasons for Demotion.

COM 505.1

Reg. No.

CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE
COMPANY LAW

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. What is Memorandum of Association? Briefly explain the Clauses. Distinguish between Memorandum of Association and Articles of Association.
2. Define Prospectus. State the legal rules relating to the issue of Prospectus and explain the contents of Prospectus.
3. Briefly explain the powers, duties and liabilities of Company Directors.
4. Explain the requisites of valid general body meeting of a Joint Stock Company.

SECTION – B

Answer any THREE questions:

3×5=15

5. Briefly explain the Doctrine of Indoor Management.
6. Distinguish between Private and Public company.
7. Briefly explain the academic qualifications of a Company Secretary.
8. Write a short note on: Director Identification Number (DIN).

SECTION – C

Answer ALL the questions:

5×1=5

9. What are 'Chartered Companies'?
10. What is meant by the term 'Ultra Vires'?
11. What is 'Floating Charge'?
12. Define a 'Director' under Section 2(34) of the Companies Act 2013.
13. What is meant by 'Quorum' in a meeting?

COM 506.2

Reg. No.

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE**

TOTAL QUALITY MANAGEMENT

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Define Total Quality Management. Explain the features and process of Total Quality Management.
2. What is Group? Explain the different types of Groups.
3. What is Quality of Work Life? Explain the model of Quality of Work Life.
4. What is Change? Explain external and internal forces that induce change in the organization.

SECTION – B

Answer any THREE questions:

3×5=15

5. Explain the benefits of Total Quality Management.
6. Write a note on Management By Objectives.
7. Explain the constituents of Quality of Work Life.
8. What is Intergroup Conflict? Explain the strategies to resolve Intergroup Conflicts.

SECTION – C

Answer the following:

5×1=5

9. What is Group Dynamics?
10. What is Learning?
11. State two pillars of Total Quality Management.
12. What is Six Sigma?
13. State two dimensions of Product and Service quality.

CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
COMMERCE
BUSINESS TAXATION – I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any THREE questions:

3×20=60

1. Following particulars are furnished by Bharath Works Ltd. a domestic company:

Trading and Profit and Loss A/C

Particulars	₹	Particulars	₹
Purchases	4,25,000	Amount	
Entertainment Expenses	35,000	withdrawn from	
Travelling Expenses	70,000	General Reserve	3,00,000
Depreciation	5,50,000	Sales	34,36,000
Income tax	3,95,000	LTCG	2,20,000
Custom Duty O/S	30,000	Profit on sale of	
Provision for Unascertained		goods exempt	
Liability	60,000	U/S10(B)	2,50,000
Proposed Dividends	80,000		
Tax Consultation fee	20,000		
Provision for loss of			
subsidiary company	45,000		
Salaries	2,00,000		
Other expenses	1,50,000		
Net profit	21,46,000		
	42,06,000		42,06,000

Additional information:

- 1) Value of Plant and Machinery as on 1st April was ₹80,00,000 and Building ₹12,00,000. Depreciation allowable is 15% on Plant and Machinery and 10% on Buildings.
- 2) GST paid during the year ₹55,000 not accounted for.
- 3) Purchases include an item of ₹50,000 paid in cash.
- 4) Out of Custom Duty due ₹20,000 is still unpaid.
- 5) Unabsorbed business loss is ₹5,00,000 for income tax purpose and ₹3,50,000 for accounting purpose.
- 6) Unabsorbed depreciation is ₹5,50,000 for income tax purpose and ₹2,50,000 for accounting purpose.

Compute:

- a) Book Profit U/S 115 JB
 - b) Total Income of the Company
 - c) Tax Liability of the Company
2. a) State any five transactions where quoting PAN is mandatory. (5 Marks)

b) Kanpur Multi-Purpose Co-operative Society has the following income for the year ended 31st March 2018. Compute Taxable Income and Net Tax Liability of the Society for the Assessment year 2018-19.

- i. Income from Processing of agricultural Products ₹45,000.
- ii. Income from marketing of agricultural products ₹30,000.
- iii. Income from credit facilities to its members ₹35,000.
- iv. Dividends received from other Co-operative Society ₹5,000.
- v. Taxable Income from letting godowns for storage and processing of commodities ₹7,000.
- vi. Interest received on securities listed in stock exchange ₹4,500.
- vii. Interest on fixed deposit with UP Co-operative Bank, Lucknow ₹3,000.
- viii. Rent received from house property let out for residential purpose ₹20,000.

Following expenses in connection with house property let out debited to Profit and Loss Account of the marketing business:

- a) Repairs ₹1,500
- b) Municipal Corporation Taxes paid ₹1,000
- c) Rent Collection charges ₹600
- d) Fire Insurance Premium paid ₹1,000

ix. Society Donated by cash ₹10,000 to UP Govt for charitable purpose.

(15 Marks)

3. A, B, C are partners in a firm with C being a non working partner. The Profit and Loss Account of the firm is as under.

Particulars	Amount	Particulars	Amount
Office Rent	24,000	Gross Profit	3,00,000
Office Expenses	30,000	Discount	12,000
Advertisement	15,000	Bad Debt Recovered	18,000
GST	10,000	Capital Gains LTCG	6,000
Salaries	1,00,000	Bank Interest	14,000
Reserve for GST	5,000	Net Loss	55,000
Professional Tax	1,000		
Donations	12,000		
Bad Debts Reserve	11,000		
Bad Debts	10,000		
Interest on Capital:			
A	50,000		
B	30,000		
C	20,000		
Commission:			
A	18,000		
B	12,000		
C	10,000		
Depreciation	22,000		
Sundry Expenses	25,000		
	4,05,000		4,05,000

Other Information:

- Salary includes partners salary
A: ₹25,000 B: ₹30,000
- Admissible bad debts amounted to ₹15,000.
- Actual Depreciation was ₹20,000.
- Out of Bad Debts received ₹10,000 was allowed earlier.
- Furniture purchased by C for personal use was included in sundry expenses ₹3000.
- Donation includes ₹6000 to PMNRF and ₹3000 to local youth club.
- Capital Account of the partners as on 1st April of PY:
A: ₹2,50,000 B: ₹1,50,000 C: ₹1,00,000
- Office expenses include Bonus to partners:
A: ₹10,000 B: ₹3,000 C: ₹2,000

4. X, Y and Z are the 3 members of X & Co (an AOP). Profit and Loss Account for the year ended 31/3/18 is follows:

Particulars	Amount	Particulars	Amount
To Cost of goods sold	1,34,000	By Sales	4,50,000
To Interest on Capital:		By STCG (on transfer of land)	2,10,000
X 9000		By Interest on Drawings:	
Y 27,000		X 2,000	
Z 35,000	71,000	Y 1,000	
To Salary:		Z 3,000	6000
Y 65,000			
Z 70,000	1,35,000		
To Other expenses	60,000		
To Net Profit	2,66,000		
	6,66,000		6,66,000

Other Information:

- The AOP gives a donation of ₹ 20,000 to a Public Charitable Trust (Not debited to P/L A/C) which is eligible for deduction U/S 80G.
- Out of other expenses, ₹26,000 is not deductible by virtue of Sec 43 B.
- The profit sharing ratio of X, Y, Z is 2:3:5 other income of the members is given:

	Gross Income	Source of Income	Investment for the purpose of 80 D	PPF Contribution
X	3,90,000	Bank FD Interest	8,000	1,44,000
Y	3,36,000	Interest on Govt Security	-	1,16,000
Z	4,30,000	Interest on Co. Deposits	3,000	1,28,000

Find out the Tax Liability of AOP and members for the AY 2018-19.

SECTION – B

Answer any **THREE** questions:

3×5=15

5. ABC Charitable Trust is registered U/S 12AA of the IT Act. The following information is received for the FY 2017-18.
- Voluntary Contribution received ₹20,00,000
 - Interest received ₹4,00,000
 - Corpus donation received ₹5,00,000
 - Amount spent for charitable purpose ₹9,35,000
 - Amount spent for acquisition of assets ₹4,50,000
 - Depreciation for the year ₹1,25,000 (₹45,000 is related to the assets acquired during the year)
 - Donation given to other Charitable Trust ₹25,000
 - Books received worth ₹10,000 towards distribution to poor students
- In addition, Trust has been carrying on ancillary business for furtherance of the main object. The Profit and Loss a/c shows Net Profit of ₹2,00,000. Compute the Total Income of the Trust.
6. During the financial year 2018-19 find out the tax to be deducted at source.
- | | |
|---------------------------------------|---------|
| a) Winning firm TV game show | ₹50,000 |
| b) Income from interest on securities | ₹6,000 |
| c) Dividends from Domestic Company | ₹40,000 |
| d) Winnings from a horse race | ₹20,000 |
| e) Winnings from cross-word puzzles | ₹8,000 |
7. Bring out the rules governing the Working Partners Remuneration U/S 40(b).
8. Write a short note on:
- a) Regular Assessment
 - b) Self Assessment

SECTION – C

Answer **ALL** the questions:

5×1=5

9. What is Tax Collection at Source?
10. What are the Provisions related to MAT Credit U/S 115 JB?
11. When is TAN required?
12. State any two powers of CBDT.
13. What are conditions to claim "Interest on Securities" U/S 80 P.

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE**

SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT – I

Time: 3 Hrs.

Max. Marks: 80

SECTION – A

Answer any **THREE** questions:

3×20=60

1. a) Following are the details regarding three companies Sun Ltd, Moon Ltd and Star Ltd.

Particulars	Sun Ltd	Moon Ltd	Star Ltd
Rate of Return on Investment	15%	5%	10%
Cost of Equity Capital	10%	10%	10%
Earnings Per Share	₹8	₹8	₹8

Calculate the value of an equity share of each of these companies applying Walter's formula when dividend payout ratio (D/P ratio) is 50%

What conclusion do you draw?

(10 marks)

- b) A large sized Chemical Company has been expected to grow at 14% per year for the next 4 years and then to grow indefinitely at the same rate as the national economy, i.e 5%. The required rate of return on the equity shares is 12%. Assume that the company paid a dividend of ₹2 per share. Determine the market price of the shares today. Use variable dividend growth valuation model.

(10 marks)

2. Give below is the summarised Balance Sheet and Profit and Loss of Rajalaxmi Sugar Mills Ltd. as on 31.03.2016. You are required to calculate:

- | | |
|--------------------------------|-------------------------------|
| a) Current Ratio | b) Quick Ratio |
| c) Debt Equity Ratio | d) Stock Turnover Ratio |
| e) Fixed Assets Turnover Ratio | f) Return on Capital Employed |
| g) Debtors Turnover Ratio | h) Creditors Turnover Ratio |
| i) Net Profit Ratio | j) Operating Ratio |

Balance Sheet as at 31.03.2016

Liabilities	₹	Assets	₹
Issued Capital: 40,000 shares of ₹100 each	40,00,000	Land and Building	30,00,000
Reserves	18,00,000	Plant Machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Profit and Loss Account	6,00,000	Debtors	14,20,000
6 % Debentures	6,00,000	Cash at bank	6,20,000
	96,00,000		96,00,000

Profit and Loss Account

Particulars	₹	Particulars	₹
To opening stock	19,90,000	By Sales	1,70,00,000
To Purchases	1,09,05,000	By Closing Stock	29,80,000
To Direct Expenses	2,85,000		
To Gross Profit	68,00,000		
	1,99,80,000		1,99,80,000
To Administration Expenses	30,00,000	By Gross Profit b/d	68,00,000
To Selling & Distribution on Expenses	6,00,000	By Non Operating	
To Financial Expenses	3,00,000	Income	1,80,000
To Other Non-Operating Expenses	80,000		
To Net Profit	30,00,000		
	69,80,000		69,80,000

3. a) Vivek buys a Bond with four years to maturity. The Bond has a coupon rate of 9 percent and is priced at ₹100 in the market. Calculate YTM. (10 marks)
- b) Reddy Company stock is currently selling at ₹25 per share. The stock is expected to pay Re 1 as dividend per share at the end of the next year. It is reliably estimated that the stock will be available for ₹29 at the end of one year.
- a) If the forecasts about the dividend and price are accurate, is it advisable to buy at the present price? His required rate of return is 20%.
- b) If the investor requires 15% return when the dividend remains constant, what should be the price at the end of the first year? (10 marks)
4. What is Fundamental Analysis? Explain the factors influencing Industry Analysis.

SECTION – B

3×5=15

Answer any THREE questions:

5. RST Ltd has a Capital of ₹10,00,000 in equity shares of ₹100 each. The shares are currently quoted at par. The company proposes to declare a dividend of ₹10 per share at the end of the current financial year. The capitalization rate for the risk class to which the company belongs is 12%. What will be the market price of the share at the end of the year, if
- i) A dividend is not declared?
- ii) A dividend is declared?
- Use Modigliani – Miller Model.

6. Balance Sheet of a Corporate as on March 31, current year is as follows: (Amount in Crore)

Liabilities	₹	Assets	₹
Equity Share Capital (1 crore share)	200	Plant & Machinery	250
Reserve & Surplus	180	Land & buildings	150
12% Debenture	150	Inventory	80
Total Creditors	35	Receivables	60
Other current Liabilities	15	Other Current Assets	40
	580		580

The market value of its assets as assessed by professional valuer is as follows: (Rs. In Crore)

Plant & Machinery	180
Land & Building	300

The current resale values of the remaining assets are as per their book values.

You are required to compute the value of equity share on the basis of net assets method (book value and market value)

7. Explain the Trading Procedure.
8. What are the Advantages of Stock exchanges to the Investors?

SECTION – C

5×1=5

Answer the following:

9. What is Listing of Securities?
10. Give the meaning of Technical Analysis.
11. What is meant by Stock split?
12. State any two objectives of investment.
13. What is Insider Trading?

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION
OCTOBER 2018
ADVANCED FINANCIAL MANAGEMENT –I**

Time: 3 Hrs

Max Marks: 120

SECTION A

Answer any **THREE** questions:

3X25=75

1. The managers of Strayer Inc are investigating a potential \$25 million investment. The investment would be a diversification away from existing mainstream activities and into the printing industry. \$6 million of the investment would be financed by internal funds, \$10 million by a Rights Issue and \$9 million by Long-Term Loans. The investment is expected to generate pre-tax net cash flows of approximately \$5 million per year, for a period of ten years. The residual value at the end of Year 10 is forecast to be \$5 million after tax. As the investment is in an area that the government wishes to develop, a subsidised loan of \$4 million out of the total \$9 million is available. This will cost 2% below the company's normal cost of long-term debt finance, which is 8%.

Strayer's equity beta is 0.85, and its financial gearing is 60% equity, 40% debt by market value. The average equity beta in the printing industry is 1.2, and average gearing 50% equity, 50% debt by market value. The risk-free rate is 5.5% per annum and the market return 12% per annum. Issue costs are estimated to be 1% for debt financing (excluding the subsidised loan), and 4% for equity financing. These costs are not tax allowable.

The corporate tax rate is 30%.

- (a) Estimate the Adjusted Present Value (APV) of the proposed investment. (15 Marks)
- (b) Explain the five fundamental principles of ACCA code of ethics? (10 Marks)
2. An equity has the following information in its balance sheet (Statement of Financial Position):

	\$000
Ordinary shares (50c nominal)	2,500
Debt (8%, Redeemable in 5 years)	1,000

The equity's beta is 1.25 and its credit rating according to Standard and Poor's is A. The Share price is \$1.22 and the Debenture price is \$110 per \$100 nominal.

Extract from Standard and Poor's credit spread tables:

Rating	1yr	2yr	3yr	5yr	7yr	10yr	30yr
AAA	5	10	15	22	27	30	55
AA	15	25	30	37	44	50	65
A	40	50	57	65	71	75	90

The risk free rate of interest is 6% and the equity risk premium is 8%. Tax is payable at 30%.

Required:

- (a) Calculate the entity's WACC. (12 Marks)
 (b) What are trade barriers? Explain the ways that a country can seek to restrict imports. (8 Marks)
 (c) What is buyback of shares? Briefly explain its advantages. (5 Marks)

3. (a) The current dollar sterling exchange rate is given as \$/£ 1.7025-1.7075. Expected inflation rates are:

Year	USA	UK
1	5%	2%
2	3%	4%
3	4%	4%

Use the relationship above to work out the expected spot rate for the next three years. (5 Marks)

- (b) A manufacturing company based in the United Kingdom is evaluating an investment project overseas-in REBMATT a politically stable country. It will cost an initially 5.0 million REBMATT dollars (RM\$) and it is expected to earn post-tax cash flows as follows.

Year	1	2	3	4
Cash flow(RM\$000)	1,500	1,900	2,500	2,700

The following information is available:

- Real interest rates in the two countries are the same. They are expected to remain the same for the period of the project.
- The current spot rate is RM\$ 2 per £1 Sterling.
- The risk-free rate of interest in REBMATT is 7% and in the UK 9%.
- The company requires a Sterling return from this project of 16%.

Required:

Calculate the £ Sterling Net Present Value of the project using the discounting annual cash flows in £ Sterling. (10 Marks)

- (c) Explain the different ways of financing International investment? (10 Marks)

4. (a) Explain the different factors which influence the dividend policy of a company? (8 Marks)

(b) A project with the following cash flow is under consideration:

	T0	T1	T2	T3	T4
\$000	(24,500)	15,000	15,000	3,000	3,000

Cost of capital 10%

Required: Calculate the MIRR. (5 Marks)

- (c) "The financial manager is responsible for making decisions which will increase the wealth of the company's shareholders".

In light of the above statement, elaborate on the key areas of responsibilities of the financial manager. (12 Marks)

SECTION- B

Answer any **THREE** questions:

3X10 =30

5. A company is evaluating an investment project with the following forecast
Cash flows:

Year	0	1	2	3	4
Cash flow (\$m)	(6.5)	2.4	3.1	2.1	1.8

Calculate Internal Rate of Return of the investment project.

6. Explain in the detail different Islamic Finance products.
7. (a) ABC Co has a beta factor of 1.73. The current return on a risk free asset is 3% per annum and the equity risk premium is 12%. Using CAPM model calculate the Cost of Equity. (4 Marks)
- (b) The spot yield curve for government bonds is:

Year	%
1	3.50
2	3.65
3	3.80

The following table of credit spread (in basis points) is presented by Standard and Poor's:

Rating	1 Year	2 Year	3 Year
AAA	14	25	38
AA	29	41	55
A	46	60	76

Estimate the individual yield curve for Stone Co, and A rated company.

(6 Marks)

8. B plc is a hot air balloon manufacturer whose equity debt ratio is 5:2
The company is considering a waterbed-manufacturing project. B plc will finance the project to maintain its existing capital structure.
S plc is a water-bed manufacturing company. It has an equity beta of 1.59 and a Vc:Vd ratio of 2:1.
The yield on B plc debt, which is assumed to be risk free, is 11% B plc equity beta is 1:10. The average return on the stock market is 16%. The corporate tax is 30%. Calculate a suitable Cost of Capital to apply to the project.

SECTION – C

Answer ALL the questions:

3X5=15

9. What is Pecking Order Theory? Write implication on Investment Decision.
10. Explain the reasons for international trading by Multinational Company.
11. Dosgy Co's 6% coupon bonds are currently priced at \$89. The bonds are redeemable at par in 5 years. Corporation tax is 30%. Calculate the Post-Tax cost of debt.

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2018
COMMERCE**

ADVANCED PERFORMANCE MANAGEMENT - I

Time: 3 Hrs.

Max. Marks: 120

SECTION – A

3X25=75

Answer any **THREE** questions:

1. The S Company (SC) is a manufacturer of a wide range of clothing. Its operations are organised into five divisions which are as follows:
 The fashion division manufactures a narrow range of high quality clothing which is sold to a leading retail store which has branches in every major city in its country of operation. The products have very short life cycles.
 The industrial division manufactures a wide range of clothing which has been designed for use in industrial environments. In an attempt to increase sales volumes, SC introduced the sales of these products via mail order with effect from 1 June 2005.
 The leisure division manufactures a narrow range of clothing designed for outdoors pursuits such as mountaineering and sky diving, which it markets under its own, well-established 'E' brand label.
 The children division manufactures a range of school and casual wear which is sold to leading retail stores.
 The footwear division manufactures a narrow range of footwear.

The Management Accountant of SC has gathered the following actual and forecast information relating to the five divisions:

Year ending 31 May	2004 Actual	2005 Actual	2006 Actual	2007 Forecast	2008 Forecast
Fashion:					
Market Size (\$m)	200.0	240.0	280.0	305.0	350.0
Sales revenue (\$m)	10.0	14.4	22.4	30.5	35.0
Industrial:					
Market size (\$m)	150.0	158.0	166.0	174.0	182.0
Sales revenue (\$m)	15.0	15.1	15.2	15.3	15.4
Leisure:					
Market size (\$m)	20.0	20.5	21.0	21.5	21.8
Sales revenue (\$m)	13.6	14.2	14.7	15.0	15.2
Children:					
Market size (\$m)	60.0	70.0	80.0	90.0	100.0
Sales revenue (\$m)	2.0	2.1	2.2	2.3	2.4
Footwear:					
Market (\$m)	20.0	20.2	20.4	20.6	21.0
Sales revenue (\$m)	0.50	0.52	0.54	0.52	0.50

The Management Accountant has also collated the following information relating to the market share held at 31 May 2006 by the market leader or nearest competitor in the markets in which each division operates:

Division	(%) Market share held by market leader/ nearest competitor
Fashion	18
Industrial	15
Leisure	70
Children	28
Footwear	33

Required:

- (a) Use the Boston Consulting Group matrix in order to assess the competitive position of SC. **(10 Marks)**
 - (b) Advise the management of SC of THREE strategies that should be considered in order to improve the future performance of SC. **(6 Marks)**
 - (c) Explain FIVE limitations of the Boston Consulting Group matrix as a strategic planning tool. **(9 Marks)**
2. Evaluate the strength and weakness of alternative budgeting models.
 3. ES is developing hydrogen fuel cells for use in powering large motor vehicles such as buses and trucks. They will replace standard petrol/diesel engines. The fuel cells have a clear advantage over these older technologies in having lower carbon dioxide (a greenhouse gas) emissions. The governments of many developed countries are keen to cuts in such emissions and are supportive of a variety of possible technological solutions to this issue (such as fuel cells, electrical batteries and compressed natural gas).
 These alternate power technologies would be fitted by the major international vehicle manufacturers into their vehicles for sale to their customers. The vehicle manufacturers will need to form a close partnership with any engine producer in order to make their technologies compatible and this has already begun to happen, with two of the major manufacturers signing deals with other engine makers recently.
 ES mission is to provide world-leading, reduced-emission, fuel-efficient power products for the motor industry in order to optimize shareholders returns.
 ES has existed for only five years and is owned by its management and venture capitalists (VCs). The management were all engineers who had been working on the basic research associated with new fuel technologies and saw the opportunity to commercialize their expertise. ES is highly regarded in the industry for its advanced, efficient fuel cell designs. As a result, the VCs were eager to invest in ES and have assisted by placing experienced managers into the business to aid the original engineering team.
 It takes five to ten years to develop a viable product for sale in this motor market. Thus, the VCs have stressed the need to analyse competition and competitive advantage in order to understand how to make the business profitable in the long term. A major problem that needs to be overcome with any of these new technologies is that there must be an infrastructure accessible to the end users for refueling their vehicles (as the petrol station chains do for petrol engine vehicles at present). Governments have indicated their desire to support the development of such technologies to address environmental issues and to try to establish new, high-value

industries in their jurisdiction. They may do this through tax breaks and investment to support the development of the refueling infrastructure.

Production of ES fuel cells uses a special membrane that requires rare and expensive elements. Also, it has partnered with two other engineering firms to subcontract the production of certain components in the fuel cell. ES has had to share much of its fuel cell design with these firms in order to overcome certain engineering difficulties.

There are a number of companies developing the fuel cells but ES is believed to have a two-year lead over to them and to be only three years away from commercial launch. Also, there are a number of start-up companies developing the other technologies mentioned above, as well as large, existing diesel and petrol engine manufacturers who are constantly reducing the emissions from their existing engines.

The Chief Executive Officer (CEO) of ES wants to understand the external business environment and its effect on performance management. She has used Porter's five forces model herself in the past for strategic decision-making but here she wants it focused on performance management. In particular, she wants your analysis of the current competitive environment to result in advice about performance management and a properly justified recommendation of one performance measure for each of the five force areas. ES already uses market share to measure its competitive position but the CEO is worried about the way this is calculated, in particular the definition of the market. She has asked for your comments on this as you are a performance management expert.

Required:

- (a) Using Porter's five forces Model, assess the impact of the business environment on the performance management of ES and give justified recommendation of one new performance measure for each of the five forces area at ES. **(15 Marks)**
 - (b) Explain how the problems of defining the market in measuring a market share apply for ES. **(5 Marks)**
 - (c) Assess the risk appetite of the venture capitalists and how their might impact on performance measurement at ES. **(5 Marks)**
4. CS is a chain of twelve shops specializing in selling items associated with the game of chess; boards, pieces, clocks, software and books. Three years ago, the company was the subject of a venture capital buyout from a large group. A new senior management team was put in place after the buyout. They have the aim of running the business in order to maximize profits.
- The Chief Financial Officer (CFO) along with the other members of senior management sets the annual budget and uses a standard costing-approach with variance analysis in order to control individual shop performance. The head office handles all capital purchases and brand marketing. All inventory purchasing is done centrally and the shop opening times are set as standard across the company. As an illustration of senior management attitude, the CFO had set the budget for 2011 staff costs at \$7 per hour for part-time staff and this was rigorously observed in the period.
- Each shop is run by a manager who reports their financial results to the operational director at head office. The shop managers recruit and manage the staffing of their shop. They have some autonomy in setting prices locally and have been given authority to vary prices by up to 10% from a master list produced by the CFO. They also have a local marketing budget agreed each year by the shop's manager and the marketing director as part of the annual appraisal process.
- The shop managers have approached the Chairman of CS to complain about the way that they are managed and their remuneration. They feel that their efforts are unrecognized by senior management. One manager commented 'I have had a successful year in hard economic circumstances. I have run a number of promotions in the shop that have been well received by the customers. I have run a number of promotions in the shop that have been well received by the

customers. However, the budget that are set are impossible to achieve and as a result I have been paid any bonus although I feel that I have a done everything in my power to bring in good profits’.

The shop managers at CS are paid a basic salary of \$27,000 with bonuses of up to 30% of basic salary dependent on two factors; performance above budget and the operational director’s assessment of the managers performance. The budget for the next year is prepared by the CFO and presented by the operational director at the shop manager’s annual appraisal.

The Chairman has come to you to ask if you can consider the system of performance assessment for the shop managers and give an independent perspective on the reward systems at CS. She has heard of variance analysis but is unsure as what would be relevant in this situation. She has provided the following illustrative branch report from the previous year for one shop.

CS:

T Branch Year to Sept 2011

	Budget \$	Actual \$	Variance \$
Sales	266,000	237,100	-28,900
Cost of sales	106,400	94,840	11,560
Gross Profit	159,600	142,260	-17,340
Marketing	12,000	11,500	500
Staff costs Manager	27,000	27,000	0
Part-time staff	38,000	34,000	4,000
Property costs	26,600	26,600	0
Shop profit	56,000	43,160	-12,840

Notes:

Property costs includes heating, lighting and rental.

Positive variances are favorable.

End of report

The manager of this shop commented at the appraisal meeting that she felt that the assessment was unfair since her failure to make budget was due to general economic conditions. The industry as a whole saw a 12% fall in revenues during the period and the budget for the period was set to the same as the previous period. She was not paid a bonus for the period.

Required:

(a) Evaluate the suitability of the existing branch report as a means of assessing the shop manager’s performance and draft an improved branch report with justification for changes.

(13 Marks)

(b) Analyse the performance management style and evaluate the performance appraisal system at CS. Suggest suitable improvements to its reward system for the shop managers.

(12 Marks)

SECTION – B

Answer any **THREE** questions:

3×10=30

5. Write the SWOT Analysis for an Airline Industry.
6. Explain the Mendelow’s Matrix for analyzing the role of Stakeholders in improving the performance of the company.
7. Explain the problems associated with complex business structures.
8. Explain the difficulties associated with recording and processing data of a qualitative nature.

SECTION – C

Answer ALL the questions:

3×5=15

9. Satternsen runs a restaurant that provides food for various stalls throughout a large organization. A particular fruit bowl generates a profit of \$5 based on a selling price of \$20 and a cost of \$15. Daily demand is as follows:

Demand	Probability
80 Bowls	0.10
100 Bowls	0.20
120 Bowls	0.40
140 Bowls	0.30
	1.00

The Kitchen must prepare the fruit bowl in batches of 10. Its staff has asked you to help them decide how many bowls it should supply per day.

10. A parcel delivery service such as Fedex, have an objective to increase revenue by 4% year on year. The business will establish CSF's and KPI's which are aligned to the achievement of this objective. List out the CSF's and KPI's of this company.
11. Explain the impact of recent IT developments on management accounting & on business performance.
