

M.Com. DEGREE EXAMINATION DECEMBER 2015.

Third Semester

(CBCS)

COMMERCE

Paper 3.1 – ACCOUNTING INFORMATION SYSTEM

(New)

Time : Three hours

Maximum : 75 marks

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Explain system and subsystem.
- (b) What are the characteristics of good or useful information?
- (c) What is data attribute?
- (d) Briefly explain system analysis.
- (e) What is feasibility study?
- (f) What is an ER diagram?
- (g) What is DDL?
- (h) Explain data integrity.
- (i) What is data security?
- (j) Define conversion cycle.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

1. Differentiate between MIS and AIS.
2. What is the difference between analysis and design? Explain.
3. Explain different types of files with suitable examples.
4. Describe five main functions of a database administrator.
5. What are the various types of controls available for information system?

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Do you think transaction processing systems differ significantly between service and manufacturing industries? Are they equally important to both sectors?
 8. What is system testing? Explain various types of testing.
 9. Explain in detail various methods of processing the data.
 10. Discuss in detail functions, advantages and disadvantages of DBMS.
 11. What are the basic business activities, data processing operations and decision that are performed in the revenue cycle?
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M.Com. DEGREE EXAMINATION DECEMBER 2015.

Third Semester

(CBCS)

COMMERCE

Paper 3.2 – MULTINATIONAL BUSINESS FINANCE

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple and non-programmable calculator and financial tables is permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

- (a) Define foreign exchange risk.
- (b) What are swap points?
- (c) What is real exchange rate?
- (d) State the implications of IFE.
- (e) What is a transaction exposure?
- (f) State any two techniques of managing operating exposure.
- (g) Distinguish between intrinsic value and time value of a call option.
- (h) What is APV?
- (i) Define leading and lagging.
- (j) What are parallel loans?

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

1. State the implications of covered IRP theory.
How does the foreign exchange rate affect the cost of debt raised in the foreign country? Explain.
2. The spot rate for £ is \$ 1.4710 – 1.4810 and swap points for one month, 3 months and six months forwards are 65/44, 145/123 and 290/222 respectively.
Find out outright rates for all the three forward periods. Is the £ selling at premium or discount for those periods? How many \$ would be required to buy £ 100000 spot and after 3 months?

5. The risk free rate of interest in Japan is 6% p.a., which that in India is 3% p.a. The spot rupee – yen rate is 0.5130 and twelve month rupee – yen rate is 0.498. Assume that you are interested in investing Rs.100,000 in risk free investments for one year.

Required :

- (a) Would you invest in Japan or India? If yes, why?
 (b) Will your answer be different, if you have ₹ 100,000 now? Explain.
6. A German firm buys a call option on \$ 100,000 with a strike price DM 1.60/\$ a premium of 0.03/\$. The interest opportunity cost is 6% p.a. and the maturity period is 180 days.

Required :

- (a) Compute the break even maturity spot rate.
 (b) If the six month forward rate at time the option was bought was ₹ 1.62/\$, for what range of maturity spot rates the option strategy would prove to be better and forward cover would prove to be better?

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Examine the inter linkages between/among foreign exchange rate theories when the global financial markets are perfectly integrated?
8. Critically examine merits and limitations of external techniques of currency management.
9. An Indian Company wants to borrow Rs.10,00,000 for 3 months. The following information is available :

Exchange Rate	Spot Rate	3 month forward rate
Rs./ £	53.25	54.80
Rs./ \$	34.70	35.95
Rs./DM	24.20	25.15
Rs.FFr	7.10	7.35

The interest rates for 3 month borrowings are :

Rupee	18%
£	7.5%
\$	6.25%
DM	5.50%
FFr	7.00%

Required :

- (a) What is the best borrowing strategy for the company?
 (b) If the 3 month forward rates were as follows, what should be the strategy?

Rs./ £ : 54.30

Rs./\$: 35.60

Rs./DM : 24.85

Rs./FFr : 7.20

10. A company in U.K. will need to make a payment of \$ 250,000 in six months time. The following market information is available.

Forex (Indirect quote) :

Spot - \$ 1.5617 – 1.5773

Six month forward \$ 1.5455 – 1.5609

FX options :

Exercise price - 1.70

Six month call - \$0.037 C per pound

Six month put - \$ 0.096 C per pound

Contract size - Assume : Pound 12500

Money market rates

Country	Deposit	Borrow
U.S.	4.50%	6%
U.K	5.50%	7%

Required :

- a. Would you recommend for helping in the forward market, money market or option market? Give workings.
 b. What would be your answer, if the U.K. Company is expecting a receipt of \$ 250000 in six months time?

1. A U.K. firm is considering a new project in Australia. The project would require immediate capital expenditure of A\$ 10 million and A\$ 5 million of working capital. The cash flows before depreciation expected to be generated from the project are A\$ 13 million p.a. for a period of four years. Straight line depreciation method is allowed for tax purpose. The tax rate is 50%. The project will have no scrap value.

The A \$/£ spot rate is 2.0 and A\$ is expected to depreciate against the £ at 10% p.a. A minimum of 20% return after tax is expected from the projects of this type.

Required :

- (a) What would be your recommendation as per Home Currency approach capital budgeting?
 - (b) Will your recommendation be different if foreign currency approach capital budgeting is used?
 - (c) If yes, why?
 - (d) If not, why?
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M.Com. DEGREE EXAMINATION DECEMBER 2015.

Third Semester

(CBCS)

COMMERCE

Paper 3.3 – CORPORATE ACCOUNTING

(For Accounting and Taxation and Accounting and Finance Groups)

Time : Three hours

Maximum : 75 marks

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

- (a) Mention the rules relating to transfer of profits to reserves of the company.
- (b) What is the accounting treatment for provision for taxation?
- (c) Mention conditions to be fulfilled for payment of dividend out of capital profits.
- (d) What is meant by alteration of capital?
- (e) State how capital reduction account is disposed of.
- (f) Mention the reasons for valuation of goodwill and shares.
- (g) What is meant by pooling of interest method?
- (h) State how capital reserve is treated in mergers and amalgamations.
- (i) Identify steps involved in consolidation of group accounts.
- (j) State the accounting treatment of dividends paid by a subsidiary in consolidation.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

1. Explain Companies Act provisions relating to computation of managerial remuneration.
2. Distinguish between alteration of capital and reduction of capital.
3. Due to inadequate profits, Sri Ltd. proposes to pay dividend out of general reserves. The following information is made available to you and you are required to determine the amount that can be drawn applying the Companies (Declaration of Dividend out of Reserves) Rules, 1975.

a	40,000, 10% preference shares of Rs.100 each	Rs.40,00,000
b	1,00,000 equity shares of Rs.10 each fully paid	Rs.10,00,000

- (c) General Reserves Rs.8,00,000
 (d) Capital reserves on revaluation of assets Rs.1,20,000
 (e) Share premium Rs.1,25,000
 (f) Profit and loss a/c credit balance Rs.40,000
 (g) Net profit for the year Rs.60,000
 (h) Average rate of dividend during the last five years 15%
5. From the following information calculate goodwill on the basis of (a) super profit method (b) capitalization method and (c) annuity method. Present value of annuity of Re. 1 for 8 years discounted at 12% will be Rs.49,616.
- (a) Capital employed Rs.6,00,000
 (b) Net profit for the last three years Rs.1,20,000, Rs.1,35,000 and Rs.1,05,000
 (c) Expected rate of return – 12%
 (d) Assets employed Rs.12,00,000
 (e) Current liabilities Rs.50,000
6. Following are the particulars regarding the purchase made by H Ltd. in its subsidiaries A Ltd and B Ltd and also A Ltd in B Ltd.
- April 1, 2014 H Ltd. purchased 60% shares in A Ltd.
 September 1, 2014 A Ltd. purchased 10% shares in B Ltd.
 November 1, 2014 H Ltd purchased 80% shares in B Ltd
- Profits for the year ending 31st March, 2015 of A Ltd. are Rs.2,000 crores and that of B Ltd. 1,500 crores.
- You are required to compute the share of H Ltd. in pre-acquisition and post-acquisition profits.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain relative merits and demerits of various methods of valuation of goodwill and shares of companies.
8. Describe different types of liquidation of companies along with the legal accounting procedure involved in each type of liquidation.
9. The following is the balance sheet of A Ltd. as on 31st March, 2015.

Liabilities	Rs.	Assets	Rs.
Authorized and Issued Capital : 75,000 equity shares of Rs.10 each fully paid	7,50,000	Net Assets	7,60,000
50,000, 6% preference shares of Rs. 10 each fully paid	5,00,000	Goodwill and patent rights	1,60,000
		Profit and loss account	3,30,000
Total	12,50,000	Total	12,50,000

Preference dividend is in arrears for the last four years. The net tangible assets are estimated to be worth Rs.6,80,000 and all intangible assets are worth nothing. It is estimated that annual profits in future are likely to be Rs.50,000 per annum. Ignore income tax. You are required to formulate a suitable scheme of capital reduction.

10. The balance sheets of X Ltd. and its subsidiary Y Ltd. as on 31st March, 2015 are given below :

	X Ltd. (Rs.)	Y Ltd. (Rs.)
Equity shares of Rs. 100 each	6,00,000	2,00,000
General Reserve	3,80,000	8,000
Profit and loss account	3,20,000	1,44,000
Sundry creditors	60,000	64,400
Total	13,60,000	4,16,400
Buildings	4,12,000	1,20,000
Machinery	1,00,000	96,000
Furniture	20,000	12,400
Stock	1,36,000	80,800
Investments	4,48,000	-
Debtors	1,12,000	63,200
Cash	1,32,000	44,000
Total	13,60,000	4,16,400

You are required to prepare a consolidated balance sheet of X Ltd. and its subsidiary Y Ltd. as on 31st March 2015 together with the working notes after giving effect to the following relevant information.

- X Ltd. acquired 80% equity shares in Y Ltd. on 1st July, 2014 at a cost price of Rs.4,48,000
- In the profit and loss account of X Ltd, interim dividend declared by Y Ltd. on 1st July, 2014 at the rate of 10% per annum is included.
- Creditors of X Ltd. included an amount of Rs.24,000 in respect of purchase from Y Ltd. and stock of X Ltd also includes stock at a cost price of Rs.12,000 purchased from Y Ltd which sells the goods by adding 25% profit on the cost price.
- On 1st April, 2014 in the books of Y Ltd., profit and loss account had a credit balance of Rs.1,12,000 from which the company declared 10% interim dividend. During the year 2014-15 profit of the company was constant.

11. C Ltd. absorbs D Ltd. by issue of 6 shares of Rs. 10 each at a premium of 10% for every 5 shares of D Ltd. For the purpose of absorption, it was agreed that trade investment held by D will realize their book value and goodwill of D Ltd. will be Rs.20,000. The balance sheets of the two companies were as under.

	C (Rs.)	D (Rs.)		C (Rs.)	D (Rs.)
Equity shares of Rs. 10 each	4,00,000	3,00,000	Investments : Trade	30,000	20,000
Reserves	2,40,000	1,50,000	Share at C Ltd.	-	60,000
Trade Creditors	40,000	30,000	Other assets	6,50,000	4,00,000
Total	6,80,000	4,80,000	Total	6,80,000	4,80,000

Prepare the Balance Sheet of C Ltd after absorption of D Ltd (all working are to form part of answer).

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M.Com. DEGREE EXAMINATION DECEMBER 2015.

Third Semester

(CBCS)

COMMERCE

Paper 3.4 – ACCOUNTING FOR SPECIALISED INSTITUTIONS
(Accounting and Taxation and Accounting and Finance Group)

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple and non-programmable calculator permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

- a) Define Insurance.
- b) What is bonus in reduction of premium?
- c) Differentiate between general balance sheet and balance sheet.
- d) State the relevance of catastrophe reserve in electricity companies.
- e) What are the revenue earning departments in Hotels?
- f) Differentiate between resident guests and non-resident guests.
- g) What is endowment fund?
- h) State different registers to be maintained in hospitals.
- i) Give accounting treatment for special fund in educational institutions.
- j) What is front office audit?

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain the procedure for replacement of an asset under double accounting system.
3. What is reinsurance? Explain different terms of reinsurance and their accounting treatment.
4. A five star hotel has 350 rooms available for letting out. On a particular day 300 rooms were occupied by 350 guests. Calculate the double occupancy rate.
5. From the following information, calculate total premium earned for the year ending 31.03.2015.

Premium	Direct business	Re-insurance
	Rs.	Rs.
Received	9,20,000	1,44,000
Receivable : On 1.4.2014	37,200	5,400
On 31.3.2015	52,400	5,100
Paid	-	92,000
Payable : On 1.4.2014	-	5,625
On 31.3.2015	-	9,300

6. The original cost of a power house was Rs. 5,00,000 which is to be replaced by a new one. The cost of new one is Rs. 15,00,000. But the estimated cost of original one (same size) is Rs. 8,00,000. Ascertain the amount to be charged to Revenue and Capital.

What amount should be charged to Revenue and capital if material is used for Rs. 15,000 and sale proceeds of the old materials are Rs. 10,000?

Show also necessary ledger accounts.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain the nature of hospital accounting. Is there any difference in the method of accounting of hospital is a company?
8. Explain the significance of visitors ledger in hotel business. Illustrate the format.
9. From the following particulars you are required to prepare Fire Revenue Account for the year ending 31.3.2015.

	Rs.		Rs.
Claims paid	4,80,000	Commission on reinsurance ceded	10,000
Claims outstanding on 1.4.2014	40,000	Commission on reinsurance	
Claims intimated but not accepted	10,000	accepted	5,000
on 31.3.2015		Expenses of management	3,05,000
Claims intimated, accepted but not		Provision for unexpired risk	
paid on 31.3.15	60,000	on 1.4.2014	4,00,000
Premium reserved	12,00,000	Additional provision for	
Reinsurance premium	2,00,000	unexpired risk	20,000
Commission	1,20,000	Bonus in reduction of	
		premium	12,000

You are required to provide for additional reserve for unexpired risks at 1% of the net premium in addition to the opening balance.

10. From the following statement of an Education Society, prepare Income and Expenditure Account for the year ended 31.3.2015 and the Balance Sheet as on that date.

Balance Sheet as on 1.4.2014

	Rs.		Rs.
Capital fund	3,64,000	Furniture	32,500
Audit fees	5,000	Maps and charts	16,000
Creditors	20,000	3% Govt. bonds	3,10,000
		Subscriptions outstanding	10,000
		Cash	20,500
	<u>3,89,000</u>		<u>3,89,000</u>

Receipts and Payments Account for the year ended 31.3.2015.

	Rs.		Rs.
To balance b/d	20,500	By Audit fees	5,000
To subscriptions	2,05,000	By rent	18,000
To special donations	25,000	By maps and charts	34,000
To interest on Govt. bonds	4,500	By stationary and postage	2,500
		By creditors	17,500
		By salary	82,500
		By functions	10,500
		By balance c/d	85,000
	<u>2,55,000</u>		<u>2,55,000</u>

Additional Information :

- (i) Audit fee of Rs. 5,000 is still outstanding.
 - (ii) Provide for depreciation of Rs.2,500 on furniture.
 - (iii) Half of the special donations are to be capitalized.
11. The following balances relate to an electricity company and pertaining to its accounts for the year ended 31.3.2015.

	Rs.
Share capital	1,00,00,000
Reserve fund (invested in 5% govt. securities at par)	60,00,000
Contingencies reserves (invested in 6% state govt. loans)	20,00,000
Loan from state electricity board	30,00,000
11% debentures	8,00,000
Development reserve	10,00,000
Fixed assets	2,00,00,000
Depreciation reserve on fixed assets	80,00,000
Customer's deposits	75,00,000
Amount contributed by consumers towards fixed assets	2,00,000
Intangible assets	5,00,000
Tariff and dividend control reserve	6,00,000
Current assets - monthly average	20,00,000

The company earned a post tax profit of Rs. 9,00,000.

Show how the profits of the company will be dealt with under the provisions of electricity Acts, assuming that the bank rate during the year was 8%.

M.Com. DEGREE EXAMINATION DECEMBER 2015.

Third Semester

(CBCS)

COMMERCE

Paper 3.5 – CORPORATE TAX PLANNING – I

(Accounting and Taxation Group)

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple and non-programmable calculator permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Define Tax Planning.
- (b) Define long term capital asset. Give examples.
- (c) What is deemed dividend?
- (d) Define demerger.
- (e) State the reasons for Best Judgement Assessment.
- (f) What is transfer pricing?
- (g) When a company is liable to pay advance tax and what is the schedule?
- (h) Define book profit (for MAT).
- (i) What is meant by tax holiday?
- (j) State the advantages of direct taxes.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Briefly explain the scheme of set off and carry forward of losses.
3. Distinguish tax avoidance and tax evasion, give examples.
4. X Ltd., a domestic company has paid up capital of Rs.10 crore. On 22nd May 2015 it declares 18% dividend on the equity capital. Assuming the dividend was distributed on 10th June 2015, what is the dividend tax payable and what is the last date for its payment?

5. For the P.Y. 2014-15 Y Ltd. has a taxable income of Rs.90 lakhs and book profits of Rs.180 lakhs. Find out the tax payable by the company.
6. Z Ltd. sells 1,00,000 shares of A Ltd., on 2.6.2014 @ Rs.2,000 per share. The shares were acquired on 20th Nov. 1977 @ Rs. 10 per share. The F.M.V. of each share on 1st April 1981 was Rs.48. Find out the capital gain/loss.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Discuss in detail the tax benefits arising to different stakeholders in amalgamation and demerger.
8. Discuss with examples the features of an ideal wage policy.
9. P Ltd., is a widely held domestic company. It is in need of fresh investment with following alternatives :

Particulars	Alternatives		
	I (Rs.)	II (Rs.)	III (Rs.)
Share capital	1,00,00,000	40,00,000	20,00,000
Debentures (14%)	-	40,00,000	30,00,000
Bank loan (18%)	-	20,00,000	50,00,000
Total	1,00,00,000	1,00,00,000	1,00,00,000

Expected rate of return before tax and interest is 25%. Dividend to be paid 20%. Expected tax rate is 30%. Find out the suitable alternative.

10. Q Ltd. has the following profit and loss account for the year ending 31.03.2015. Find out the taxable income and tax liability.

Profit and Loss Account

To :	Rs.	By :	Rs.
Office expenses and salary	76,00,000	Gross profit	1,00,25,000
Depreciation	4,00,000	Dividend	10,00,000
Income Tax	7,00,000	Net loss	10,00,000
Excise and VAT	13,00,000		
Dividend	10,00,000		
Interest	10,00,000		
Penalty	25,000		
	1,20,25,000		1,20,25,000

Notes :

- (a) Depreciation u/s 32 works out to Rs.3,80,000.
- (b) Interest is on debentures @ 14%.
- (c) Dividend received includes dividend from a foreign company Rs.5,00,000 and from a domestic company Rs.5,00,000.
- (d) Penalty is for late payment of VAT.
- (e) Excise and VAT debited includes due but not paid amount of Rs.8,00,000.

11. ABC Ltd. is a domestic company in which public are substantially interested. It has a net profit of Rs.25,00,000 for the previous year 2014-15. After scrutiny of the profit and loss account the following details emerged.

- (a) Advertisement in souvenir of political party (debited to P & L A/c) Rs.10,000
- (b) Donation to an institution recognized under section 80G of the Income Tax Act was 75,000 (debited to P & L A/c)
- (c) Brokerage and legal charges incurred for purchase of machinery, which was installed during the previous year, (debited to P & L A/c Rs.50,000)
- (d) Dividend received from subsidiary company (credited to P & L A/c) Rs. 25,000.
- (e) Depreciation debited to P & L A/c is Rs.6,00,000. The details of assets are as under :
 - Buildings – WDV Rs. 40,00,000 rate 10%
 - Machinery – WDV Rs.40,50,000 (exclusive of brokerage and legal charges) Rate 15%.
- (f) Capital expenditure incurred on scientific research (not debited to P & L A/c) Rs. 5,00,000.

Find out taxable income of the company.



THIRD SEMESTER M.A.(CBCS) DEGREE EXAMINATION, DECEMBER 2015
ECONOMICS

3.6.1 : Karnataka Economy (OEC)

Time: 3 Hours]

[Max. Marks : 75

Instruction : Answer all Parts.

PART – A

(10×2=20)

Answer **any ten** of the following in **1** or **2** sentences **each**.

- a) What is poverty ?
- b) What is Human Development ?
- c) Distinguish between GDP and NDP.
- d) What is Per-capita Income ?
- e) State major vegetable crops in Karnataka.
- f) Point out important minerals available in Karnataka.
- g) What is K.S.F.C. ?
- h) List objectives of planning.
- i) What is MSME ?
- j) Mention major commercial crops in Karnataka.
- k) Trace out major IT Parks in Karnataka.
- l) List major industries in Karnataka.

PART – B

(5×5=25)

Answer **any five** of the following.

2. Discuss the salient features of Karnataka Economy.
3. Examine the Land use pattern in Karnataka.
4. Examine the development of Sericulture in Karnataka.
5. Assess the place of Karnataka in Industrial development.

[P.T.O.]



6. Explain the position of State Finances in Karnataka.
7. Analyse the problem of Agrarian crisis in Karnataka.
8. Comment on "Regional Imbalances" in Karnataka.
9. Give an account of cropping pattern in Karnataka.

PART - C

(3×10=30)

Answer **any three** of the following.

10. Critically evaluate the place of Karnataka in Indian Economy.
11. Assess the development of agriculture in Karnataka.
12. Comment on the measures adopted by the government of Karnataka for reducing Regional Imbalances.
13. Analyse critically the working of Anti-poverty and employment generation programmes in Karnataka.
14. Comment on "Banking System" in Karnataka.

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(10×2=20)

ಸೂಚನೆ: ಎಲ್ಲಾ ಭಾಗಗಳಿಗೂ ಉತ್ತರಿಸಿ.

1. ಈ ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಹತ್ತಕ್ಕೆ ಒಂದು ಅಥವಾ ಎರಡು ವಾಕ್ಯಗಳಲ್ಲಿ ಪ್ರತಿಯೊಂದಕ್ಕೂ ಉತ್ತರಿಸಿರಿ.
 - a) ಬಡತನ ಎಂದರೇನು ?
 - b) ಮಾನವ ಅಭಿವೃದ್ಧಿ ಎಂದರೇನು ?
 - c) ಜಿಡಿಪಿ ಮತ್ತು ಎನ್‌ಡಿಪಿಗಳ ನಡುವಿನ ವ್ಯತ್ಯಾಸ ತಿಳಿಸಿರಿ.
 - d) ತಲಾ ಆದಾಯ ಎಂದರೇನು ?
 - e) ಕರ್ನಾಟಕದಲ್ಲಿಯ ಪ್ರಮುಖ ತರಕಾರಿ ಬೆಳೆಗಳನ್ನು ತಿಳಿಸಿರಿ.
 - f) ಕರ್ನಾಟಕದಲ್ಲಿ ಲಭ್ಯವಿರುವ ಮುಖ್ಯ ಖನಿಜಗಳನ್ನು ತಿಳಿಸಿರಿ.
 - g) K.S.F.C. ಎಂದರೇನು ?
 - h) ಯೋಜನೆಯ ಉದ್ದೇಶಗಳನ್ನು ಪಟ್ಟಿಮಾಡಿರಿ.
 - i) MSME ಎಂದರೇನು ?
 - j) ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಮುಖ ವಾಣಿಜ್ಯ ಬೆಳೆಗಳನ್ನು ತಿಳಿಸಿರಿ.



- k) ಕರ್ನಾಟಕದಲ್ಲಿಯ ಪ್ರಮುಖ ಐಟಿ ಪಾರ್ಕ್‌ಗಳನ್ನು ಗುರುತಿಸಿರಿ.
 l) ಕರ್ನಾಟಕದಲ್ಲಿ ಬೃಹತ್ ಉದ್ಯಮಗಳನ್ನು ಪಟ್ಟಿಮಾಡಿರಿ.

ಭಾಗ - ಬ

(5×5=25)

1. ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಐದು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ.
 2. ಕರ್ನಾಟಕ ಆರ್ಥಿಕ ವ್ಯವಸ್ಥೆಯ ವಿಶೇಷ ಲಕ್ಷಣಗಳನ್ನು ಚರ್ಚಿಸಿರಿ.
 3. ಕರ್ನಾಟಕದಲ್ಲಿ ಭೂ ಬಳಕೆಯ ಮಾದರಿಯನ್ನು ಪರಿಚ್ಛಿಸಿರಿ.
 4. ಕರ್ನಾಟಕದಲ್ಲಿ ರೇಷ್ಮೆ ಕೈಗಾರಿಕೆಯ ಅಭಿವೃದ್ಧಿಯನ್ನು ಪರಿಶೀಲಿಸಿರಿ.
 5. ಕೈಗಾರಿಕಾ ಅಭಿವೃದ್ಧಿಯಲ್ಲಿ ಕರ್ನಾಟಕದ ಸ್ಥಾನವನ್ನು ಮೌಲ್ಯೀಕರಿಸಿರಿ.
 6. ಕರ್ನಾಟಕದಲ್ಲಿ ರಾಜ್ಯ ಹಣಕಾಸುಗಳ ಸ್ಥಿತಿಯನ್ನು ವಿವರಿಸಿ.
 7. ಕರ್ನಾಟಕದಲ್ಲಿ ಕೃಷಿ ಬಿಕ್ಕಟ್ಟಿನ ಸಮಸ್ಯೆಯನ್ನು ವಿಶ್ಲೇಷಿಸಿರಿ.
 8. ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಾದೇಶಿಕ ಅಸಮಾನತೆಗಳನ್ನು ಕುರಿತು ವಿವರಣೆ ನೀಡಿರಿ.
 9. ಕರ್ನಾಟಕದಲ್ಲಿ ಬೆಳೆ ಮಾದರಿಯ ಬಗ್ಗೆ ವಿವರಣೆ ನೀಡಿರಿ.

ಭಾಗ - ಕ

(3×10=30)

10. ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಮೂರು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ.
 11. ಭಾರತದ ಆರ್ಥಿಕ ವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಕರ್ನಾಟಕದ ಸ್ಥಾನವನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ಮೌಲ್ಯೀಕರಿಸಿರಿ.
 12. ಕರ್ನಾಟಕದಲ್ಲಿ ಕೃಷಿಯ ಅಭಿವೃದ್ಧಿಯನ್ನು ಮೌಲ್ಯೀಕರಿಸಿರಿ.
 13. ಪ್ರಾದೇಶಿಕ ಅಸಮಾನತೆಗಳನ್ನು ಕಡಿಮೆ ಮಾಡುವಲ್ಲಿ ಕರ್ನಾಟಕ ಸರ್ಕಾರವು ಕೈಗೊಂಡ ಕ್ರಮಗಳನ್ನು ಕುರಿತು ವಿವರಿಸಿರಿ.
 14. ಕರ್ನಾಟಕದಲ್ಲಿ ಬಡತನ ನಿವಾರಣೆ ಮತ್ತು ಉದ್ಯೋಗ ಸೃಷ್ಟಿಯ ಕಾರ್ಯಕ್ರಮಗಳ ಕಾರ್ಯವೈಖರಿಯನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ವಿಶ್ಲೇಷಿಸಿರಿ.
 15. ಕರ್ನಾಟಕದಲ್ಲಿ ಬ್ಯಾಂಕಿನ ವ್ಯವಸ್ಥೆ ಕುರಿತು ವಿವರಿಸಿರಿ.

M.Com. DEGREE EXAMINATION DECEMBER 2016.

Third Semester

(CBCS)

COMMERCE

Paper 3.1 — ACCOUNTING INFORMATION SYSTEM

(Compulsory Paper)

(New)

Time : Three hours

Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

1. Answer any **SIX** sub-questions out of ten. Each sub-question carries **2** marks :
- (a) What is a system?
 - (b) Data Vs. Information.
 - (c) Point of sale system.
 - (d) Data management.
 - (e) What is data integrity?
 - (f) Levels of data hierarchy.
 - (g) What is DDL?
 - (h) Role of a DBA.
 - (i) Why do we need control of information system?
 - (j) Expenditure cycle.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions out of five questions.

Each question carries **6** marks.

- 2. Explain accounting information system and what role do accountant's play in today's information intensive organization.
- 3. What are the various steps that are to be considered while implementing a new system? Explain them.
- 4. Discuss the disadvantages of storing data using file processing methods.
- 5. Discuss in brief major issues in data management.
- 6. What is data security? Explain its importance to a business with an illustration.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions out of five questions.

Each question carries **15** marks.

7. What is information system and what are the organizational, management and technology dimensions of information systems?
 8. What is a prototype of system? What are the advantages of it and what steps required to build a prototype?
 9. Which storage medium would you use in each of the situations (a) airline reservation system, (b) employees benefits and professional conduct, and (c) online answers to customers frequently asked questions (FAQs)? Explain your choices.
 10. Explain the three data models namely relational, network and hierarchical and compare their relative advantages and disadvantages.
 11. Explain in detail various accounting transaction cycles.
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M.Com. DEGREE EXAMINATION DECEMBER 2016.

Third Semester

(CBCS)

COMMERCE

Paper 3.2 — MULTINATIONAL BUSINESS FINANCE

(Compulsory Paper)

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple calculator, Financial and Mathematical Tables is allowed.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) State any two objectives of multinational business financial management.
- (b) What is an equilibrium in the global economy?
- (c) What is a covered interest rate arbitrage?
- (d) Define exchange risk.
- (e) What is International Fisher Effect?
- (f) Define economic exposure.
- (g) What is money market hedge?
- (h) What is exposure netting?
- (i) What is interest rate swap?
- (j) Define APV of foreign project.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Distinguish between forward markets and futures market.
3. Explain the tools of managing transaction exposure.

4. The following details are provided to you :

DM/s spot rate	1.6450/70
One-month forward rate	20/30
D.M. interest rate p.a.	4.00/4.25
Dollar interest rate p.a.	5.50/5.75

Required :

- Will you advise to borrow in DM? in dollar?
- Will you advise to invest in DM or dollar?
- Compute the amount of arbitrage profit if the amount to be borrowed or invested is \$ 100,000.

5. The balance sheet of a Canadian Manufacturer owned by US based MNC is as follows :

Liabilities	C\$	Assets	C\$
Accounts payable	3,20,000	Cash and equivalents	3,20,000
Wages payable	1,60,000	Accounts receivable	1,60,000
Networth	11,20,000	Inventory	6,40,000
		Plant and equipment	4,80,000
	<u>16,00,000</u>		<u>16,00,000</u>

Assume that the above balance sheet is prepared when the current exchange rate was C\$ 1.60/\$.

Required :

Identify the impact of the depreciation of US dollar from C\$ 1.60/\$ to C\$ 1.50/\$.

6. A six-month call option on Euro has exercise price of Rs. 63.00 and is selling at Rs. 1.20. At the same time, put option with the same strike price is priced at Re. 0.90.

Required :

- Depict the pay-off of call and put option holder
- At what exchange rate would the call and put option holders break-even?
- What will be the pay-off of the holders of call and put options on Euro if the exchange rate on expiry is expected to be :
 - Rs. 61.00
 - Rs. 63.50
 - Rs. 65.00

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Critically examine the different foreign exchange rate parity conditions.
8. Discuss the external tools of foreign exchange risk management.
9. Calculate how many rupees a New Delhi based firm will receive or pay for its following four foreign currency transactions :
 - (a) Purchasing \$ 100,000 on 2 months forward basis.
 - (b) Selling 70,000 Canadian dollars on 3-months forward basis.
 - (c) Purchasing 8,25,000 Japanese Yens on one-month forward basis.

In this connection, you are also provided with the following exchange rate details :

	Spot rate	One-month forward	2-month forward	3-month forward
1 \$	Rs. 40.00/40.10	5/6 paise	11/10 paise	10/11 paise
1 C\$	Rs. 34.90/35.00	0.10/0.20	0.11/0.12	0.10/0.11
100 Yens	Rs. 33.00/33.10	0.11/0.10	0.12/0.13	0.14/0.15

10. A UK based company is considering a project in Australia. The project would require an immediate capital expenditure of A\$ 10 million, plus A\$ 5 million of working capital which would be recovered at the end of the projects four-year life. The cash flows before depreciation expected to be generated from the project are A\$ 13 million p.a. straight line depreciation over the life of the project is an allowable expense and the tax is charged at the rate of 50%. The project will have zero scrap value.

The current spot rate is A\$ 2/£. A\$ is expected to depreciate again £ by 10% p.a. The minimum rate of return expected after tax is 20% from such projects.

Evaluate the project based on NPV by discounting Sterling cash flows and also by discounting A\$ cash flows.

11. XYZ Ltd. a US firm will need British Pound (B.P.) 3,00,000 in 180 days. In this connection, the following information is available :

- (a) Spot rate 1 BP = \$ 2.00
- (b) 180 day forward rate 1 BP = \$ 1.96
- (c) 180 day deposit rate in UK - 4.50%
- (d) 180 day borrowing rate in UK - 5.00%
- (e) 180 day deposit rate in US - 5.00%
- (f) 180 day borrowing rate in US - 5.50%
- (g) A call option on B.P that expires in 180 days has an exercise price of \$ 1.5 and premium of \$ 0.04
- (h) A put option on B.P. that expires in 180 days has an exercise price \$ 2.10 and premium of \$ 0.04
- (i) XYZ has forecast spot rates 180 days hence as follows :

Exchange Rate	Probability
\$ 1.91	0.25
\$ 1.95	0.60
\$ 2.05	0.15

Required :

Which of the following strategies would be the best strategy to be adopted XYZ Ltd.? Give workings.

M.Com. DEGREE EXAMINATION DECEMBER 2016.

Third Semester

(CBCS)

COMMERCE

Paper 3.3 – CORPORATE ACCOUNTING

(ACCOUNTING & TAXATION AND ACCOUNTING & FINANCE GROUP)

(New)

Time : Three hours

Maximum : 75 marks

Use of simple calculator is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** questions.

Each question carries **2** marks.

- (a) Mention the rules regarding maximum remuneration payable to managerial personnel.
- (b) Distinguish between accounting income and taxable income.
- (c) What is cost of control?
- (d) Define chain holding.
- (e) What is amalgamation as per AS 14?
- (f) Write the accounting entries to be passed in case of surrender of shares by the shareholder.
- (g) What do you mean by super profit?
- (h) Define Productivity factor.
- (i) State the accounting treatment of calls in advance in liquidation account.
- (j) What are the options a secured creditor may adopt at the time of liquidation of company?

SECTION B — (3 × 6 = 18 marks)

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

Each question carries **6** marks.

1. Explain the provisions of Company Act regarding payment of managerial remuneration to different categories of managerial personnel.
2. Differentiate between pooling of interest method and purchase method in the context of amalgamation.

4. Following are the extracts from the Balance Sheet of H Ltd. and its subsidiary S Ltd. as on 31st December, 2015 :

Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Share capital			Shares in S Ltd.		
(Rs. 10 per share)	50,000	10,000	(800 shares)	10,000	-
General Reserve (1.1.15)	10,000	5,000	Fixed Assets	50,000	10,000
Profit for the year	10,000	5,000	Current Assets	10,000	10,000
	<u>70,000</u>	<u>20,000</u>		<u>70,000</u>	<u>20,000</u>

The shares are acquired by H Ltd. on 1.7.2015. On December 2016, S Ltd. decided to issue bonus shares out of General Reserve in the ratio of one bonus share for every five held. No effect has yet been given in the books of both the companies regarding issue of bonus shares.

You are required to calculate the cost of control and minority interest before issue and after issue of bonus shares out of pre-acquisition and post-acquisition profit.

5. The summarised Balance Sheet of Bond Ltd. as on 31st December 2015 is as follows :

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs. 100) :		Goodwill	50,000
6500 Equity shares	6,50,000	Freehold property	3,75,000
1500 6% Pref. shares	1,50,000	Plant and Machinery	3,50,000
Profit & Loss A/c	4,50,000	Stock	3,70,000
5% Debentures	3,00,000	Debtors (net)	3,99,250
Sundry Creditors	2,39,250	Bank	2,45,000
	<u>17,89,250</u>		<u>17,89,250</u>

Profit after tax for the three years 2013, 2014 and 2015, after charging debenture interest were Rs. 2,20,500, Rs. 3,22,500 and Rs. 2,40,000 respectively. Mr. Ank is interested in buying all the equity shares and request you to let him know the proper price. You are given the following information :

- Normal rate of return is 10% on net assets attributed.
- Goodwill may be calculated at 3 times adjusted average super profits of the 3 years. (present value of Re. 1 is 2.487)
- The value of freehold property is to be ascertained on the basis of 8% return. The current rental value is Rs. 50,400.
- The rate of tax applicable is 50%.

- (e) 10% of profits for 2014 arose from a transaction of non-recurring nature.
- (f) A provision of Rs. 15,750 on Sundry debtors was made in 2015 which is no longer required.
- (g) A claim of Rs. 8,250 against the company is to be provided and adjusted against profits for 2015.

Ascertain the value of goodwill of Ankit Ltd. on 2015.

5. Shri. Akshay, the managing director of A Ltd., is entitled to commission based on a percentage of net profits, calculated in the following manners :

On the first Rs. 70,000 of net profit – Nil

On the next Rs. 70,000 of net profit – 10%

On the next Rs. 70,000 of net profit – 15%

and on the balance of net profit – 20%

Assuming that profit before charging the commission is Rs. 4,70,000 for the year ended 31st December 2015, compute the amount of commission to which Shri. Akshay is entitled.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

1. Explain the provisions of Companies Act relating to Final Account of companies.
2. What are the methods of valuation of Shares? Explain with suitable examples.
3. Following are the Balance Sheets of X Ltd. and Y Ltd. as on 31st December 2015 :

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share Capital			Shares in Y Ltd.		
Rs. 100 each)	10,00,000	5,00,000	(3000 shares)	5,00,000	-
Sundry Creditors	2,00,000	1,00,000	Share in X Ltd.		
Reserves	3,00,000	4,00,000	(2000 shares)	-	2,00,000
			Assets	10,00,000	8,00,000
	<u>15,00,000</u>	<u>10,00,000</u>		<u>15,00,000</u>	<u>10,00,000</u>

You are required to prepare the necessary accounts in the books of Transferor Company(s) and pass opening entries in the books of Transferee Company when new company XY Ltd. is formed to take over the X Ltd. and Y Ltd.

10. The following is an abstract of the Balance Sheets as on 31st December 2011 of the Holding Company and two subsidiaries (A Ltd. and B Ltd.)

	H Ltd.	A Ltd.	B Ltd.
	Rs.	Rs.	Rs.
Assets :			
Goodwill	-	1,20,000	-
Plant and Machinery	5,00,000	6,00,000	4,00,000
Investments (at cost) :			
60000 shares in A Ltd.	6,00,000	-	-
40000 shares in B Ltd.	8,00,000	-	-
20000 shares in B Ltd.	-	4,00,000	-
Stock	2,00,000	60,000	1,60,000
Debtors	2,00,000	40,000	1,40,000
Advances to A Ltd.	3,00,000	-	-
Bills Receivable (accepted by A Ltd.)	1,60,000	-	-
Bank Balance	2,80,000	2,00,000	1,40,000
Profit & Loss Balance	80,000		
Less : Dividend from B Ltd.	<u>60,000</u>		
	20,000		
Add : Loss for the year	<u>1,20,000</u>		
	-	1,40,000	-
	<u>30,40,000</u>	<u>15,60,000</u>	<u>8,40,000</u>
Liabilities :			
Share Capital (Rs. 10 each)	20,00,000	8,00,000	6,00,000
Share Premium	2,00,000	-	-
Creditors	3,80,000	4,00,000	60,000
Bills Payable (issued to H Ltd.)	-	3,60,000	-
Profit & Loss balance	1,00,000		
Add : Dividend from B Ltd.	<u>1,20,000</u>		
	2,20,000		
Add : Profit for the year	<u>2,40,000</u>	4,60,000	-
Profit & Loss A/c balance	1,20,000		
Add : Profit for the year	<u>2,40,000</u>		
	3,60,000		
Less : Dividend	<u>1,80,000</u>		
	-	-	1,80,000
	<u>30,40,000</u>	<u>15,60,000</u>	<u>8,40,000</u>

In H Ltd. there is a contingent liability of Rs. 2,00,000 in respect of bills discounted. Creditors of A Ltd. include Rs. 3,00,000 due to H Ltd. The H Ltd. purchased 60,000 shares in A Ltd. on 1.1.2014 and on that date the debit balance in the Profit and Loss Account of A Ltd. was Rs. 20,000. H Ltd. and A Ltd. purchased their shares in B Ltd. on 1.1.2014.

You are requested to prepare Consolidated Balance Sheet for the group as at 31st December 2014.

The Balance Sheet of Sona Ltd. as on 31st December, 2015 is as follows :

Liabilities	Rs.	Assets	Rs.
Paid up capital :		Fixed Assets :	
1000 6% Pref. shares		Land and Buildings	2,00,000
of Rs. 100 each	1,00,000	Plant and Machinery	2,20,000
2000 Equity shares of		Current Assets :	
Rs. 100 each fully paid	2,00,000	Stock	1,00,000
3000 Equity shares of		Debtors	1,00,000
Rs. 100 each Rs. 50 paid	1,50,000	Cash at Bank	30,000
Secured loans :		Miscellaneous Assets :	
6% Debentures (floating		Profit & Loss A/c	1,00,000
charge on all assets)	1,00,000		
Others (mortgage on			
land and buildings)	1,00,000		
Current Liabilities :			
Sundry Creditors	90,000		
Income Tax	10,000		
	7,50,000		7,50,000

The company went into liquidation on 1.1.2016. The preference dividends were in arrears for 3 years. The arrears are payable on liquidation. The assets were realised as follows :

	Rs.
Land and Buildings	2,40,000
Plant and Machinery	1,80,000
Stock	70,000
Debtors	60,000

The expenses of liquidation amounted to Rs. 8,000. The Liquidator is entitled a commission at 2% on all assets realised and 3% on amount distributed to unsecured creditors. All payments were paid on 30.6.2016.

Prepare Liquidators Statement of Account.

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Third Semester

(CBCS)

COMMERCE

**Paper 3.4 – ACCOUNTING FOR SPECIALISED INSTITUTIONS
(ACCOUNTING & FINANCE AND ACCOUNTING & TAXATION GROUP)**

(New)

Time : Three hours

Maximum : 75 marks

Use of simple and non-programmable calculators is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

- (a) Define Policy.
- (b) What is catastrophe reserve?
- (c) Distinguish between Balance Sheet and General Balance Sheet.
- (d) What is reasonable return?
- (e) Define legacies.
- (f) What is endowment fund?
- (g) Who are resident guests?
- (h) What is Visitor's ledger?
- (i) What do you understand by room occupancy rate?
- (j) What is reserve for unexpired risk?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2 Explain in brief, the main items of revenue income and revenue expenditure of educational institutions.

3 Explain in brief, the procedure followed for replacement of an asset under double account system.

4. A hotel in Chennai has 160 single bed rooms, 240 double bed rooms and 6 dormitories having 9 beds each. On 1st October 2016, 120 single bed rooms, 180 double bed rooms and 2 dormitories were occupied by guests.

Calculate the bed occupancy rate.

5. Mother Teresa Hospital, Delhi was newly started on 1.4.2015. Following is the information given for the year ending 31.3.2016 :

	Rs.
Subscriptions	20,00,000
Entrance fees	4,00,000
Endowment fund	2,00,00,000
Donations	40,00,000
Fees from patients	5,00,000
Interest from bank	40,000
Miscellaneous receipts	60,000
Government securities (Invt. of endowment fund)	2,00,00,000
Instruments and Equipments (purchased on 1.4.2015)	24,00,000
Furniture (purchased on 1.4.2015)	12,00,000
Diet expenses	3,60,000
Medicines purchased	2,40,000
Salaries	10,00,000
Office expenses	7,00,000
Cash and Bank	11,00,000

Additional information :

- (a) Donations are to be capitalised.
- (b) Outstanding subscriptions for 2015-16 Rs. 4,00,000.
- (c) Subscriptions received in advance for 2016-17 Rs. 2,00,000.
- (d) Office expenses outstanding Rs. 1,00,000.
- (e) Depreciate instruments and equipments at 20% and furniture at 10%.
- (f) Stock of medicines as at 31.3.2016 Rs. 40,000.

You are required to prepare the Income and Expenditure Account for the year ending 31.3.2016 and the Balance Sheet as on that date.

6. From the following particulars of the Life Insurance Company for the year ended 31st March 2016, you are required to prepare Valuation Balance Sheet as on 31.3.2016 and Distribution Statement as on that date :

	Rs.
Life Insurance Fund as on 31.3.2016	7,60,00,000
Net liability as per valuation	6,00,00,000
Interim bonus paid	1,00,00,000

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

7. What is capital base? Explain in detail, the procedure and relevance of calculating capital base under DAS.
8. Explain the various factors which affect the profitability of a hotel.
9. From the following balances of XY Insurance Company Limited as on 31.3.2016, prepare (a) Fire Revenue Account (b) Marine Revenue Account (c) Profit and Loss Account.

Particulars	Fire	Marine
	Rs.	Rs.
Bad debts	10,00,000	24,00,000
Reserve as on 1.4.2015	5,00,00,000	16,40,00,000
Claims paid and outstanding	3,80,00,000	7,60,00,000
Commission paid	1,80,00,000	2,16,00,000
Additional reserve	1,00,00,000	-
Premium less reinsurance	12,00,00,000	21,60,00,000
Management expenses	2,90,00,000	8,00,00,000
Commission earned on re-insurance ceded	60,00,000	1,20,00,000

Other information :

	Rs.
Auditors fees	6,00,000
Directors fees	6,40,000
Share transfer fees	1,60,000
Bad debts recovered	2,40,000
Depreciation	70,00,000
Interest, dividend received	28,00,000
Difference in exchange (Cr.)	60,000
Miscellaneous receipts	10,00,000
Profit on sale of Land	1,20,00,000

In addition to usual reserve, additional reserve in case of fire insurance is to be increased by 5% of net premium.

10. The balances in the books of Hotel Ashok as at 31.3.2016 were as follows :

Particulars	Debit	Credit
	Rs.	Rs.
Furniture on 1.4.2015	3,34,000	-
Room rent from guests	-	6,30,000
Capital	-	10,56,000
Billiard Tables on 1.4.2015	1,78,000	-
Bank Deposit	5,66,000	-
China, Glass, Cutlery on 1.4.2015	40,000	-
Interest on Deposit A/c	-	16,000
Stock in Bar on 1.4.2015	2,02,000	-
Stock in Restaurant on 1.4.2015	6,000	-
Purchases for Restaurant	21,56,000	-
Purchases for Bar	16,44,000	-
Restaurant taking (Sales)	-	32,32,000

Particulars	Debit Rs.	Credit Rs.
Rent and Rates	6,98,000	-
Bar takings (Sales)	-	26,10,000
Establishment expenses	12,46,000	-
Billiards and Sundry receipts	-	5,12,000
Repairs	3,58,000	-
Cash in hand	26,000	-
Fuel and light	3,50,000	-
Creditors	-	3,56,000
Sundry expenses	2,68,000	-
Bank balance	1,82,000	-
Debtors	1,58,000	-
	<u>84,12,000</u>	<u>84,12,000</u>

You are required to prepare Trading account for Restaurant and Bar and Profit and Loss Account for the year ending 31.3.2016 and Balance Sheet after taking the following adjustments :

- Stock on 31.3.2016 :
Restaurant - Rs. 4,000; Bar - Rs. 58,000
- Depreciate Furniture at 10% and Billiards at 15%.

11 The following balances have been extracted, at the end of 2016, from the books of an Electricity Company :

	Rs.
Share Capital	1,00,00,000
Reserve Fund (invested in 8% Government securities at par)	60,00,000
Contingencies Reserve invested in 7% State Loan	12,00,000
Loan from State Electricity Board	25,00,000
12% Debentures	20,00,000

	Rs.
Development Reserve	8,00,000
Fixed Assets	2,50,00,000
Depreciation Reserve on Fixed Assets	30,00,000
Consumer's Deposits	40,00,000
Amounts contributed by consumers towards cost of fixed assets	2,00,000
Intangible assets	8,00,000
Tariff and Dividends Control Reserve	10,00,000
Current Assets (monthly average)	15,00,000

The company earned a profit of Rs. 28,00,000 (after tax) in 2016. Show how the profits have to be dealt with by the company, assuming that the Bank rate was 10%.

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M.Com. DEGREE EXAMINATION DECEMBER 2016.

Third Semester

(CBCS)

COMMERCE

Paper 3.5 — CORPORATE TAX PLANNING – I

(Accounting and Taxation Group)

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple non-programmable calculator permitted.

SECTION A – (6 × 2 = 12 marks)

1. Answer any **SIX** sub-questions. Each sub-question carries **2** marks :
- (a) What do you mean by a domestic company?
 - (b) Define book profits.
 - (c) Define tax planning.
 - (d) What are the losses which can not be set-off?
 - (e) What do you mean by double taxation avoidance agreement?
 - (f) Define deemed dividend.
 - (g) What is presumptive taxation?
 - (h) What do you mean by summery assessment?
 - (i) Who is an assessee in default?
 - (j) State the difference between assessment year and previous year.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

- 1 Explain the various areas where is company can plan its tax.
- 2 Explain in brief the provisions of sec 80 G of the Income Tax Act.
- 3 X Ltd. sells a piece of urban land on 1st Jan. 2016 for Rs. 90,00,000. The land was acquired for Rs. 40,000 on 1st April 1979. The market value of the land on 1st April 1981 was Rs. 1,00,000. Find out the capital gain/loss.

5. Y Ltd. has a block of machines with the depreciation rate of 30%. On 1.4.2015 the written down value of the block was Rs. 11,00,000. The company acquired a new machine (with depreciation rate of 15%) on 3.5.2015 for Rs. 3,00,000. On 10.2.2016 company sold all the old machines (30% depreciation) for Rs. 14,00,000. Find out depreciation and/or capital gain/capital loss.
6. C Ltd., a domestic company, has a total taxable income of Rs. 32 lakhs for the financial year 2014-15. The company has book profits of Rs. 53 lakhs for the same year. Find out its tax liability on the assumption that the company has a MAT credit of Rs. 3 lakhs at the beginning of the year.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain in brief tax incentives available under income tax for newly established industrial companies.
8. Discuss the tax planning aspects with reference to salary income from the point of employer as well as employee.
9. X Ltd. has the following profit and loss account as on 31.3.2015. You are asked to compute the tax liability.

Profit and Loss Account

	Rs.		Rs.
To Salary	50,00,000	By Gross profit	99,00,000
" Depreciation	5,00,000	" Refund of income tax	1,00,000
" Interest	5,00,000		
" Dividend	8,00,000		
" Taxes	12,00,000		
" Misc. expenses	4,00,000		
" Net profit	16,00,000		
	1,00,00,000		1,00,00,000

Notes :

- (a) Salary includes salary paid to wife of MD Rs. 12,00,000. Which ITO considered as excessive by Rs. 4,00,000.
- (b) Depreciation as IT rules Rs. 5,14,000.
- (c) Interest debited includes interest due to SBI (not yet paid) Rs. 8,00,000.
- (d) Taxes include income tax of Rs. 4,00,000 and wealth tax of Rs. 21,000.

10. A Ltd. is a domestic company. It wants to expand its business by making fresh investments. Its expected investment is Rs. 10 crore. It has the following two alternatives :

Particulars	Alternative-I	Alternative-II
	Rs.	Rs.
Equity shares	2,00,00,000	8,00,00,000
Debentures @ 13%	—	1,00,00,000
Term loans @ 14%	8,00,00,000	1,00,00,000
Total	<u>10,00,00,000</u>	<u>10,00,00,000</u>

The company expects a return of 25% before interest and taxes. Income tax rates and dividend tax rates are expected to be 30% and 15% (plus SC and cesses) respectively.

You are asked to indicate the better alternative of the two capital structures.

11. X Ltd. an Indian Company submits the following information for the previous year 2014-15 :

Business income Rs. 19,00,000

Long term capital gains (on 20/Sept./2014) Rs. 10,00,000

Lottery winnings (on 20/Dec./2014) Rs. 50,000

(TDS out of lottery winnings Rs. 25,000)

Ascertain the minimum advance tax to be paid to ensure that interest liability is not attracted u/s 234 C of the Income Tax Act.



THIRD SEMESTER M.A. (CBCS) DEGREE EXAMINATION, DECEMBER 2016
ECONOMICS

Paper – 3.6.1 : Karnataka Economy (Open Elective)

Time : 3 Hours]

[Max. Marks : 75

Instruction : Answer all Parts.

ಸೂಚನೆ : ಎಲ್ಲಾ ಭಾಗಗಳಿಗೂ ಉತ್ತರಿಸಿ.

PART – A

1. Answer **any ten** of the following questions.

(10×2=20)

a) Define Human Development.

'ಮಾನವ ಅಭಿವೃದ್ಧಿ' ವ್ಯಾಖ್ಯಾನಿಸಿರಿ.

b) State five important crops in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಐದು ಮಹತ್ವದ ಬೆಳೆಗಳನ್ನು ಹೇಳಿರಿ.

c) What is Poverty ?

ಬಡತನ ಎಂದರೇನು ?

d) List major fruits grown in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಬೆಳೆಯುವ ಪ್ರಮುಖ ಹಣ್ಣುಗಳನ್ನು ಪಟ್ಟಿಮಾಡಿ.

e) Highlight any four major industries in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಯಾವುದಾದರೂ ನಾಲ್ಕು ಬೃಹತ್ ಕೈಗಾರಿಕೆಗಳನ್ನು ತಿಳಿಸಿರಿ.

f) Give the sources of State Income in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ರಾಜ್ಯ ಆದಾಯದ ಮೂಲಗಳನ್ನು ನೀಡಿರಿ.

g) Write objectives of planning.

ಯೋಜನೆಯ ಉದ್ದೇಶಗಳನ್ನು ಬರೆಯಿರಿ.

[P.T.O.]



h) What is Decentralised planning ?

ವಿಕೇಂದ್ರೀಕೃತ ಯೋಜನೆ ಎಂದರೇನು ?

i) Point any four small-scale industries in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಯಾವುದಾದರೂ ನಾಲ್ಕು ಸಣ್ಣ-ಪ್ರಮಾಣದ ಉದ್ಯಮಗಳನ್ನು ತಿಳಿಸಿರಿ.

j) What is floriculture ?

ಪುಷ್ಪಕೃಷಿ ಎಂದರೇನು ?

k) Write any two financial institutions working in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಕಾರ್ಯ ನಿರ್ವಹಿಸುವ ಯಾವುದಾದರೂ ಎರಡು ಹಣಕಾಸು ಸಂಸ್ಥೆಗಳನ್ನು ಬರೆಯಿರಿ.

l) State major Horticultural crops in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಮುಖ ತೋಟಗಾರಿಕಾ ಬೆಳೆಗಳನ್ನು ತಿಳಿಸಿರಿ.

PART – B

Answer **any five** of the following.

(5×5=25)

2. Explain the place of Karnataka in the Indian Economy.

ಭಾರತದ ಅರ್ಥವ್ಯವಸ್ಥೆಯಲ್ಲಿ ಕರ್ನಾಟಕದ ಸ್ಥಾನವನ್ನು ವಿವರಿಸಿರಿ.

3. Comment on Mineral Resources in Karnataka.

“ಕರ್ನಾಟಕದಲ್ಲಿ ಖನಿಜ ಸಂಪತ್ತುಗಳು” ಕುರಿತು ವಿವರಣೆ ನೀಡಿರಿ.

4. Assess the cropping pattern in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಬೆಳೆ ಮಾದರಿಯನ್ನು ಮೌಲ್ಯೀಕರಿಸಿರಿ.

5. Examine the Live Stock economy in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಾಣಿ ಸಂಪತ್ತಿನ ಅರ್ಥವ್ಯವಸ್ಥೆಯನ್ನು ಪರಿೀಕ್ಷಿಸಿರಿ.

6. Write a note Agrarian crisis in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಕೃಷಿಯ ಬಿಕ್ಕಟ್ಟು ಕುರಿತು ಬರೆಯಿರಿ.

7. Comment on power availability and its crisis in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಇಂಧನದ ಲಭ್ಯತೆ ಹಾಗೂ ಅದರ ಬಿಕ್ಕಟ್ಟು ಕುರಿತು ವಿವರಿಸಿರಿ.

8. Examine the Public expenditure trends in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಸಾರ್ವಜನಿಕ ವೆಚ್ಚದ ಪ್ರವೃತ್ತಿಗಳನ್ನು ಪರಿಶೀಲಿಸಿರಿ.

9. Briefly explain the causes of Regional imbalances in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಾದೇಶಿಕ ಅಸಮಾನತೆಗಳ ಕಾರಣಗಳನ್ನು ಸಂಕ್ಷಿಪ್ತವಾಗಿ ವಿವರಿಸಿರಿ.

PART – C

Answer any three of the following.

(3×10=30)

0. Critically examine the availability of Natural Resources in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ನೈಸರ್ಗಿಕ ಸಂಪನ್ಮೂಲಗಳ ಲಭ್ಯತೆಯನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ಪರಿಶೀಲಿಸಿರಿ.

1. Evaluate critically the Agricultural development in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಕೃಷಿ ಅಭಿವೃದ್ಧಿಯನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ಮೌಲ್ಯೀಕರಿಸಿರಿ.

2. Comment on the Industrial Development in Karnataka.

'ಕರ್ನಾಟಕದಲ್ಲಿ-ಕೈಗಾರಿಕಾ ಅಭಿವೃದ್ಧಿ' ಕುರಿತು ವಿಮರ್ಶಿಸಿರಿ.

3. Critically evaluate the working of government policy in reducing the Regional Imbalances in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಾದೇಶಿಕ ಅಸಮಾನತೆಗಳನ್ನು ಕಡಿಮೆ ಮಾಡುವಲ್ಲಿ ಸರ್ಕಾರದ ನೀತಿಯ ಕಾರ್ಯವೈಖರಿಯನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ಮೌಲ್ಯೀಕರಿಸಿರಿ.

4. Assess the land-use pattern in Karnataka.

ಕರ್ನಾಟಕದಲ್ಲಿ ಭೂ-ಬಳಕೆಯ ಪದ್ಧತಿಯನ್ನು ಮೌಲ್ಯೀಕರಿಸಿರಿ.

M.Com. DEGREE EXAMINATION DECEMBER 2017.

Third Semester

(CBCS)

COMMERCE

Paper 3.1 – ACCOUNTING INFORMATION SYSTEM

(Compulsory Paper)

(New)

Maximum : 75 marks

Time : Three hours

SECTION A — (6 × 2 = 12 marks)

1. Answer any **SIX** sub-questions. Each sub-question carries **2** marks.

- (a) Define AIS.
- (b) What is data validation?
- (c) Define artificial system.
- (d) What is migration testing?
- (e) Define redundancy.
- (f) Define cache memory.
- (g) What is balanced scorecard?
- (h) Define physical system.
- (i) Why we need internal control?
- (j) What is data integrity and security?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2. Explain the main features and outputs of MIS.
3. Describe what things to be consider in system analysis and design phase.
4. Explain the duties and responsibilities of database administrator in information system.
5. Discuss the various data processing activities.
6. Discuss how business ethics relate to internal control.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

7. Compare AIS decision results to illustrate the importance of AIS reports and analysis in decision making.
 8. Explain DBMS and its types. In which business context each type is useful.
 9. Explain different types of data access tools and organization methods in an organization.
 10. What business processes are typically included in the revenue cycle for a merchandise firm in the expenditure cycle?
 11. Write short notes on the following :
 - (a) Output design
 - (b) DBMS over RDBMS
 - (c) Primary vs. Secondary memory
-

M.Com. DEGREE EXAMINATION DECEMBER 2017.

Third Semester

(CBCS)

COMMERCE

Paper 3.3 – CORPORATE TAX PLANNING – I
(Accounting and Taxation Group)

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple non-programmable calculators permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

- (a) Define domestic company.
- (b) State the meaning of Indian income.
- (c) Define amalgamation.
- (d) What do you mean by slump sale?
- (e) State the conditions to be fulfilled to claim depreciation.
- (f) What is minimum alternate tax?
- (g) Distinguish between TDS and TCS.
- (h) When a ROI is considered as defective?
- (i) Define dividend.
- (j) State the dates for filing ROI by various assesseees.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2 Write a note on dividend distribution tax u/s 115-0.

3 Explain in brief the provisions relating to expenditure on scientific research activities.

4. A block of assets consists of fire machines, written down value of the block as on 1.4.2016 is Rs. 1,80,000, Rate of depreciation 15%. A new machine costin Rs. 1,60,000 was acquired in March 2016 but actually put to use only o 10.10.2016. Two old machines were also sold for Rs. 3,20,000 in Decembe 2016.

Determine the amount of depreciation for the assessment year 2017-18.

5. The estimated tax liability of ABC for the previous year 2017-18 is Rs. 5,00,000 Calculate advance tax payable by the company in various instalments during th previous year 2017-18.
6. The total income of XYZ Ltd., a domestic company, computed under norm provisions of Income Tax Act, 1961 is Rs. 2,50,000. However, the Book profits the company (calculated as per section 115 JB) amounted to Rs. 12,25,000 Calculate the tax liability of the company for the assessment year 2017-18.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Discuss in brief, the various allowances and perquisites under the head 'incor from salary'.
8. Explain the tax treatment on issue of bonus shares.
9. Shree Ltd. requires Rs, 75,00,000 to finance its expansion programmes. It h the following three options.

	Alternatives		
	I	II	III
Share capital	75,00,000	30,00,000	15,00,000
9% debentures	-	30,00,000	20,00,000
Loan from bank (at the rate of 12%)	-	15,00,000	40,00,000
Total	<u>75,00,000</u>	<u>75,00,000</u>	<u>75,00,000</u>

The expected rate of return before interest and tax is 25%. For the past few y the company has been declaring a divided of 16%. The tax rate applicable to company is 30% plus surcharge plus education cess.

Which is the best alternative for the company?

10. KPL Ltd. is a domestic company in which public are substantially interested. It should have a net profit of Rs. 74,00,000 for the previous year 2016-17 after providing for taxation of Rs. 3,50,000 but before providing for depreciation. The following are other particulars.

	Rs.
(a) Depreciation	4,70,000
(b) Brought forward business loss	3,40,000
(c) the net profit of the company included the following :	
(i) Dividend from DY Ltd. Kolkotta	60,000
(ii) Short term capital gain on sale of units	87,000
(iii) Long-term capital gain on sale of car	68,000
(iv) Following items have been debited to P & L a/c	
(d) Expenses on maintenance of holiday home	32,000
(e) Penalty levied for infringement of excise laws	12,000
(f) Donation to national defence fund	
(g) The amount of dividend distributed by the company during 2016-17 (on 31.08.2016)	12,80,000

Compute the total income and tax payable by the company for the assessment year 2017-18.

11. MNC Co. Ltd. wants to acquire an industrial equipment costing Rs. 20,00,000. There are two alternatives available :

- (a) To buy the equipment by taking loan of Rs. 20,00,000 repayable in five equal year end instalments together with interest @ 14% per annum.
- (b) To take it on lease for a period of five years at annual lease rent of Rs. 5,00,000 payable at each year end.

Other information :

- (i) The tax rate applicable to company is 30% (ignore surcharge and education cess).
- (ii) The normal rate of depreciation applicable to industrial equipment is 15%, additional depreciation @ 20% of actual cost of equipment is also available in the first year of acquisition.

- (iii) The company has a policy of evaluating capital budgeting proposals at 13% discount rate.
- (iv) Present value factor for Rs. 1 at 13% :
- | | | | | | |
|-------------------|-------|-------|-------|-------|-------|
| Year : | 1 | 2 | 3 | 4 | 5 |
| PV Factor @ 13% : | 0.885 | 0.783 | 0.693 | 0.613 | 0.543 |
- (v) The life of asset is 5 years and at the end of life there will be of scarp realisation.

As a tax consultant, you are asked to suggest that which of the above two options should be exercised?

M.Com. DEGREE EXAMINATION DECEMBER 2017.

Third Semester

(CBCS)

COMMERCE

**Paper 3.4 — ACCOUNTING FOR SPECIALISED INSTITUTIONS
(Accounting and Taxation and Accounting and Finance Group)**

(New)

Time : Three hours

Maximum : 75 marks

Use of simple and non-programmable calculators is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

- i. (a) Differentiate between life insurance business and general insurance business.
- (b) What do you mean by reserve for unexpired risk?
- (c) What is clear profit?
- (d) State the significance of double account system.
- (e) What is American plan?
- (f) State non-revenue earning departments in hotel business.
- (g) What is meant by reversionary bonus?
- (h) State the special features of educational institutions.
- (i) What are the major expenses in hospitals?
- (j) What is valuation balance sheet?

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain in brief, the duties a night auditor in hotel business.
3. Explain the registers to be maintained in hospitals.
4. Mr. X arrives in Bangalore and occupies a room in Five Star Hotel at 10 A.M. on 18th November 2017 on European plan at Rs. 1,800 for a stay of every 24 hours or part thereof.

You are required to calculate the amount payable by Mr. X in the following circumstances assuming that service charge is also payable at 10% in addition to room rent.

- (a) if he checks out at 5 P.M. on 18th Nov. 2017
 - (b) if he checks out at 9 A.M. on 19th Nov. 2017
 - (c) if he checks out at 2 P.M. on 19th Nov. 2017 and
 - (d) if he checks out at 10 A.M. on 20th Nov. 2017
5. The KCL Co. Ltd. rebuilt and re-equipped a part of their power house at a cost of R. 2,80,000; the part of the old power house thus superseded had cost originally Rs. 50,00,000 but if erected at the present time would cost 20% more Rs. 6,00,000 is realised from the sale of old materials and Rs. 3,00,000 worth of old materials are used in the reconstruction.
Give necessary journal entries of recording the above transactions in the books of the company, indicating the allocation between capital and revenue.
 6. The following balances are extracted from the books of PQ life insurance company :

	Rs. in crores
Life insurance fund (as on 31.3-2017)	7.60
Net liabilities as per valuation	5.20
Interim bonus paid	0.60

You are required to show :

- (a) Valuation balance sheet as on 31.3.2017
- (b) The distribution statement

SECTION C – (3 × 15 = 45 marks)Answer any **THREE** questions.Each question carries **15** marks.

7. Enumerate the procedure for computation of reasonable return and disposal of surplus in electricity undertakings.
8. Explain in detail, system of charging room rates in a hotel business.
9. From the following balances of SN General Insurance Company Ltd. as on 31.3.2017, prepare
- Revenue Account
 - Marine Revenue Account and
 - Profit and Loss Account

Particulars	Fire	Marine
	Rs.	Rs.
Claims paid and outstanding	1,80,000	3,80,000
Reserve for unexpired risk as on 1.4.2016	2,50,000	8,20,000
Commission paid	90,000	1,08,000
Survey expenses	10,000	—
Additional reserve as on 1.4.16	50,000	—
Commission earned on reinsurance	30,000	60,000
Management expenses	1,45,000	4,00,000
Premium less reinsurance	6,00,000	10,80,000
Bad debts	5,000	12,000
Bad debts recovered	1,200	
Share transfer frees	800	
Directors fees	5,000	
Auditors fees	1,200	
Profit on sale of land	60,000	
Miscellaneous receipts	5,000	
Difference in exchange (Cr.)	300	
Interest, dividends etc., received	14,000	
Depreciation	35,000	

In addition to usual reserves, additional reserve in case of fire insurance is to be increased by 5% of the net premium.

10. The following is the Trial Balance of STS Electric Co. Ltd. as on 31.3.2017 :

Particulars	Debit Rs.	Particulars	Credit Rs.
Land and Building	10,00,000	Share Capital :	
Generation plant	20,00,000	20,000 shares of	
Tool and Loose plant	1,00,000	Rs. 100 each	20,00,000
General equipment	2,00,000	10% debentures	10,00,000
Mains	8,00,000	Sundry creditors (open a/c)	1,50,000
Transformers	4,00,000	Other creditors	25,000
Cables and lines	3,50,000	Reserve fund	4,00,000
Furniture and fittings	50,000	Depreciation fund	3,00,000
Rent and taxes	40,000	Sale of current for lighting	16,96,000
Coal, carriage etc.	5,00,000	Sale of ashes	10,000
Meters	1,50,000	Meter rent	1,60,000
General stores	50,000	Public lighting	4,40,000
Service connection	50,000	Transfer fees	5,000
Oil, waste and engine room store	75,000	Sale of energy for power	15,50,000
Salary of engineers of generation	1,50,000	Reconnection and disconnection fees	10,000
Repairs and maintenance (50% generation) (50% distribution)	60,000	Balance of net revenue as on 1.4.2016	3,00,000
Salary of engineers for distribution	1,25,000		
Wages :			
Generation	2,50,000		
Distribution	1,75,000		
Bad debts	5,000		
Law charges	5,000		
Public lighting expenses	70,000		

Particulars	Debit Rs.	Particulars	Credit Rs.
Audit fees	6,000		
Management expenses	1,30,000		
Interest on debentures	1,00,000		
Reserve fund investments	7,00,000		
Stores in hand	2,00,000		
Cash and bank	80,000		
S. Debtors	2,25,000		
	<u>80,46,000</u>		<u>80,46,000</u>

Additional information :

- During the year additions to generation plant was Rs. 5,00,000, cables and lines Rs. 50,000, transformers Rs. 50,000 and mains Rs. 1,00,000.
- During the year new shares issued Rs. 4,00,000 and debentures issued Rs. 2,00,000.
- Depreciation : Land and building 2½% p.a., Generation plant (on addition 1/2 years) 10% p.a., Transformers Rs. 50,000, Cables and lines Rs. 50,000, Loose plant 20% p.a., Mains (including additions) Rs. 40,000, Furniture 15% p.a.
- Provide for income tax Rs. 4,50,000.
- Proposed dividend 20% of closing balance of share capital.

Prepare Revenue Account, Net Revenue Account, Capital Account and General Balance Sheet as on that date.

11. Following is the information of Hotel Sunshine for the 19.11.2017. You are required to write up visitors ledger in respect of the same given that there are no opening balances.

- The hotel has 4 rooms with room charges at the rate of 1200 per day and one suit Rs. 2,000 per day. An advance of Rs. 2,000 is taken from each customer in cash except from Gold Card Holder.
- Room No. 03 was vacant and Room No. 04 was occupied after 2 p.m. for which the manager has agreed to grant a rebate of 30% on room charges to the guest for that day. Occupant of Room No. 01 is a Gold Card Holder entitling him a discount of 10% except on wines, beverages and cigarettes. The guests in the suit checked out on that day.

(c) The details of other expenses and facilities used by guests are as under :

Particulars	Room No.				
	01	02	03	04	Suit
Food	600	400	-	400	600
Beverages	40	120	-	40	60
Wine	400	-	-	-	600
Cigarettes	120	80	-	40	80
Laundry	120	80	-	40	120
Telephone	80	40	-	40	-
Health club	200	-	-	160	-
Car rental	-	-	-	-	400
Sundries	200	40	-	80	-

Note : All bills are subject to a service tax of 5%.

4018-IIISECO-OE-D-17

M.A. DEGREE EXAMINATION DECEMBER 2017.

Third Semester

(CBCS)

ECONOMICS

Paper 3.6.1 — KARNATAKA ECONOMY (Open Elective)

Time : Three hours

Maximum : 75 marks

Answer **ALL** Parts.

PART A - (10 × 2 = 20 marks)

1. Answer any **TEN** of the following questions in one or two sentences :

ಕೆಲಗಿನ ಯಾವುದಾದರೂ ಹತ್ತು ಪ್ರಶ್ನೆಗಳಿಗೆ ಒಂದು ಅಥವಾ ಎರಡು ವಾಕ್ಯಗಳಲ್ಲಿ ಉತ್ತರಿಸಿರಿ :

(a) Mention any four natural resources.

ಯಾವುದಾದರೂ ನಾಲ್ಕು ನೈಸರ್ಗಿಕ ಸಂಪನ್ಮೂಲಗಳನ್ನು ಹೆಸರಿಸಿ.

(b) What is state Domestic product?

ರಾಜ್ಯ ಆಂತರಿಕ ಉತ್ಪನ್ನ ಎಂದರೇನು?

(c) What is sericulture?

ರೇಷ್ಮೆ ಕೃಷಿ ಎಂದರೇನು?

(d) What is regional planning?

ಪ್ರಾಂತೀಯ ಯೋಜನೆ ಎಂದರೇನು?

(e) Define Backward Area.

ಹಿಂದುಳಿದ ಪ್ರದೇಶವನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ.

(f) State Net District Product.

ನಿವ್ವಳ ಜಿಲ್ಲಾ ಆಂತರಿಕ ಉತ್ಪನ್ನವನ್ನು ಹೇಳಿ.

g) What are leafy vegetable?

ಸೊಪ್ಪು ತರಕಾರಿಗಳು ಎಂದರೇನು?

h) What is an industry?

ಕೈಗಾರಿಕೆ ಎಂದರೇನು?

- (i) What is KSFC?
KSFC ಎಂದರೇನು?
- (j) Mention any four sources of states revenue.
ರಾಜ್ಯದ ಆದಾಯದ ಯಾವುದಾದರೂ ನಾಲ್ಕು ಮೂಲಗಳನ್ನು ತಿಳಿಸಿ.
- (k) Define regional imbalance.
ಪ್ರಾಂತೀಯ ಅಸಮತೋಲನತೆ ವ್ಯಾಖ್ಯಾನಿಸಿ.
- (l) What is special development Plan?
ವಿಶೇಷ ಅಭಿವೃದ್ಧಿ ಯೋಜನೆ ಎಂದರೇನು?

PART B - (5 × 5 = 25 marks)

Answer any **FIVE** of the following :

ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಐದಕ್ಕೆ ಉತ್ತರಿಸಿರಿ :

2. Explain the Human Development in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ಮಾನವ ಅಭಿವೃದ್ಧಿಯನ್ನು ವಿವರಿಸಿ.
3. Analyse the employment generation programmes in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ಉದ್ಯೋಗ ಸೃಷ್ಟಿ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ವಿವರಿಸಿ.
4. Explain the functions of RRBs in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ಪ್ರಾದೇಶಿಕ ಗ್ರಾಮೀಣ ಬ್ಯಾಂಕುಗಳ ಕಾರ್ಯಗಳನ್ನು ವಿವರಿಸಿ.
5. Analyse the functions of Commercial Banks.
ವಾಣಿಜ್ಯ ಬ್ಯಾಂಕುಗಳ ಕಾರ್ಯಗಳನ್ನು ವಿಶ್ಲೇಷಿಸಿ.
6. What are the taxes of Karnataka state? Explain.
ಕರ್ನಾಟಕ ರಾಜ್ಯದ ತೆರಿಗೆಗಳು ಯಾವುವು? ವಿವರಿಸಿ.
7. Bring out the extent of disparities in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ತಾರತಮ್ಯದ ಪ್ರಮಾಣವನ್ನು ವಿವರಿಸಿ.
8. Give an account of decentralised planning in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ವಿಕೇಂದ್ರೀಕೃತ ಯೋಜನೆಯ ವಿವರವನ್ನು ನೀಡಿ.
9. Write a note on horticulture in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ತೋಟಗಾರಿಕೆಯ ಮೇಲೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

PART C – (3 × 10 = 30 marks)

Answer any **THREE** of the following :

ಕೆಳಗಿನ ಯಾವುದಾದರೂ ಮೂರಕ್ಕೆ ಉತ್ತರಿಸಿರಿ :

10. Give an account of regional pattern of agricultural production.
ಕೃಷಿಯ ಪ್ರಾಂತೀಯ ಉತ್ಪಾದನೆಯ ಮಾದರಿಯ ವಿವರ ನೀಡಿ.
 11. Analyse the factors of agricultural growth in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ಕೃಷಿ ಅಭಿವೃದ್ಧಿ ಅಂಶಗಳನ್ನು ವಿಶ್ಲೇಷಿಸಿ.
 12. Discuss the trends in Indebtedness of Karnataka.
ಕರ್ನಾಟಕದ ಸಾಲದ ಪ್ರವೃತ್ತಿಗಳನ್ನು ಚರ್ಚಿಸಿ.
 13. What are the causes for regional imbalances? Explain.
ಪ್ರಾಂತೀಯ ಅಸಮತೋಲನಕ್ಕೆ ಕಾರಣಗಳು ಯಾವುವು? ವಿವರಿಸಿ.
 14. Write a note on industrial development in Karnataka.
ಕರ್ನಾಟಕದಲ್ಲಿ ಕೈಗಾರಿಕಾ ಅಭಿವೃದ್ಧಿಯ ಮೇಲೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.
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6362-IIISCOM(N)-D-18

M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

Paper 3.1 — ACCOUNTING INFORMATION SYSTEM

(Compulsory Paper)

(New)

Time : Three hours

Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) What is an Information System?
- (b) Give the meaning data source and data collect.
- (c) What is integrated software?
- (d) Define point of sale system.
- (e) Define accounting cycle.
- (f) What is prototype model?
- (g) Define Gopher.
- (h) What is simulation function?
- (i) Define lean accounting.
- (j) What is advance technology?

SECTION B — (3 × 6 = 18 marks)

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

Each question carries **6** marks.

2. What is Business Information System? Explain the strategic uses of IS.
3. Which model is used to develop small system? What are its advantages and disadvantages?
4. Discuss various transaction processing systems within an organization.
5. Define OSS. Explain the basic functions of it.
6. Mention features available in Tally ERP 9 for Accounting and Inventory.

SECTION C – (3 × 15 = 45 marks)

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

Each question carries **15** marks.

7. Explain the different types of business functions with block diagrams.
 8. What is the purpose of SDP? Discuss steps involved in system analysis and system design and the outcomes of these phases.
 9. Discuss the main transaction cycles of the business with documentation techniques.
 10. Explain the Lean Accounting in manufacturing environment.
 11. Explain types of Tally ERP 9 vouchers. Provide suitable examples of business transactions for entering those vouchers.
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M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

Paper 3.2 — MULTINATIONAL BUSINESS FINANCE

(Compulsory Paper)

(New)

Time : Three hours

Maximum : 75 marks

Use of simple and non-programmable and statistical tables is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) What is the goal of international financial management?
- (b) State the meaning of managed float system.
- (c) What exchange risk? Differentiate between risk and exposure.
- (d) Give meaning of absolute and relative purchasing power parity theory.
- (e) Who are the participants in the foreign exchange market?
- (f) What is meant by Fisher's Effect?
- (g) Give meaning of currency futures and options.
- (h) State the steps involved in money market hedge.
- (i) State how APV model is useful for MNC in analyzing a foreign capital expenditure.
- (j) What is bilateral netting?

SECTION B — (3 × 6 = 18 marks)

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

Each question carries **6** marks.

2. Explain why cash management process is more difficult in a MNC.
3. Explain and derive the international Fisher effect.

4. If the present interest rate for 6 months borrowings in India is 9% per annum and the corresponding rate in USA is 2% per annum, and the US \$ is selling in India at ₹ 64.50/\$. Then :

- (a) Will US \$ be at a premium or at a discount in the Indian forward market?
- (b) Find out the expected 6 month forward rate for US \$ in India.
- (c) Find out the rate of forward premium/discount.

5. Following information is given :

Exchange Rate :

Canadian dollar 0.666 per DM (spot)

Canadian Dollar 0.671 per DM (3 months)

Interest Rate :

DM - 7.5%

Canadian Dollar - 9.5% p.a.

To take the possible arbitrage gains, what operations would be carried out?

6. A UK Company has its subsidiaries in three countries – India, USA and South Africa. At the end of the year the inter-company balances were as follows :

- (a) The Indian subsidiary is owed ₹ 14.00 million by the South Africa subsidiary
- (b) Indian subsidiary owes \$ 1 million to US subsidiary
- (c) South Africa subsidiary owed 1.40 million South Africa Rands at by the US subsidiary
- (d) South Africa subsidiary owes \$ 1 million to US subsidiary

The foreign currency rates are : 1 pound = \$ 2 = ₹ 70 = 10 R

The holding company instructed the subsidiaries to settle the balances on net basis. Assuming that the statutes of all the companies permit this type of settlement, what the different subsidiaries will do?

SECTION C – (3 × 15 = 45 marks)

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

Each question carries **15** marks.

7. Discuss the methods of hedging used by MNCs in reducing foreign exchange exposure.
8. Elaborate how the APV framework used in analyzing a capital expenditure in foreign operations.

9. ABC Ltd, a US firm, will need £ 5,00,000 in 180 days. In this connection, the following information is available :

Spot Rate 1 £ = \$ 2.00

180 days forward rate of £ as of today is \$ 1.96

Interest rates are as follows :

	US	UK
180 days deposit rate	5.0%	4.5%
180 days borrowing rate	5.5%	5.0%

A call option on £ that expires in 180 days has an exercise price is \$ 1.97 and a premium of \$ 0.04. ABC Ltd has forecasted the spot rates for 180 days as below :

Future rate	Probability
\$ 1.91	30%
\$ 1.95	50%
\$ 2.05	20%

Which of the following strategies would be cheaper to ABC Ltd?

- (a) Forward Contract
 (b) A money market hedge
 (c) A call option contract; ad
 (d) No hedging option
10. Sun Light Ltd., as company based in India, manufactures very high quality modern furniture and sells to a small number of retail outlets in India and Nepal. It is facing tough competition. Recent studies on marketability of products have clearly indicated that the customer is now more interested in variety and choice rather than exclusivity and exceptional quality. Since the cost of quality wood in India is very high, the company reviewing the proposal for import of woods in bulk from Nepalese supplier.

The estimate of net Indian ₹ and Nepalese Currency (NC) cash flows for this proposal is shown below :

Year	Net Cash Flow (in millions)			
	0	1	2	3
NC	-25.00	2.6	3.8	4.1
Indian ₹	0	2.869	4.2	4.6

The following information is relevant :

- (a) Sun Light Ltd evaluates all investments by using a discount rate of 9% p.a. All Nepalese customers are invoiced in NC. NC cash flows are converted to Indian (₹) at the forward rate and discounted at the Indian rate.
- (b) Inflation rates in Nepal and India are expected to be 9% and 8% per annum respectively.
- (c) The current exchange rate is ₹ 1 = NC 1.6

Assuming that you are the finance manager of Sun Ltd calculate the net present value and Modified Internal Rate of Return (MIRR) of the proposal.

11. An Indian firm wants to take advantage of some short-term business opportunity in France and for this purpose the firm needs Euro 1,00,000 for 4 months. The firm can borrow the required funds either in rupees or in Euros. The following foreign exchange rates are prevailing in the market :

Spot Rate	₹ 49.95/50.00
4 months forward rate	₹ 50.00/50.05

The Interest rate prevailing in the market :

2 months	12.00% p.a.	Euro 6.00%
4 months	11.40% p.a.	Euro 6.60%

Advise the firm whether it should borrow in Euros or in rupees.

6367-IIISCOM(N)-D-18

M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

Paper 3.3 — CORPORATE ACCOUNTING

(Group B & C – Accounting and Taxation and Accounting and Finance)

(New)

Time : Three hours

Maximum : 75 marks

Use of simple calculator and statistical tables is permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Identify the persons to authenticate the financial statements of Companies as per Sec. 134 of Companies Act.
- (b) List out items to be shown under the heading of Shareholders' Funds as per balance sheet format.
- (c) What is the mode of payment of remuneration to directors of the company?
- (d) State the meaning of intrinsic value of a share.
- (e) Mention how value of goodwill is determined using number of years' purchase method.
- (f) State accounting entries for reducing the claims of creditors.
- (g) Give meaning of dissenting shareholders.
- (h) How do you treat realization account profit or loss in M & A?
- (i) What is meant by sub-subsidiary?
- (j) What do you mean by overriding preferential payment?

SECTION B – (3 × 6 = 18 marks)

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

Each question carries **6** marks.

2. Explain accounting treatment of assets specifically pledged in liquidation accounts.
3. What is the accounting treatment for bonus shares issued out of capital profits and revenue profits in consolidation accounts?

4. Following is the balance sheet of a company as on 31st December, 2017 :

Liabilities	₹	Assets	₹
Share capital	1,00,000	Fixed assets	50,000
Creditors	50,000	Current assets	30,000
		Profit and Loss a/c	50,000
		Goodwill	20,000
	<u>1,50,000</u>		<u>1,50,000</u>

Pass suitable journal entries to write the lost capital.

5. The profits of a company for the last three years are as follows :

31.3.2016	₹ 30,000
31.3.2017	₹ 33,750
31.3.2018	₹ 39,750

The firm is in the process of valuation of its goodwill for share valuation. It provides other details :

- The bad debts ignored in 2017-18 year were ₹ 3,000
- Profits for the year ending 31st March, 2016 includes speculation loss of ₹ 10,000
- Profits for the year ending 31st March, 2017 include profit on sale of fixed assets of ₹ 3,750.

Ignoring tax, compute average profits of the company for goodwill.

6. A Ltd has set up its business in a designated backward area with an investment of ₹ 200 lakh. The company is eligible for 25% subsidy and has received ₹ 50 lakh from the government.

Explain the treatment of the capital subsidy received from the Government in the Books of the company.

SECTION C – (3 × 15 = 45 marks)

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

Each question carries **15** marks.

7. Explain the accounting treatment of the following items in the consolidated financial statements of holding company :
- Preference Shares issued by the subsidiary company
 - Bonus shares issued by the subsidiary company
 - Payment of dividend by the subsidiary company.

8. Explain the process of final settlement made by the liquidators of companies including the overriding preferential payments and List-B contributories.
9. A Ltd acquired 16,000 equity shares of ₹ 10 each in B Ltd on 1st July, 2017. The balance sheets of the two companies as on 31st December 2017 were as follows :

Liabilities	A Ltd ₹	B Ltd ₹	Assets	A Ltd ₹	B Ltd ₹
Share capital	5,00,000	2,00,000	Land and		
Reserves	2,40,000	1,00,000	Buildings	1,80,000	1,90,000
Profit and Loss a/c	57,000	82,000	Plant and		
Bank overdraft	1,00,000	-	Machinery	2,40,000	1,35,000
Bills payable	-	13,000	Investment in		
Sundry Creditors	70,000	20,000	B Ltd (at cost)	3,30,000	-
			Stock	1,44,000	42,000
			Sundry Debtors	44,000	40,000
			Bills Receivable	14,800	-
			Cash	14,200	8,000
	<u>9,67,000</u>	<u>4,15,000</u>		<u>9,67,000</u>	<u>4,15,000</u>

- (a) The profit and loss account of B Ltd showed a balance of ₹ 30,000 on 1st January, 2017, out of which a dividend of 10% was paid on 1st August. The dividend was credited by A Ltd to its profit and loss account. Profit may be assumed to have accrued evenly throughout the year.
- (b) The plant and machinery of B Ltd which stood at ₹ 1,50,000 on 1st Jan. 2017 was considered as worth ₹ 1,80,000 on the date of acquisition by A Ltd. Plant and Machinery is depreciated at 10%.

Prepare a consolidated balance sheet of A Ltd and its subsidiary as at 31st December, 2017.

10. In liquidation of Unfortunate Ltd., which commenced on 1st April, 2018 certain creditors could not receive payment of the realization of the assets and out of contributions from 'A' list contributories. The following are the details of certain transfer which took place after 1st April, 2017 :

Shareholders	Number of shares transferred	Date of ceasing to be member	Creditors remaining unpaid and outstanding on the date of ceasing to be member (₹)
A	1,000	1 st May 2017	6,000
B	1,500	1 st July, 2017	7,500
C	300	1 st November, 2017	8,000
D	200	1 st February, 2018	9,500

All the shares are of ₹ 10 each, ₹ 6 paid-up. Ignoring expenses, remuneration to liquidator, etc., show the amount to be realized from the various persons listed above.

11. Balance Sheets of Z Ltd and A Ltd as on 30th September, 2018 are given below :

Liabilities	Z Ltd ₹	A Ltd ₹	Assets	Z Ltd ₹	A Ltd ₹
Equity share capital (₹ 10 each)	2,00,000	4,00,000	Sundry assets	3,10,000	6,00,000
Reserves and surplus	40,000	1,00,000	Loan to A Ltd	30,000	-
9% debentures (Rs. 100 each)	1,00,000	-	Investments – 5,000 shares of A Ltd	50,000	-
Loan from Z Ltd	-	30,000			
Sundry Creditors	50,000	70,000			
	<u>3,90,000</u>	<u>6,00,000</u>		<u>3,90,000</u>	<u>6,00,000</u>

A Ltd proposes to take over Z Ltd on the following terms :

- A Ltd will issue its one share at ₹ 11 and also pay ₹ 0.50 in cash for every share held by the outsiders
- 9% Debentures of Z Ltd are to be paid at 8% premium by issue of sufficient number of 10% debentures of A Ltd at ₹ 90.

Assuming that the takeover has been complete, show journal entries in the books of both the companies and the draft balance sheet in the books of A Ltd.

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M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

Paper 3.3 — CORPORATE ACCOUNTING

(Group B & C – Accounting and Taxation and Accounting and Finance)

(New)

Time : Three hours

Maximum : 75 marks

Use of simple calculator and statistical tables is permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Identify the persons to authenticate the financial statements of Companies as per Sec. 134 of Companies Act.
- (b) List out items to be shown under the heading of Shareholders' Funds as per balance sheet format.
- (c) What is the mode of payment of remuneration to directors of the company?
- (d) State the meaning of intrinsic value of a share.
- (e) Mention how value of goodwill is determined using number of years' purchase method.
- (f) State accounting entries for reducing the claims of creditors.
- (g) Give meaning of dissenting shareholders.
- (h) How do you treat realization account profit or loss in M & A?
- (i) What is meant by sub-subsidiary?
- (j) What do you mean by overriding preferential payment?

SECTION B – (3 × 6 = 18 marks)

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

Each question carries **6** marks.

2. Explain accounting treatment of assets specifically pledged in liquidation accounts.
3. What is the accounting treatment for bonus shares issued out of capital profits and revenue profits in consolidation accounts?

4. Following is the balance sheet of a company as on 31st December, 2017 :

Liabilities	₹	Assets	₹
Share capital	1,00,000	Fixed assets	50,000
Creditors	50,000	Current assets	30,000
		Profit and Loss a/c	50,000
		Goodwill	20,000
	<u>1,50,000</u>		<u>1,50,000</u>

Pass suitable journal entries to write the lost capital.

5. The profits of a company for the last three years are as follows :

31.3.2016	₹ 30,000
31.3.2017	₹ 33,750
31.3.2018	₹ 39,750

The firm is in the process of valuation of its goodwill for share valuation. It provides other details :

- The bad debts ignored in 2017-18 year were ₹ 3,000
- Profits for the year ending 31st March, 2016 includes speculation loss of ₹ 10,000
- Profits for the year ending 31st March, 2017 include profit on sale of fixed assets of ₹ 3,750.

Ignoring tax, compute average profits of the company for goodwill.

6. A Ltd has set up its business in a designated backward area with an investment of ₹ 200 lakh. The company is eligible for 25% subsidy and has received ₹ 50 lakh from the government.

Explain the treatment of the capital subsidy received from the Government in the Books of the company.

SECTION C – (3 × 15 = 45 marks)

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

Each question carries **15** marks.

7. Explain the accounting treatment of the following items in the consolidated financial statements of holding company :
- Preference Shares issued by the subsidiary company
 - Bonus shares issued by the subsidiary company
 - Payment of dividend by the subsidiary company.

8. Explain the process of final settlement made by the liquidators of companies including the overriding preferential payments and List-B contributories.
9. A Ltd acquired 16,000 equity shares of ₹ 10 each in B Ltd on 1st July, 2017. The balance sheets of the two companies as on 31st December 2017 were as follows :

Liabilities	A Ltd ₹	B Ltd ₹	Assets	A Ltd ₹	B Ltd ₹
Share capital	5,00,000	2,00,000	Land and		
Reserves	2,40,000	1,00,000	Buildings	1,80,000	1,90,000
Profit and Loss a/c	57,000	82,000	Plant and		
Bank overdraft	1,00,000	-	Machinery	2,40,000	1,35,000
Bills payable	-	13,000	Investment in		
Sundry Creditors	70,000	20,000	B Ltd (at cost)	3,30,000	-
			Stock	1,44,000	42,000
			Sundry Debtors	44,000	40,000
			Bills Receivable	14,800	-
			Cash	14,200	8,000
	<u>9,67,000</u>	<u>4,15,000</u>		<u>9,67,000</u>	<u>4,15,000</u>

- (a) The profit and loss account of B Ltd showed a balance of ₹ 30,000 on 1st January, 2017, out of which a dividend of 10% was paid on 1st August. The dividend was credited by A Ltd to its profit and loss account. Profit may be assumed to have accrued evenly throughout the year.
- (b) The plant and machinery of B Ltd which stood at ₹ 1,50,000 on 1st Jan, 2017 was considered as worth ₹ 1,80,000 on the date of acquisition by A Ltd. Plant and Machinery is depreciated at 10%.

Prepare a consolidated balance sheet of A Ltd and its subsidiary as at 31st December, 2017.

10. In liquidation of Unfortunate Ltd., which commenced on 1st April, 2018 certain creditors could not receive payment of the realization of the assets and out of contributions from 'A' list contributories. The following are the details of certain transfer which took place after 1st April, 2017 :

Shareholders	Number of shares transferred	Date of ceasing to be member	Creditors remaining unpaid and outstanding on the date of ceasing to be member (₹)
A	1,000	1 st May 2017	6,000
B	1,500	1 st July, 2017	7,500
C	300	1 st November, 2017	8,000
D	200	1 st February, 2018	9,500

All the shares are of ₹ 10 each, ₹ 6 paid-up. Ignoring expenses, remuneration to liquidator, etc., show the amount to be realized from the various persons listed above.

11. Balance Sheets of Z Ltd and A Ltd as on 30th September, 2018 are given below :

Liabilities	Z Ltd ₹	A Ltd ₹	Assets	Z Ltd ₹	A Ltd ₹
Equity share capital (₹ 10 each)	2,00,000	4,00,000	Sundry assets	3,10,000	6,00,000
Reserves and surplus	40,000	1,00,000	Loan to A Ltd	30,000	-
9% debentures (Rs. 100 each)	1,00,000	-	Investments - 5,000 shares of A Ltd	50,000	-
Loan from Z Ltd	-	30,000			
Sundry Creditors	50,000	70,000			
	<u>3,90,000</u>	<u>6,00,000</u>		<u>3,90,000</u>	<u>6,00,000</u>

A Ltd proposes to take over Z Ltd on the following terms :

- A Ltd will issue its one share at ₹ 11 and also pay ₹ 0.50 in cash for every share held by the outsiders
- 9% Debentures of Z Ltd are to be paid at 8% premium by issue of sufficient number of 10% debentures of A Ltd at ₹ 90.

Assuming that the takeover has been complete, show journal entries in the books of both the companies and the draft balance sheet in the books of A Ltd.

M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

**Paper 3.4 — ACCOUNTING FOR SPECIALISED INSTITUTIONS
(Group B & C – Accounting and Taxation, Accounting and Finance)**

(New)

Time : Three hours

Maximum : 75 marks

Use of simple and non-programmable calculators is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define life assurance fund.
- (b) What do you mean by reversionary bonus?
- (c) Differentiate between non-banking assets and non-performing assets.
- (d) What is rebate on bills discounted?
- (e) What do you mean by 'discarded asset account' under double account system?
- (f) Define Tariff and Dividend Control Reserve.
- (g) What do you mean by Front Office Audit?
- (h) What is KOT?
- (i) State major items representing income in hospitals.
- (j) List out the books of accounts for educational institutions.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Write a brief note on classification of assets in a banking company.
3. Explain special features of educational institutions accounting.
4. A three Star Hotel in Agra has 330 rooms in all, out of which 26 rooms are used for operational purposes. If 230 rooms are occupied by the guests on 3rd August 2018, calculate the room occupancy rate.

5. Calculate Rebate on Bills discounted as on 31-03-2018 from the following data and show journal entries :

Date of Bill	₹	Period	Rate of Discount
15-01-2018	1,00,000	5 months	8%
10-02-2018	80,000	4 months	7%
25-02-2018	60,000	4 months	9%

6. From the following information of New College Union for the year ended 31-03-2018, prepare Income and Expenditure Account.

	₹
Subscription and fees	1,11,200
Sale of furniture	50,000
Sale of newspapers	26,000
Interest on Investments (Cr)	4,500
Miscellaneous Receipts	4,200
Library books purchased	42,000
Printing and stationery	8,000
Magazine expenses	46,000
Lecture and Concerts expenses	28,500
Furniture purchased	46,500
Expenses for sports and games	17,500
Miscellaneous expenses	9,800

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. How and why is the Visitor's Ledger maintained by a Hotel? Explain.
8. Explain in brief the procedure to be followed for replacement of an old asset.
9. The following balances relate to an electricity company and pertain to its accounts for the year ended 31-3-2018.

	₹
Share capital	1,00,00,000
Reserve fund (invested in 5% Govt securities at par)	60,00,000
Contingencies Reserve – invested in 6% State Govt loans	20,00,000
Loan from State Electricity Board	30,00,000
11% Debentures	8,00,000

₹

Development Reserve	10,00,000
Fixed Assets	2,00,00,000
Depreciation Reserve on Fixed Assets	80,00,000
Consumers' Deposits	75,00,000
Amount contributed by consumers towards fixed assets	2,00,000
Intangible assets	5,00,000
Tariff and Dividend Control Reserve	6,00,000
Current Assets – Monthly Average	20,00,000

The company earned a post tax profit of ₹ 11,00,000, show how the profits of the company will be dealt with under the provisions of Electricity Act., assuming that the Bank rate during the year was 8%.

10. The following balances have been extracted from the books of South India Marine Insurance Co. Ltd. on 31-3-2018 :

₹

Premium less reinsurance	98,61,000
Commission on direct business	4,40,000
Commission on reinsurance ceded	52,000
Commission on re-insurance accepted	38,000
Depreciation	64,000
Loss on sale of Investments	1,00,000
Claims paid less re-insurance	50,40,000
Director's Remuneration	3,00,000
Interest income (not related to any fund) (net)	2,75,000
Reserve for unexpired risk as on 1-4-17	78,00,000
Additional reserve as on 1-4-2017	7,80,000
Claims outstanding as on 1-4-2017	3,78,000
Claims outstanding as on 31-3-2018	4,58,000
Tax deducted at source	80,000
Salary	6,40,000
Rent and taxes	58,000
Postage, stationary and telegrams	86,000
Profit and Loss a/c (Cr)	19,50,000
Provision for taxation	6,08,300

Reserve for unexpired risks to be maintained @ 100% of the net premium income. Additional reserve of 10% on the said premium is to be maintained.

You are required to prepare Revenue Account for the year ended 31-3-2018.

11. From the following information, prepare Profit and Loss Account of A Bank Ltd for the year ended 31-3-2018.

	₹
Interest on Loans	6,00,000
Interest on fixed assets	5,50,000
Commission	20,000
Exchange and brokerage	40,000
Salaries and allowances	3,00,000
Discount on bills (Gross)	3,04,000
Interest on cash credit	4,80,000
Interest on temporary overdrafts in current account	60,000
Interest on savings bank deposits	1,74,000
Postage, telegram and stamps	20,000
Printing and stationary	40,000
Sundry expenses	20,000
Rent	30,000
Taxes and licenses	20,000
Audit fees	20,000

Additional Information :

- | | |
|---|--------|
| (a) Rebate on bills discounted | 60,000 |
| (b) Salary of Managing Director | 60,000 |
| (c) Bad debts | 80,000 |
| (d) Provision for income tax is to be made @ 50% | |
| (e) Interest of ₹ 8,000 on doubtful debts was wrongly credited to interest on loan account. | |

Workings should form part of your answer.

M.Com. DEGREE EXAMINATION DECEMBER 2018.

Third Semester

(CBCS)

COMMERCE

Paper 3.5 — CORPORATE TAX PLANNING – I
(Group B – Accounting and Taxation)

(New)

Time : Three hours

Maximum : 75 marks

Use of simple and non-programmable calculators is permitted.

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define Tax avoidance.
- (b) State the relevance of residential status.
- (c) How HRA is different from RFA?
- (d) Give the meaning of unabsorbed depreciation.
- (e) Define preliminary expenditure.
- (f) What is slump sale?
- (g) What do you mean by deferment of advance tax?
- (h) What is reassessment?
- (i) Define amalgamation.
- (j) State any four without limit, 100% qualified donations u/s 80 G.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Write short notes on :
 - (a) Voluntary Return of Income
 - (b) Belated Return of Income
3. Explain in briefly, tax consequences if bonus shares are issued to equity shareholders.

4. The written down value of a block of assets consisting of plant A of a company was ₹ 30,00,000 on 1-4-2017. On 1-9-2017 Plant B was purchased for ₹ 35,00,000 and the freight and erection charges of the same amounted to ₹ 5,00,000. The plant A was destroyed by fire in December 2017. The damaged plant was sold for ₹ 3,00,000 and ₹ 9,00,000 was received from the insurance company.

Calculate the amount of depreciation allowable for the assessment year 2018-19 at 15% on the plant and show written down value at 1-4-2018.

5. X Ltd an Indian Company has received the following dividend from its subsidiary companies :
- ₹ 10,00,000 on 5-10-2017 from S Ltd. a subsidiary company in India.
 - ₹ 20,00,000 on 9-10-2017 from T Ltd., as specified company in Germany in which X Ltd holds 60% shares.

X Ltd wishes to declare dividend of ₹ 1 Crore to its shareholders.

Determine the amount of dividend distribution tax payable by X Ltd.

6. An Indian Company acquired a plot of land on 30th June 2008 for ₹ 25,00,000. The company sells the plot of land on 15th May 2017 for ₹ 55,60,000.

What will be amount of capital gains / loss for the assessment year 2018-19?

(Note : CII for financial year 2008-09 — 137
 2017-18 — 272
 2018-19 — 280)

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain in detail, the exemptions from capital gains applicable for corporate assessee.
8. What are the future benefits available for an employee of an organization? Explain.
9. The Return of Income for the assessment year 2017-18 of PQR Company Ltd was due on 30-09-2017 was filed on 5-02-2018 declaring an income of ₹ 25,00,000. It is assessed u/s 143(3) on 08-07-2018 at ₹ 30,00,000. The assessee had paid ₹ 5,00,000 and ₹ 1,00,000 was TDS.
Compute how much tax and interest u/s 234 A, is payable at the time of assessment? Also compute further interest payable u/s 234 A on completion of assessment, which was done on 8.7.2018. The tax and interest required to be deposited u/s 140 A was duly deposited on 5-02-2018.

10. An Indian company carries on business in Motor Transportation. Its Profit and Loss Account for the previous year 2017-18 shows a net profit of ₹ 2,80,610. Find out Gross Total Income of the Company after taking into consideration the following particulars.

(a) The Profit and Loss Account was debited with following expenses :

₹ 2,50,000 as depreciation

₹ 18,750 as bad debt reserve

(b) The profit and Loss Account was found credited with the following incomes.

Agricultural receipts of ₹ 65,000

Interest on Debentures from an Indian Company ₹ 12,000

Capital gain on sale of Motor Car ₹ 20,000

[STCG]

As per Section 32, amount of depreciation permissible is ₹ 1,65,000

Book profits as per Section 115 JB ₹ 6,00,000.

You are required to calculate ultimate tax liability of the company for the assessment year 2018-19.

11. BCD Ltd. is an existing company and needs capital for its expansion. It has two options.

(a) To have equity capital of ₹ 40,00,000 and loaned capital of ₹ 20,00,000 @ 15% p.a.

(b) To have equity capital of ₹ 20,00,000 and loaned capital of ₹ 40,00,000 @ 15% p.a.

The expected rate of return is 22% and company had been distributing dividend of 20% p.a. for last several years. Rate of tax is 30% + surcharge @ 7% of tax and Health and Education cess of 4% of Tax and Surcharge.

Suggest the better option assuming that company has decided to plough back its entire profits.