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G 2484 (Pages : 4) Reg. No...............................

Name..................................

M.Com. DEGREE (CSS) EXAMINATION, JUNE 2015

Fourth Semester

Faculty of Commerce – Elective – Finance

DT 04 C17—DIRECT TAXES–ASSESSMENT AND PROCEDURES

(2012 Admission onwards—Regular/Supplementary)

[Common for all Electives]

Time : Three Hours Maximum Weight : 30

Section A

Answer any **five** *questions.*
Each question carries 1 *weight.*

1. Distinguish between tax planning and tax avoidance.
2. What wealth belonging to others is included in the net wealth of an individual ?
3. What are the powers of the income tax authorities in the matters of calling forth documents and account books ?
4. What are the provisions regarding deduction of tax at source under the head 'salaries' ?
5. What are the different modes of recovery of tax ?
6. What are the steps for *e*-filing ?
7. Define partnership firm. When can a firm be assessed u/s 184 ?
8. From the following information compute the amount of tax payable by a partnership firm for Assessment Year 2013-14 :

		Rs.
Income from House property (computed)	...	2,00,000
Income from Business	...	40,00,000
LTCG on sale of an asset	...	1,00,000
Income from other sources	...	50,000

The firm is entitled to the following deductions from its gross total income :

		Rs.
(a) Under Sec. 801 A	...	20,00,000
(b) Under Sec. 801 B	...	3,50,000

(5 × 1 = 5)

Turn over

Section B

Answer any **five** *questions.*
Each question carries 2 weight.

9. What do you understand by Permanent Account Number ? What are the consequences for failure to apply for PAN ? Give examples of ten such transactions where quoting of PAN is compulsory.

10. From the following information compute the total income of the firm and tax payable by it for the Assessment Year 2013-14 :

			Rs.
(a)	Profit from an industrial undertaking established in backward state in February 2004	...	40,000
(b)	Profit from business of poultry breeding	...	30,000
(c)	Short term capital gains	...	20,000
(d)	Long term capital gains	...	40,000
(e)	Interest from bank	...	6,000
(f)	Loss from house property Rs, 10,000 on account of interest on loan taken to construct the property		
(g)	Donation to approved charitable institution by cheque	...	15,000

11. SS Ltd. an Indian company computed a loss of Rs. 1,20,000 for the Assessment Year 2013-14. In arriving at the loss the following adjustments have been made :

    (i) A speculation loss carried forward from Assessment Year 2010-11 is set-off to the extent of Rs. 5,00,000.

    (ii) A donation of Rs. 1,00,000 given to a political party.

    (iii) Insurance premia paid to insure the gold and jewellery in stock against risk of fire and theft Rs 2,800.

    (iv) Advances made for purchase of gold the value of which has not been taken into account on the ground that purchase has not been effected in the previous year - Rs. 16,00,000.

    Compute the correct total income of the company.

12. Explain the provisions for payment of tax by companies u/s 115 JB.

13. Ascertain amount of tax deducted at source from the following income/receipts during the financial year 2013-14 :

    (a) Lottery winnings of Rs. 1,00,000 (gross) payable to Mr. *X*, resident in India.

    (b) Winnings from horse race Rs. 50,000 payable to Mr. *Y*, non-resident in India.

    (c) Interest on securities (listed) payable to Mr. *Z* a resident in India—Rs. 20,000.

    (d) Dividend payable by a domestic company to *B*, a resident in India—Rs. 40,000.

    (e) Interest on unlisted debentures of *Y* Ltd payable to *T*, a resident in India—Rs. 10,000.

14. What is meant by AOP and BOI ? Explain the computation of share of a member of AOP or BOI.

15. *A*, *B* and C are partners in a firm assessed as firm sharing profits and losses in the ratio of 3 : 2 : 1. The firm's profit and loss account (31st March 2013) showed a Net profit of Rs. 1,17,360 after debiting the following :

   (a) Salary of Rs. 4,000 paid to C.

   (b) Commission to *B* —Rs. 1,000.

   (c) Donation to approved bodies Rs. 5,000.

   The amount of net profit includes Rs. 10,400 from interest on Government Securities. Compute firm's Business profit.

16. What is the procedure followed in valuing the Business Assets for wealth tax purpose ?

(5 × 2 = 10)

Section C

Answer any **three** *questions.*
Each question carries 5 *weight.*

17. Mr. *A*, an individual, is a resident and citizen of India. He has furnished the following particulars of his assets and liabilities as on 31-3-2013 :

   (a) Cash in hand—Rs. 40,000.

   (b) A boat valued at Rs. 75,000 which has never been used for business purposes.

   (c) Urban land acquired on 1-1-2011, for Rs. 18,00,000 and held as stock in trade.

   (d) One house, valued at Rs. 8,00,000 and used exclusively as *A*'s residence.

   (e) Outstanding interest-free loan of Rs. 4,00,000 raised from a friend for acquiring urban land as at (c) above.

   (f) Equity shares held in the name of *A*'s son (market value being Rs. 2,00,000).

   (g) Income tax liability of Rs. 1,00,000 created on 1-1-2013 which is outstanding but not disputed on appeal.

   (h) 2 motor cars, valued at Rs. 2,00,000 each—one used for personal purposes and the other used in the business of running it on hire.

   Compute the net wealth of Mr. *A* as on 31-3-2013. Also determine the amount of wealth tax payable by Mr. *A* for the Assessment Year 2013-14.

18. What is meant by 'return of income' ? Explain the different types of returns of income.

19. The following is the Profit and Loss Account of B Co. Ltd. for the year ended 31st March 2013 :

		Rs.			Rs.
To Salaries and wages	...	3,00,000	By Domestic sales	...	25,00,000
,, Rent, Rates	...	2,00,000	,, Export sales	...	10,00,000
,, Repairs	...	1,20,000	,, Transfer from		
,, Selling expenses	...	3,50,000	General Reserve	...	2,00,000
,, Depreciation	...	5,00,000			
,, Income Tax	...	3,60,000			
,, Proposed dividend	...	2,70,000			
,, Net profit	...	16,00,000			
		37,00,000			37,00,000

Other information :

1. The company has LTCG of Rs. 1,00,000, which is not credited to Profit and Loss Account.
2. Foreign Exchange remittance —7,00,000.
3. Depreciation u/s 32—Rs. 4,50,000.
4. The company wants to set off the following :

		For tax purpose	For accounting purpose
Brought forward loss (2010-11)	. . .	5,00,000	4,00,000
Unabsorbed depreciation	. . .	2,00,000	2,00,000

You are required to compute :

(a) Book profit as per Section 115 JB.

(b) Total income and tax liability of the company.

20. What do you understand by 'tax planning' ? Explain the need for tax planning. What are the limitations of tax planning ?

21. The total income of a firm *XYZ* in which *X*, *Y* and *Z*, the partners share profits and losses in the ratio of 1 : 2 : 3, was as per Profit and Loss Account Rs. 1,31,800 for the P.Y. 2012-13. In computing the total income of Rs. 1,31,800, the following have been debited to the Profit and Loss Account :

Salaries of Rs. 1,30,000 and Rs. 1,20,000 to *X* and *Y* respectively.

Interest on capital calculated at 20% of Rs. 3,500, Rs. 14,000 and Rs. 10,500 to *X*, *Y* and *Z* respectively. Bonus to *Z* Rs. 15,000. Commission of Rs. 5,000, Rs. 12,500 and Rs. 17,500 to *XY* and *Z* respectively. *Z* had borrowed capital for his investment in the firm and had paid interest of Rs. 7,500 separately to the lender.

Compute the total income of the firm and taxable income of the three partners in the firm. All are working partners. The firm fulfils the conditions of Sec. 184.

22. Discuss the provisions of the Income Tax Act regarding offences and punishments for such offences.

(3 × 5 = 15)

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M.Com. DEGREE (C.S.S.) EXAMINATION, JUNE 2015

Fourth Semester

Faculty of Commerce

Elective—Finance

AC 04 96—ADVANCED COST ACCOUNTING

(2012 Admission onwards—Regular/Supplementary)

[Common for all Electives]

Time : Three Hours | Maximum Weight : 30

Section A

Answer any **five** *questions.*
Each question carries weight 1.

1. What is volume variance ?
2. Define budget.
3. Define Co-products.
4. What is zero base budgeting ?
5. What is CVP analysis ?
6. What is differential cost analysis ?
7. What is cost centre ?
8. What is the treatment of abnormal loss ?

(5 × 1 = 5)

Section B

Answer any **five** *questions.*
Each question carries weight 2.

9. Define budgetory control. Discuss the advantages and essentials for the success of budgetory control.
10. Explain how marginal costing helps the management in decision making.
11. What is inter process profit ? What are the objectives and disadvantages of this concept ?
12. Responsibility accounting is an important device for control. Explain.

Turn over

13. A company maintained separate cost and financial accounts, and the costing profit for 1998 differed to that revealed in financial accounts, which was shown as Rs. 50,000. The following information is available :

		Cost Accounts	*Financial Accounts*
Opening stock—Raw material	...	5,000	5,500
Closing stock—Raw material	...	4,000	5,300
Opening stock-finished goods	...	12,000	15,000
Closing stock—finished goods	...	14,000	16,000

Dividends of Rs. 1,000 were received by the company. A machine with net book value of Rs. 10,000. was sold during the year for Rs. 8,000.

The company charged 10 % interest on its opening capital employed of Rs. 80,000 to its process costs. Determine profit as per cost accounts.

14. From the following details, prepare statement of equivalent production, statement of cost, statement of evaluation and Process Account by following FIFO method :

Opening work in progress – 2000 units.

Materials – 100 % complete	Rs. 5,000
Labour – 60 % complete	Rs. 3,000
Overhead – 60 % complete	Rs. 1,500
	Rs. 9,500

Units introduced into the process – 8,000.

There are 2000 units in progress, and the stage of completion is estimated to be :

Materials – 100 %, Labour 50 % and overhead – 50 %

8000 units are transferred to next process.

The process cost for the period are :

Materials : Rs. 95,000, Labour : Rs. 60,000, Overhead : Rs. 30,000.

15. From the data given below, calculate all material variances :

Raw materials		*Standard*	*Actual*
A	...	40 units @ Rs. 50 / unit	50 units @ Rs. 50/unit.
B	...	60 units @ Rs. 40/ unit	60 units @ Rs. 40/ unit

16. A factory produces 3 products A, B and C of equal value from the same manufacturing process. Their joint cost before split off point is Rs. 19,600. Subsequent cost are given as under :

	A	B	C
	(Rs.)	(Rs.)	(Rs.)
Material ...	1,500	1,300	1,000
Labour ...	200	150	100
Overheads ...	800	550	400
	2,500	2,000	1,500
Selling prices ...	30,000	24,000	20,000
Estimated profit on selling price	30 %	25 %	20 %

Show how you would propose to apportion the joint cost of manufacture.

(5 × 2 = 10)

Section C

Answer any **three** *questions.*
Each question carries weight 5.

17. What are the advantages and limitations of standard costing ?

18. Enumerate the method which may be employed in allocating joint cost to products ?

19. The product of a company passes through two processes, called process I and II. The percentage of loss is ascertained in Process I – 2 % and Process II – 5 %. The loss of each process possesses a scrap value, the loss of process I is sold at Rs. 10 per 100 units and that of process II at Rs. 20 per 100 units. The following information is available for the year ended 31st March, 2012.

40,000 units of crude materials were introduced in process I at a cost of Rs. 16,000.

	Process I	*Process II*
	(Rs.)	(Rs.)
Material consumed ...	8,000	2,800
Direct labour ...	12,200	14,000
Manufacturing expenses ...	3,080	1,000
	Units	*Units*
Finished products ...	39,000	38,500
Finished stock :		
April 1, 2011 ...	4,000	6,000
March 31, 2012 ...	3,000	8,000
Stock valuation at January 1, (per unit) :	Re. 0.90	Rs. 1.47

Stock at March 31 are to be valued at the cost as shown by the years process accounts. Prepare necessary accounts.

Turn over

20. Journalise the following transactions assuming cost and financial accounts are integrated.

		Rs.
Raw materials purchased on credit	...	20,000
Direct materials issued to production	...	15,000
Wages paid (30 % indirect)	...	12,000
Wages charged to production	...	9,500
Manufacturing expenses paid	...	8,400
Manufacturing expenses charged to production	...	9,200
Selling and distribution expenses incurred	...	2,000
Finished product (at cost)	...	20,000
Sales (on credit)	...	29,000
Closing stock	...	Nil
Receipts from debtors	...	6,900
Payment to creditors	...	11,000

21. Any change in fixed costs, variable costs or selling price has the effect of shifting the BEP although the impact of each such change on the BEP and the profit is different. Illustrate this with the help of the figure given below assuming a 10 % increase individually in each of the three elements stated above. Also show how the profit figure is affected if all the elements increase collectively, each by 10 %.

		Rs.
Sales (30,000 units)	...	1,20,000
Variable cost	...	40,000
Fixed cost	...	50,000

22. A department of company X attains sales of Rs. 6,00,000 at 80 % of its normal capacity and its expenses are given below :

Administration cost :		
Office salaries	...	Rs. 90,000
General expenses	...	2 % sales
Depreciation	...	Rs. 7,500
Rates and taxes	...	Rs. 8,750
Selling Costs :		
Salaries	...	8 % of sales
Travelling expenses	...	2 % of sales
Sales office	....	1 % of sales
General expenses	....	1 % of sales
Distribution costs :		
Wages	...	Rs. 15,000
Rent	...	1 % of sales
Other expenses	...	4 % of sales

Draw up flexible administration, selling and distribution cost budget, operating at 90 %, 100 %, 110 % of normal capacity.

(3 × 5 = 15)

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M.Com. DEGREE (CSS) EXAMINATION, JULY 2015

Fourth Semester

Faculty of Commerce

Elective – Finance

IFO 4E 01 – INTERNATIONAL FINANCE

(2012 Admission onwards – Regular/Supplementary)

Time : Three Hours

Maximum Weight : 30

Section A

Answer any **five** *questions.*
Each question carries 1 *weight.*

1. Define exchange rate regime.
2. Define Balance of payment.
3. What do you mean by options?
4. Define International Monetary System.
5. What is International Liquidity?
6. What do you mean by foreign exchange risk?
7. What is Foreign INVESTMENT Analysis?
8. What is arbitrage?

(5 × 1 = 5)

Section B

Answer any **five** *questions.*
Each question carries 2 *weight.*

9. Explain the benefits of International Portfolio Investment.
10. What are the benefits and cost of FDI to Host country?
11. What are the emerging challenges in International Finance?
12. Differentiate between Absolute and relative PPP theory.
13. Explain briefly the IMF classification of Exchange Rate Regimes.
14. Define SDRs. Explain its features and uses.
15. What are the techniques of covering Foreign exchange risk by MNCs?
16. What are the different types of Swaps?

(5 × 2 = 10)

Section C

Answer any **three** *questions.*

Each question carries 5 weight.

17. What are the different funding facilities through which IMF provides BOP support to member countries?

18. Define International Finance. Explain the features and scope of International Finance.

19. What are the functions and activities of IBRD? Critically evaluate the working of IBRD.

20. Explain the major theories of FDI.

21. Explain the various sources of International finance. Explain the criteria followed while raising funds from International Financial Market.

22. Explain the different types of derivatives with suitable examples.

(3 × 5 = 15)

Section C

Answer any **three** *questions.*

Each question carries 5 weight.

17. What are the different funding facilities through which IMF provides BOP support to member countries ?
18. Define International Finance. Explain the features and scope of International Finance.
19. What are the functions and activities of IBRD ? Critically evaluate the working of IBRD.
20. Explain the major theories of FDI.
21. Explain the various sources of International finance. Explain the criteria followed while raising funds from International Financial Market.
22. Explain the different types of derivatives with suitable examples.

(3 × 5 = 15)

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M.Com. DEGREE (CSS) EXAMINATION, JUNE 2015

Fourth Semester

Faculty of Commerce

Elective – Finance

FMO 4E 02 – FINANCIAL MARKETS AND DERIVATIVES

(2012 Admission onwards – Regular/Supplementary)

Time : Three Hours Maximum Weight : 30

Section A

Answer any **five** *questions.*
Weight 1 each.

1. Define reverse and carry arbitrage.
2. State binomial option price model.
3. Explain time and intrinsic value of option contract.
4. Distinguish between OTC derivatives and exchange traded derivatives.
5. Who are the players in the new issue market?
6. What is financial intermediation?
7. State the difference between investment and speculation.
8. What is cost and carry model of future pricing?

(5 × 1 = 5)

Section B

Answer any **five** *questions.*
Weight 2 each.

9. Explain how interest rate SWAP can reduce the risk of counter parties.
10. Define futures and explain various types of futures.
11. Explain briefly the major players in the derivative market.
12. Define VaR an explain various methods of estimation of VaR.
13. Distinguish between Long Straddle and Short Straddle.
14. Explain the principle of put call purity relationship.
15. The current price of BSE-SENSEX is Rs. 16,500. The Dividend yield on, index is 1% p.a. and the yeild on, risk free asset is 10% p.a.. both on simple interest basic. Their continuously compounding equivalents are .995% p.a. and 9.53% p.a. Calculate the price of 90 day index futures.

Turn over

16. Current market price of shares of A Ltd. is Rs. 100 and an option with exercise price of Rs. 115 for a call option with 12 month to expiration. It is expected that spot price of these shares at the end of 3 months from not might increase by 60% of the current spot price or it might decline by 20% of the current spot price. If risk free rate of interest is 10% p.a., find out the price of the call option.

(5 × 2 = 10)

Section C

Answer any **three** *questions.*

Weight 5 *each.*

17. Examine the role of SEBI in regulating the Indian Financial Markets.
18. Discuss the fundamental option strategies with suitable examples.
19. Describe the components of Indian Financial system and discuss its role and functions.
20. Discuss various types of futures and their characteristics.
21. Current market price of the shares of A Ltd. is Rs. 100 and an option with exercise price of Rs. 115 for a call option with 12 months to expiration. It is expected that spot price of these shares at the end of 3 months from now might increase by 60% of the current spot price or it might decline by 20% of the current spot price. If risk free interest rate is 10% p.a. Find out price of the call option (using Binomial model) ?
22. Current market price of Rs. 50, annual volatility 30%, risk free interest rate 10%. Find the value of 3 months European put option if exercise price is Rs. 40. Using Black Scholes option pricing formula.

(3 × 5 = 15)