



PJ – 527

III Semester M.Com. Examination, January 2019

(CBCS)
COMMERCE

Paper – 3.1 : Business Ethics and Corporate Governance

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** of the sub questions, **each** sub question carries 2 marks. (7×2=14)
- Define Business Ethics.
 - What is ethical congruence ?
 - Define pragmatism.
 - Define CSR.
 - What do you mean by ethical dilemma ?
 - What is hacking ?
 - What is security threat ? Name few of them.
 - What is deceptive marketing ?
 - Define Human quality grid.
 - What is scavenging technique ?

SECTION – B

Answer **any four** questions, **each** question carries 5 marks.

(4×5=20)

- Why ethics does matters in business ?
- Compare Deontology with Utilitarianism.
- Explain creative accounting practices.
- Explain the areas in HRM which are more prone to unethical practices.
- Briefly explain the benefits of corporate governance.
- Explain steps taken in India for Environment Ethics.

P.T.O.



SECTION - C

Answer any three questions, each question carries 12 marks.

(3×12=36)

8. In India corruption is taking place in most of the daily activities, as a student of ethics explain the measures to overcome frauds and corruption in India.
9. 'Do companies had to operate ethically to be financially successful.' – Explain.
10. Explain four social responsibility roles.
11. A manager must possess certain skills in order to translate knowledge into performance what are the required managerial skill in corporate governance.
12. Describe the ethical issues relating to computer applications.



PJ – 528

III Semester M.Com. Examination, January 2019

(CBCS Scheme)

COMMERCE

Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** sub-questions. **Each** sub-question carries **two** marks. (7×2=14)

- Define Forward Contract.
- State some of the characteristics of Human Resource Reporting.
- Give the meaning of Insider Trading.
- What is Hedge Accounting ?
- Give the meaning of Inflation Accounting.
- Give the meaning of IFRS.
- What is triple Bottom Line Reporting ?
- What do you mean by value added reporting ?
 - Who are financial intermediaries ?
 - Mention few of the important stock markets in India.

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. (4×5=20)

- Write a note on Inflation Accounting.
- Give an account of IAS.
- Write a note on sustainability Reporting.
- Write a note on Commodity Market Intermediaries.
- Write a note on Human Resource Accounting.

P.T.O.



7. The company started in the accounting year 17-18 with an opening stock of Rs. 5,00,000 which was purchased in the P.Y. when the price index stood at 200.

The company purchased Rs. 20,00,000 worth goods during the year 17-18 and sold Rs. 24,00,000 worth goods. The Average Price for the year was 205 and as on 31.3.2018 rose to 210.

Compute the cost of Sales Adjusted and value of year end under Current Power Purchasing Method assuming that the company uses (a) FIFO Method (b) LIFO Method.

SECTION - C

Answer **any three**. Each question carries **twelve** marks. **(3×12=36)**

8. State the treatment of 'contingencies' with reference to Ind AS and IFRS.
9. Define the term 'Accounting Standards' ? What is its importance in financial accounting and reporting ?
10. 'Human resource accounting based on economic value is a better technique.' Examine this statement critically.
11. Discuss the major issues in the area of published financial statements. How do you resolve them ?
12. On 24 January, 2018, Hema of Bangalore sold goods to Milton of Washington, USA, for an invoice price \$ 40,000 when the spot market rate was Rs. 64.20 per US \$. Payment was to be received after three months on 24th April, of receipt of payment, Hema immediately acquired a forward contract to sell on 24 April, 2018 US \$ 40,000 at Rs, 63.70. Hema closed her books of account on 31 March, 2018 when the spot rate was Rs. 63.20 per US : \$. On 24 April, 2018, the date of receipt of money by Hema, the spot rate was Rs. 62.70 per US \$.

Pass journal entries in the books of Hema to record the effect of the above mentioned events.



III Semester M.Com. Examination, January 2019

(CBCS Scheme)

COMMERCE

Paper – 3.2 : FB – Financial Markets

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** sub questions. **Each** sub question carries **2** marks. **(7×2=14)**

- a) What is meant by Security market ?
- b) Give the meaning of Insider trading.
- c) Define Merchant banking.
- d) Give the meaning of Prospectus.
- e) Expand SEBI.
- f) What is the role of Euro Currency in International Market ?
- g) Expand NASDAQ.
- h) What is meant by Leasing option ?
 - i) Define Gilt – Edged securities.
 - j) What is meant by De-mat services ?

SECTION – B

Answer **any four** questions. **Each** sub question carries **5** marks.

(4×5=20)

2. Distinguish between primary market and secondary market.
3. Explain the structure of the Government securities market in India.
4. What are the functions of underwriters ?
5. What are the elements involved in pricing of new issues ?
6. What are the guidelines issued by SEBI to protect investor ?
7. Briefly explain the functioning of Tokyo stock exchange.

P.T.O.



SECTION - C

Answer **any three** questions. **Each** sub question carries **12** marks. **(3×12=36)**

8. Explain different methods of selling securities in primary market. /
9. State in detail the guidelines issued by SEBI relating to free pricing of issues.
10. Write a note on functioning of stock exchanges in India. /
11. Discuss the different instruments available in raising funds in international markets. /
12. Write a note on the working of international stock exchanges with respect to their size and listing requirements.



PJ – 530

III Semester M.Com. Examination, January 2019

(CBCS Scheme)

COMMERCE

Paper – 3.3AT : Accounting for Managerial Decisions

Time : 3 Hours

Max. Marks : 70

Instruction : Answer **all** the sub-questions.

SECTION – A

Answer **any seven** of the following sub-questions. **Each** sub-question carries 2 marks.

(7×2=14)

1. a) What are the tools and techniques of marginal costing ?
- b) State the methods for measuring divisional performance.
- c) What is performance budgeting ?
- d) List the criticisms of ZBB.
- e) What are the benefits of cost manuals ?
- f) State the disadvantages of interfirm comparison.
- g) How accounting is useful for managerial decisions ?
- h) List out the criticisms of traditional budgeting.
- i) Define responsibility accounting.
- j) Why is 'Accounting for managerial decisions' important for an organisation ? Explain.

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks.

(4×5=20)

2. Write a note on decision making process.
3. Explain the difficulties in implementing responsibility accounting.
4. The effect of price reduction is always to reduce P/V ratio, raise the break even point and shorter the margin of safety. Explain.
5. Explain the requisites for the installation of uniform costing.
6. Which are the procedures you follow for effective interfirm comparison in the service sector ?

P.T.O.



7. The Best Ltd. manufactures and sells as single product X whose price is Rs. 40 per unit and the variable cost is Rs. 16 per unit.
- If the fixed costs for this year are Rs. 4,80,000 and the annual sales are at 60% margin of safety, calculate the rate of net return on sales, assuming an income tax level of 40%.
 - For the next year, it is proposed to add another product line Y whose selling price would be Rs. 50 per unit and the variable cost Rs. 10 per unit. The total fixed costs are estimated at Rs. 6,66,600. The sales mix of X : Y would be 7 : 3. At what level of sales next year, would the Best Ltd. break-even ? Give separately for both X and Y, the break-even sales in rupees and quantities.

SECTION - C

Answer **any three** questions. **Each** question carries **twelve** marks.

(3×12=36)

8. Briefly explain the pros and consequences of 'database for decision making process'.
9. Sustainability Works Ltd. has at the factory three production departments. Machine shop, Fabrication and Assembly which are the responsibility of the shop superintendent. The shop superintendent along with materials managers, planning superintendent and maintenance engineer report to the works manager at the factory. The office administration, sales and publicity come under the sales manager who along with the works manager report to the managing director of the company. The following data relating to a month's performance are called out from the books of the company :

(Rs. in Lakhs)

Particulars	Budget (Rs.)	Variance from budget
Sales commission	800	50 A
Raw material and components		
- Machine shop	900	20 A
Publicity expenses	1,100	100 A
Printing and stationery	3,200	200 A
Travelling expenses	4,000	200 A
Wages		
- Machine shop	800	10 F
- Fabrication	600	20 A
- Assembly	720	10 A
Material		
- Assembly	760	40 A
- Fabrication	460	10 A
Utilities		
- Machine shop	320	10 A
- Assembly	470	60 F
- Fabrication	560	30 F
- Maintenance	400	20 A
- Stores	210	40 F
- Planning	180	20 A



Shop superintendent's office		
– Salaries and expenses	1,100	22 F
Depreciation – Factory	3,880	40 A
Works manager's office salary and administration	3,810	40 A
General office salaries	4,270	30 A
Managing directors salary and administration	2,800	20 F
(A-Adverse, F-Favourable)		

- i) Treating the machine shop, fabrication and assembly as cost centres, prepare cost sheets for each centre with the help of the additional information: The shop superintendent devotes his time amongst machine shop, fabrication and assembly in the ratio of 4:3:4. Other factory overheads are absorbed on the basis of direct labour in each cost centre. Office administration, selling and distribution overheads are borne equally by the cost centres.
- ii) Treating the machine shop, fabrication and assembly as responsibility centres, prepare a Responsibility Accounting Report for the shop superintendent.
10. Elaborate the concept of 'master budget' ? Write a master budget copy of manufacturing business unit with imaginary figures.
11. A company manufacturing a highly successful line of cosmetics intends to diversify the product line to achieve fuller utilization of its plant capacity. As a result of considerable research made the company has been able to develop a new product called 'EMO'. EMO is packed in tubes of 50 grams capacity and is sold to the wholesalers in cartons of 24 tubes at Rs. 240 per carton. Since the company uses its spare capacity for the manufacturer of EMO, no additional fixed expenses will be incurred. However, the cost accountant has allocated a share of Rs. 4,50,000 per month as fixed expenses to be absorbed by EMO as a fair share of the company's present fixed costs to the new production for costing purposes. The company estimated the production and sale of EMO at 3,00,000 tubes per month and on this basis the following cost estimates have been developed.

	Rs. per carton
Direct materials	108
Direct wages	72
All overheads	54
Total costs	234-

After a detailed market survey the company is confident that the production and sales of EMO can be increased to 3,50,000 empty tubes and the cost of empty tubes, purchased from outside will result in a saving of 20% in material and 10% in direct wages and variable overhead costs of EMO. The price at which the outside firm is willing to supply the empty tubes is Rs. 1.35 per empty tube. If the company desires to manufacture empty tubes in excess of 3,00,000 tubes, new machine involving an additional fixed overheads Rs. 30,000 per month will have to be installed.

**Required :**

- i) State by showing your working whether company should make or buy the empty tubes at each of the three volumes of production of EMO namely 3,00,000 ; 3,50,000 and 4,50,000 tubes.
 - ii) At what volume of sales will it be economical for the company to install the additional equipment for the manufacture of empty tubes ?
 - iii) Evaluate the profitability on the sale of EMO at each, of the aforesaid three levels of output based on your decision and showing the cost of empty tubes as a separate element of cost.
12. The environment friendly manufacturing company currently operating at 80% capacity has received an export order from Middle East, which will utilise 40% of the capacity of the factory. The order has to be either taken in full and executed at 10% below the current domestic prices or rejected totally.

The current sales and cost data are given below :

Sales	—	Rs. 16.00 lakhs
Direct material	—	Rs. 5.80 lakhs
Direct labour	—	Rs. 2.40 lakhs
Variable overheads	—	Rs. 0.60 lakhs
Fixed overheads	—	Rs. 5.20 lakhs

The following alternatives are available to the management :

- a) Continue with domestic sales and reject the export order.
- b) Accept the export order and allow the domestic market to starve to the extent of excess of demand.
- c) Increase capacity so as to accept the export order and maintain the domestic demand by :
 - i) Purchasing additional plant and increasing 10% capacity and there by increasing fixed overheads by Rs. 65,000 and
 - ii) Working overtime at one and half time the normal rate to meet balance of the required capacity.

You are required to evaluate each of the above alternatives and suggest the best one.



PJ – 531

III Semester M.Com Examination, January 2019

(CBCS Scheme)

COMMERCE

Paper – 3.3 FB : Financial Services

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** sub questions. **Each** question carries **2** marks.. **(7×2=14)**

a) What do you mean by Financial intermediation ?

b) What is Sale and lease back ?

c) What is higher purchase agreement ?

d) What are Loan syndication ?

e) Give the meaning of Repo Rate.

f) Mention the features of Credit Card.

g) Define Bank Rate.

h) What do you mean by Derivatives ?

i) Mention the advantages of Dematerialization.

j) What do you mean by Discount Market ?

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks.

(4×5=20)

2. Explain the fund based and non-fund based financial services.

3. Why do companies go for leasing of assets ? Explain.

4. Differentiate between factoring and bills discounting.

5. How do you evaluate new project ideas ? Explain.

P.T.O.



6. What is Mutual Fund ? Explain different types of mutual funds.

7. Briefly explain the functions of CSDL.

SECTION - C

Answer **any three** questions. Each question carries **12** marks.

(3×12=36)

8. Explain the role of financial system in economic development.

9. What are the various legal and tax aspects of leasing ? Discuss.

10. What are the various stages of venture capital financing in India ? Explain.

11. Define Credit rating. Explain the credit rating process and symbols used by ICRA for rating.

12. What is meant by securitization ? Explain the process of securitization.



PJ – 532

III Semester M.Com. Degree Examination, January 2019

(CBCS)

COMMERCE

Paper – 3.4 AT : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

Instruction : Answer *all* the sub-Sections.

SECTION – A

Answer **any seven** of the following. **Each** question carries **two** marks. (7×2=14)

1. a) What are the techniques of cost control ?
- b) What is value engineering ?
- c) What is cost pool and cost object ?
- d) Distinguish between Kaizen Costing and Value Engineering.
- e) Define cost and value.
- f) What are the categories of project life cycle ?
- g) What is lean cost management ?
- h) What is bench marking ?
- i) State any four benefits of PLCC.
- j) What are cost drivers ?

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. (4×5=20)

2. Company X is forced to choose between two machines A and B. The two machines are designed differently, but have identical capacity and do exactly the same job. Machine A costs Rs 1,50,000 and will last for 3 years. It costs Rs. 40,000 per year to run. Machine B is an 'economy' model costing only Rs. 1,00,000, but will last only for 2 years, and costs Rs 60,000 per year to run. These are real cash flows. The costs are forecasted in rupees of constant purchasing power. Ignore tax. Opportunity cost of capital is 10%. Which machine should Company X buy ?

P.T.O.



3. Ever Forward Ltd. is manufacturing and selling two products : Splash and Flash, at selling prices of Rs. 3 and Rs. 4 respectively. The following sales strategy has been outlined for the year 2018.

- Sales planned for year will be Rs. 7.20 lakhs in the case of Splash and Rs. 3.50 lakhs in the case of Flash.
- Break-even is planned at 60% of-the total sales of each product.
- Profit for the year to be achieved is planned at Rs. 69,120 in the case of Splash and Rs. 17,500 in the case of Flash. This would be possible by launching a cost reduction programme and reducing the present annual fixed expenses of Rs. 1,35,000 allocated as Rs. 1,08,000 to Splash and Rs. 27,000 to Flash.
- The selling price of Splash and Flash will be reduced by 20% and 12.5% respectively to meet the competition.

You are required to present the proposal in financial terms giving clearly the following information.

- Reduction in fixed expenses product-wise that is envisaged by the cost Reduction Program.

4. A company is considering the purchase of a new machine for Rs. 3,50,000. It feels quite confident that it can sell the goods produced by the machine so as to yield an annual cash surplus of Rs. 1,00,000. There is however some uncertainty as to the machine's working life. A recently publish Trade Association Survey shows that members of the Association have between them owned 250 of these machines and have found the lives of the machines vary as under :

No. of year of Machine life	3	4	5	6	7	Total
Total No. of machines having given life	20	50	100	70	10	250

Assuming a discount rate of 10% the net present value for each different machine life is as follows :

Machine life	3	4	5	6	7
N.P.V. (Rs.)	(1,01,000)	(33,000)	29,000	86,000	1,37,000

You are required to advice whether the company should purchase a new machine or not.

5. Explain the role of cost accounting in strategic planning.
6. Explain the problems of overhead absorption in traditional system.
7. What are the drawbacks of lean cost management ?



SECTION - C

Answer **any three** questions. **Each** question carries **twelve** marks.

(3×12=36)

8. Altra Video Company sells package of blank Video tapes to its customers. It purchases video tapes from Yash Tape Company at Rs. 150 per packet. Yash Tape Company pays all freight to Altra Video Company. No incoming inspection is necessary because Yash Tape Company has a superb reputation for delivery of quality merchandise. Annual demand of Altra Video Company is 15,600 packages. Altra Video Company requires 10% annual return on its investment. The purchase order Lead time is 2 weeks. The purchase order is passed through internet and it costs Rs. 20 per order. The relevant insurance, material handling etc. is Rs. 10 per package per year.

Altra Video has to decide whether or not to shift to JIT purchasing. Yash Tape Company agrees to deliver 100 packages of Video tapes 156 times per year (6 times every 2 weeks) instead of existing delivery system of 1,200 packages 13 times a year, with additional amount of Re.0.05 per package. Altra Video Company incurs no stock out under its current purchasing policy. It is estimated that Altra Video Company will incur stock out cost on 50 video tape packages under a JIT purchasing policy. In the event of stock out, Altra video company has to rush order tape packages, which costs Rs. 8 per package. Comment whether Altra Video Company should implement JIT purchasing system.

Ram Co. also supplies video tapes. It agrees to supply at Rs. 145 per package under JIT delivery system. If video tape is purchased from Ram Co. relevant carrying cost, would be Rs. 9 per package against Rs. 10 in case of purchasing from Yash Tape Company. However Ram Co. does not enjoy a sterling reputation for quality; Altra Video Company anticipates the following negative aspects of purchasing tapes from Ram Co.

- 1) Incurring additional inspection cost of Rs. 0.05 per package.
- 2) Average stock out of 360 tape packages per year would occur, largely resulting from late deliveries. Ram Co. cannot rush order at short notice. Altra Video Company anticipates lost contribution margin per package of Rs. 10 from stock out.
- 3) Customers would likely return 2% of all packages due to poor quality of the tape and to handle this return, an additional cost of Rs. 25 per package would be incurred.

Comment on whether Altra Video Company can place an order with Ram Co.



9. A company produces four products, viz. P, Q, R and S. The data relating to production activity are as under

Product	Quantity of production	Material Cost/Unit (Rs.)	Direct labour hours/unit	Machine hours/unit	Direct Labour cost/unit (Rs.)
P	1000	10	1	0.50	6
Q	10000	10	1	0.50	6
R	1200	32	4	2.00	24
S	14000	34	3	3.00	18

Production overheads are as under :

	Rs.
Overheads applicable to machine oriented activity	1,49,700
Overheads relating to ordering materials	7,680
Set up costs	17,400
Administration overheads for spare parts	34,380
Material handling costs	30,294

The following further information has been compiled :

Product	No. of set up	No. of materials orders	No. of times materials handled	No. of spare parts
P	3	3	6	6
Q	18	12	30	15
R	5	3	9	3
S	24	12	36	12

Required :

- Select a suitable cost driver for each item of overhead expense and calculate the cost per unit of cost driver.
 - Using the concept of activity based costing, compute the factory cost per unit of each product.
10. Critically evaluate strategic cost management issues in different elements of cost.
11. Elucidate the procedure for implementation and evaluation of kaizen costing
12. Explain the benefits and problems of adoption of ABC system compared to traditional system.

**III Semester M.Com. Degree Examination, January 2019****(CBCS Scheme)****COMMERCE****Paper – 3.4 FB : Securities Analysis**

Time : 3 Hours

Max. Marks : 70

SECTION – A1. Answer **any seven** questions of the following. **(7×2=14)**

- Distinguish between Investment vs Speculation. ✓
- What is Real Estate Investment Trusts (REIT) ?
- Can a business will sustain with high business risk and financial risk ?
Explain. ✓
- What are Municipal Bonds ? ✓
- What is meant by Enterprise Valuation (EV) ?
- What are Free Cash Flows ?
- What are limit orders and stop loss orders ?
- Differentiate between futures and options. ✓
- What is meant by Bond Convexity ? ✓
- Explain the application of covariance in security analysis. ✓

SECTION – BAnswer **any four** questions from the following. **(4×5=20)**

- Discuss various types of conventional and modern investment avenues available to investors for investment. ✓
- During the past five years, you owned two stocks that had the following annual rates of return :

Year	Stock "TCS"	Stock "BHEL"
1	0.19	0.08
2	0.08	0.03
3	- 0.12	- 0.09
4	- 0.03	0.02
5	0.15	0.04

Compute the arithmetic mean, standard deviation of the annual rate of return for each stock. Which stock is most desirable by this measure ? Also compute coefficient of variation for each stock.

P.T.O.



4. What is a P/E Ratio ? Explain the various Relative Valuation Ratios with suitable examples, highlighting their importance in identifying the company as growth, growth stock, defensive companies and stocks, cyclical companies and stock.
5. Briefly discuss the problems related to fundamental analysis that are considered advantage for technical analysis.
6. What is meant by Efficient Market Hypotheses ? Discuss the three types of efficiency with suitable statistical tests to identify them.
7. A stock is currently trading for Rs. 150 and in one period it will either go up by 25 % or fall by 15 %. If one period risk free rate of return is 6%, what is the price of a European Call Option that expires in one period and has an exercise price of Rs. 150, use Binomial Option Pricing Model (BOPM) to value the option.

SECTION - C

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

(3×12=36)

- ✓8. The returns on the equity stock of Auto Electrical Limited and the market portfolio over an 11 year period are given below :

Year	Return on Auto Electricals Ltd., (%)	Return on Market Portfolio (%)
1	15	12
2	- 6	1
3	18	14
4	30	24
5	12	16
6	25	30
7	2	- 3
8	20	24
9	18	15
10	24	22
11	8	12

Calculate the beta for the stock of Auto Electricals Limited. Establish the characteristics line for the stock of Auto Electricals Limited.



9. R.D. Gupta recently purchased a bond with a Rs. 2,000 face value, a 10 per cent Coupon rate, and five years to maturity. The bond makes annual interest Payments, the first to be received one year from today. Mr. Gupta paid Rs. 2,100. For the bond.

- i) What is the bond's Yield - To - Maturity ?
- ii) If the bond can be called two years from now at a price of Rs. 2,500. What is its Yield - To - Call ?

✓ 10. Discuss various technical charts useful in understanding the support and resistance levels of stocks in case of technical analysis.

11. What is meant by Listing ? Discuss the concept of settlement and trading procedure applicable for intraday trading and position trading in NSE.

✓ 12. Explain various bond theorems with a hypothetical example. Solve the following exercise.

Find the portfolio variance of a portfolio consisting of equities, bonds and real estate, if the portfolio weights are 25 %, 50 % and 25 %. The standard deviations are 0.1689, 0.0716 and 0.0345 respectively. And, the correlations are 0.45 per equity and bonds, 0.35 for equities and real estate and 0.20 for bonds and real estate.

SECTION - B

Answer any four questions from the following.

(4×5=20)

2. Discuss various types of conventional and modern investment avenues available to investors for investment.

3. During the past five years you owned two stocks that had the following annual rates of return:

Year	Stock "TCS"	Stock "BHEL"
1	0.19	0.08
2	0.08	0.03
3	0.17	-0.09
4	-0.03	0.02
5	0.15	0.04

Compute the arithmetic mean, standard deviation of the annual rate of return for each stock. Which stock is most desirable by this measure ? Also compute coefficient of variation for each stock.

R.T.O.



PJ – 534

III Semester M.Com. Degree Examination, January 2019

(CBCS)

COMMERCE

Paper – 3.5 (AT) : Direct Taxes and Planning

Time : 3 Hours

Max. Marks : 70

Instruction : Answer *all* Sections.

SECTION – A

1. Answer **any seven** of the following. **Each** question carries **two** marks : **(7×2=14)**

- Define Domestic Company.
- Distinguish between Tax Planning and Tax Evasion.
- State the provisions of Residential Status of the Company.
- ABC (P) Ltd. made a provision of 30 lacs for doubtful debts by debiting to profit and loss account. The Assessing Officer, while computing book profit under Section 115JB, wants to add back the provision. Is the Assessing Officer justified in making such addition for computing book profit ? Just answer in 2 sentences.
- What is Advance Tax Ruling ?
- What do you mean by Arm's Length Price under Transfer Pricing ?
- Mention the due date for TDS payment and TDS return filing.
- Give conditions for claiming additional depreciation under Income Tax.
- Provide tax rate (Basic tax rate, Surcharge and Cess) applicable to domestic and foreign companies for the AY 2018-19.
- Provide Appellate Authorities under Income tax Law in proper order.

SECTION – B

Answer **any four** of the following. **Each** question carries **five** marks : **(4×5=20)**

- Write a short note on Structure or basic frame work of direct taxes.
- Write a short note on sec. 1941 (TDS on rent) and 194 A (TDS on Interest other than securities) of Income Tax Act of 1961.

P.T.O.



4. X Ltd., a pharmaceutical company having accumulated losses and unabsorbed depreciation to be set off in future for Rs. 130 lacs and Rs. 250 lacs as on 31-03-2017 was demerged on 16-5-2017 and 30% of its total assets were transferred to resulting company, XY Ltd., How accumulated losses and unabsorbed depreciation of the demerged company shall be dealt with in the return for the Assessment Year 2018-19 of the resulting company.
- When the same are not directly related to undertakings transferred.
 - When the same are directly related to the undertakings transferred.
5. G. V. Ltd., has furnished the following particulars relating to payments made towards scientific research for the year ended 31-3-2018. Calculate the amount of deduction allowable under Section 35 of IT Act of 1961 :

Particulars	(in Crores)
• Payments made to Chanakya Research Ltd.	20
• Payment made to G. M. College for social research	15
• Payment made to Mean Median Mode College for Statistical research (M Qube College)	10
• Payment made to National Laboratory	8
• Machinery purchased for in-house scientific research	25
• Salaries to research staff engaged in in-house scientific research	12

6. X Ltd. set up a manufacturing unit in Warangal in the state of Telangana on 1-06-2017. It invested Rs. 30 Crore in new plant and machinery on 1-6-2017. Further, it invested Rs. 25 Crore in the plant and machinery on 01-11-2017, out of which 5 crore was second hand plant and machinery. Compute the depreciation allowable under Section 32. Is X Ltd. entitled for any other benefit in respect of such investment ? If So, what is the benefit available ?

7. What are the condition to get the deduction under Sec. 37 ? Can amount paid to Doctor as referring fee be allowed as deduction for pharmacy and diagnostic company under Sec. 37. Examine.

SECTION – C

Answer **any three** of the following. **Each** question carries **twelve** marks : (3×12=36)

8. Specify with reason, whether the following acts can be considered as :
- Tax planning : or
 - Tax management : or
 - Tax evasion.
- i) Mr. P deposits 1,00,000 in PPF Account so as to reduce his total income from Rs. 3,40,000 to Rs. 2,40,000.



- ii) SQL Ltd., maintains register of tax deduction at source effected by it to enable timely compliance.
 - iii) An individual tax payer making tax saver deposit of Rs. 1,00,000 in a nationalized bank.
 - iv) A partnership firm obtaining declaration from lenders/depositors in Form No. 15G/15H and forwarding the same to income-tax authorities.
 - v) A company installed an air-conditioner costing Rs. 75,000 at the residence of a director as per terms of his appointment but treats it as fitted in quality control section in the factors. This is with the objective to treat it as plant to the purpose of computing depreciation.
 - vi) RR Ltd. issued a credit note for Rs. 80,000 as brokerage payable to Mr. Ramana who is the son of the managing director of the company. The purpose is to increase the total income of Mr. Ramana from Rs. 4,00,000 to Rs. 4,80,000 and reduce the income of RR Ltd., correspondingly.
 - vii) A company remitted provident fund contribution of both its own contribution and employees' contribution on monthly basis before due date.
9. The net profit as per the Profit and Loss Account of XYZ Ltd., a resident company, for the year ended 31-3-2017 is 190 lacs arrived at after making the following adjustments.

Particulars	(in lacs)
i) Depreciation on assets	100
ii) Reserve for currency exchange fluctuation	50
iii) Provision for tax	40
iv) Proposed dividend	120

Following further information are also provided by company

- a) Net profit includes 10 lacs, being dividend received from an Indian subsidiary company.
- b) Provision for tax includes 16 lacs of tax payable on distribution of profit and of 2 lacs of interest payable on Income-Tax.
- c) Depreciation includes 40 lacs towards revaluation of assets.
- d) Amount of 50 lacs credited to P and L account was drawn from revaluation reserve.
- e) Balance of profit and Loss Account shown in balance sheet at the asset side as at 31.3.2016 was 30 lacs which includes unabsorbed depreciation of 10 lacs.

Compute the income of the company for the year ended 31-3-2018 liable to tax under MAT.

100
50
40
20



10. M/s Chatrapathi Shivaji Ltd. a manufacturing company provided the following details of the assets as on 01-04-2017. Calculate depreciation allowable under IT Act, 1961.

Particulars	WDV on 1-4-2017	Additions More than 180 days	Additions less than 180 days	Scrap value	Rate of Depreciation
Plant and Machinery	42,20,000	6,90,000	—	2,10,000	15%
Aircraft	34,50,000	5,00,000	—	—	40%
Motor Buses and Lorries (used for hiring)	6,40,000	—	2,80,000	4,15,000	30%
Imported cars	—	—	3,60,000	—	15%
Patent Rights	—	8,00,000	—	—	25%
Technical know how	—	6,00,000	—	—	25%

11. Answer both the questions below :

A) Explain the best judgement assessment u/s 144 of IT Act, 1961.

And

B) Enumerate the provisions of Advance tax and its installment for companies.

12. X Ltd., wants to acquire an equipment for which the following two alternatives are available.

Alternative I. To lease the equipment for 7 years, which is the machine's expected useful life. The annual lease payments would be Rs. 14,700 and would include service and maintenance. Lease payments would be due at the end of the year.

Alternative II. To purchase the equipment through 100 per cent loan. The cost of the machine is Rs. 50,000. It would make seven annual payments of Rs. 9,935 each to repay the loan of Rs. 50,000. Payments would be made at the end of each year.

The marginal tax rate is 44%. It has estimated that the equipment has an expected salvage value of Rs. 1,000. The Company plans to depreciate the equipment by using straight-line method. The service and maintenance would cost Rs. 3,700 annually.

You are required to advise on the desirability of the acquisition mode using the following PV factor.

Year	0	1	2	3	4	5	6	7
PVF	1.00	0.952	0.907	0.864	0.823	0.784	0.746	0.711

PVF for salvage value 0.452.



PJ – 535

III Semester M.Com. Degree Examination, January 2019
(CBCS Scheme)

COMMERCE

Paper – 3.5 FB : Portfolio Management

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** sub-questions. **Each** sub-question carries **2** marks. **(7×2=14)**
- What are the objectives of portfolio management ?
 - What is Asset Mix Decision ?
 - State the assumptions of Markowitz Theory.
 - What is Arbitrage Process ?
 - What is Portfolio Revision ?
 - What is Portfolio Hedging ?
 - What is efficient market ?
 - What are Credit Derivatives ?
 - What is open-ended and closed-ended funds ?
 - What are Load funds and No-load funds ?

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks. **(4×5=20)**

- Briefly analyse the nature and scope of portfolio management.
- How are risk and return calculated under Arbitrage Pricing Theory ?
- The A and B Corporations have the following expected risk and return inputs for the next year. Find out the portfolio risk, if 50% of funds are allocated for each stock.

	A	B
Return	20%	23%
Risk	21%	25%
Correlation coefficient	0.4	

P.T.O.



5. Explain the strategies for managing a bond portfolio. ✓
6. "Indian stock market is efficient". Analyse.
7. Explain the constituents of Mutual Fund Organization. ✓

SECTION - C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

8. What are the steps in the traditional portfolio theory ?
9. "Investors are utility maximizers", do you agree ? Explain with the help of suitable example.
10. Consider the characteristics of the following two portfolios.

	Observed Return	Beta	Residual Variance
Portfolio - A	0.18	2.0	0.03
Portfolio - B	0.12	1.5	0.00

The risk-free rate is 0.07. The return on the market portfolio is 0.15. The standard deviation of the market is 0.06.

- a) Compute the Jensen Index for portfolio A and B
 - b) Compute the Sharpe Index for the market portfolio.
 - c) Compute the Sharpe Index for portfolios A and B.
 - d) Compute the Treynor Index for the portfolios A and B.
11. "A market may be efficient in weak form but it may not be efficient in semi-strong or strong form of efficiency". Is it possible ?
 12. What do you mean by managed portfolio ? Discuss the methods of performance evaluation of managed portfolio.



PJ – 031

III Semester P.G. Examination, January 2019
(Open Elective for V Sem. M.Sc. Students also)

(CBCS)

ENGLISH

Paper 3.6 : Write it Right

Time : 3 Hours

Max. Marks : 70

Instruction : Attempt all Parts:

PART – A

1. Answer the following questions in **two or three sentences each** : **(2×10=20)**

- What is paragraph organisation in writing essay ?
- Define concord.
- How is dissertation different from essay ? Mention two differences.
- With two examples, prove the inconsistency of English spellings.
- What is verbosity in good writing ?
- What are the five components of writing ?
- When do we use colons ? Give examples.
- What is the use of punctuation in a sentence ?
- What is article ?
- What is paragraph ?

PART – B

Answer **any four** from the six questions given below : **(4×5=20)**

- Make sentences with the words given in pairs below to bring out the difference in meanings.
 - Affect; effect
 - Coarse; course
 - Foreword; forward
 - Loose; lose
 - Pour; pore.

P.T.O.



3. Fill in the blanks with appropriate articles.

_____ main body of the chapter looks at three different approaches to anarchism. _____ first seeks to understand _____ core principles of anarchism by abstracting key ideas from _____ works of designated anarchist thinkers. The second emphasizes the broadness of the ideology by categorizing anarchists into _____ variety of schools or traditions.

4. Fill in the blanks with appropriate words given below in brackets.

This handbook provides a _____ review of the rapidly expanding field of critical psychology, and will serve as a key _____ for researchers, teachers and students. The book as a _____ comes as close as is possible to defining the _____ of critical psychology. There are important reasons why that task is actually unachievable and I will _____ some reasons in this introduction.

(whole; scope; comprehensive; address; resource)

5. Punctuate the following.

when you want to work on real project using Design Thinking begin the process with a specific and purposeful situation or problem to solve called Design Challenge the Design challenge should be manageable clear actionable and hopefully inspiring your problem statement should be an outcome and not a solution

6. Correct the following sentences.

- a) Everybody must bring their own lunch.
- b) These recipes is good for cold season.
- c) I go to the store and bought milk.
- d) I can't hardly believe.
- e) Turn left by the crossroads.

7. Fill in the blanks with appropriate prepositions :

Everyday Life and Cultural Theory provides a unique critical and historical introduction _____ theories _____ everyday life. Ben Highmore traces the development _____ conceptions _____ everyday life from the cultural sociology of Georg, Simmel, through the Mass-Observation project of the 1930s _____ contemporary theorists such as Michel de Certeau.



PART – C

8. Write **two** or **three** paragraphs on **any** of the following topics :
The joys of reading OR The effects of watching films OR outdoor games. 10
9. Write a letter to the administration stating the problems of basic amenities and infrastructure in your residential area. 10
10. Read the following passage and answer the question given below. 10

Epistemology, which is also called the theory of knowledge, is the branch of philosophy concerned with enquiry into the nature, sources and validity of knowledge. Among the chief questions it attempts to answer are : What is knowledge ? How do we get it ? Can our means of getting it be defended against sceptical challenge ? These questions are implicitly as old as philosophy, although their first explicit treatment is to be found in Plato (c. 427 – 347 BC), in particular in his *Theaetetus*. But it is primarily in the modern era, from the seventeenth century onwards – as a result of the work of Descartes (1596 – 1650) and Locke (1632 – 1704) in association with the rise of modern science – that epistemology has occupied centre-stage in philosophy.

One obvious step towards answering epistemology's first question is to attempt a definition. The standard preliminary definition has it that knowledge is *justified true belief*. This definition looks plausible because, at the very least, it seems that to know something one must believe it, that the belief must be true and that one's reason for believing it must be satisfactory in the light of some criterion – for one could not be said to know something if one's reasons for believing it were arbitrary or haphazard. So each of the three parts of the definition appears to express a necessary condition for knowledge and the claim is that, taken together, they are sufficient.

There are, however, serious difficulties with this idea, particularly about the nature of the justification required for true belief to amount to knowledge. Competing proposals have been offered to meet the difficulties, either by adding further conditions or by finding a better statement of the definition as it stands. The first part of the following discussion considers these proposals.

In parallel with the debate about how to define knowledge is another about how knowledge is acquired. In the history of epistemology there have been two chief schools of thought about what constitutes the chief means to knowledge. One is the 'rationalist' school, which holds that reason plays this role. The other is the 'empiricist', which holds that it is experience, principally the use of the senses aided when necessary by scientific instruments, which does so.



The paradigm of knowledge for rationalists is mathematics and logic, where necessary truths are arrived at by intuition and rational inference. Questions about the nature of reason, the justification of inference and the nature of truth, especially necessary truth, accordingly press to be answered.

- a) How is Epistemology defined ?
- b) What does epistemology answer ?
- c) Who are mentioned in relation with epistemology ?
- d) When did epistemology occupy the centre-stage in philosophy ?
- e) What is knowledge according to epistemology ?
- f) Why is the definition of knowledge plausible according the paragraph ?
- g) What is considered along with the debate of defining knowledge ?
- h) What is the view of Rationalist School about knowledge ?
- i) What is the view of Empiricist school about knowledge ?
- j) What is the paragraph about ?