

Q.P. Code : 60571

**Third Semester M.Com. Degree Examination,
January/February 2020**

(CBCS Scheme)

Commerce

Paper 3.1 — BUSINESS ETHICS AND CORPORATE GOVERNANCE

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

1. Answer any **SEVEN** questions out of Ten. Each question carries **2** marks :
(7 × 2 = 14)

- (a) What is code of ethics?
- (b) What is Whistle blowing?
- (c) What is insider trading?
- (d) Define CSR.
- (e) Define Corporate Governance.
- (f) What are values?
- (g) What is virus?
- (h) Define creative accounting.
- (i) What is predatory pricing?
- (j) State the difference between Tax evasion from tax avoidance.

SECTION – B

- Answer any **FOUR** questions out of Six. Each question carries **5** marks :
(4 × 5 = 20)

2. Religion to a great extent influences ethical practice. Explain.
3. Is ethical Hacking Justifiable? Explain with suitable illustrations.
4. Compare individualism and collectivism in HRM.

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5. Why is utilitarianism useful for conducting a Stakeholder analysis?
6. Explain 4 areas of pricing which are Unethical and illegal.
7. How does CSR contribute towards social development? Take Indian corporate as case study and explain.

SECTION - C

Answer any **THREE** questions out of Five. Each question carries **12** marks :
(3 × 12 = 36)

8. Examine how companies use creative accounting to mislead stakeholders.
9. Discuss the provisions of the New Companies Act, 2013, relating to changes in Corporate Governance issues.
10. Give an account of deceptive marketing practices in Indian business.
11. "Mergers and Acquisitions" have both ethical and unethical practices". Discuss with contemporary Indian examples.
12. Critically evaluate the 'Deontological theory', explain briefly its strength and weakness.

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Commerce

Paper 3.2 AT — CORPORATE FINANCIAL REPORTING

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answers *ALL* Sections.

SECTION – A

1. Answer any **SEVEN** questions. Each question carries **2** marks : **(7 × 2 = 14)**
- (a) Why do we need accounting standard?
 - (b) What is meant by Economic Value Added (EVA)?
 - (c) What is inflation accounting?
 - (d) How do you define Hedge Accounting?
 - (e) What is shareholders' value Added statement?
 - (f) What is ADR?
 - (g) Who can be a Merchant Banker?
 - (h) What is the latest problem of Non Banking Finance Companies (NBFC) in India?
 - (i) What is NOPAT?
 - (j) What is the difference between Accounting profit and Economic profit?

SECTION – B

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

- 2. What are the types of Accounting standards?
- 3. What are the differences between Indian Accounting Standards (IAS) and Vs GAAP?

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4. Write a brief note on the role of Merchant Bankers.
5. How do you prepare the shareholders' value Added statement?
6. State the treatment of contingencies with reference to Indian Accounting standard and IFRS.
7. A company started the Accounting year 2019-20 with an opening inventory of ₹ 5,00,000 which was purchased in the previous year when the price index stood at 200. The company purchased 2000000 worth goods during the year 2019-20 and sold 2400000 worth goods. The Average price index for the year was 205 and by 31 March 2020, it increased to 210. Using these details, compute the cost of goods sold and the value of year end-inventory under current purchasing power method assuming that the company follows (a) FIFO method and (b) LIFO method.

SECTION - C

Answer any **THREE** questions out of Five. Each question carries **12** marks :

(3 × 12 = 36)

8. Why do you think that Vs Generally Accepted Accounting standards are superior to Indian Accounting standards? Explain.
9. Explain the provisions of Indian Accounting standard to be applied in preparing the cash flow statement? Why is it made mandatory?
10. What are the financial aspects that are to be reported by Listed Non Banking Finance Company to securities Exchange Board of India (SEBI)? Explain.
11. From the following details, compute the EVA :

Net sales	: ₹ 3,00,000
Cost of Goods sold	: 60% of sales
Fixed cost	: ₹ 35,000 (including depreciation ₹ 20,000)
Tax rate	: 30%
Pre-cost of debt	: 12%
Estimated cost of equity	: 15%

Target capital structure of the firm has a debt of 30% to total capital

Total capital employed : ₹ 1,50,000

And also reconcile the value Added with profit before taxation.

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12. On 24 January, 2019 Chennappa of Hyderabad sold goods to Watson of USA for an invoice price \$ 40,000 when the spot market rate was 64-20 per US \$. Payment was to be received after 3 months on 24 April, 2019. To mitigate the risk of loss from decline in the exchange rate on the date of receipt of payment. Chennappa immediately acquired a forward contract to sell on 24 April, 2019 US \$ 40000 at ₹ 63.70. Chennappa closed his books of accounts on 31st March 2019 when the spot rate was ₹ 63.20 per US \$. On April 2019 the date of receipt of money by Chennappa, the spot rate was ₹ 62.70 per US \$.

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

Instructions to Candidates: Answer ALL Sections.

SECTION - A

Answer any SEVEN questions. Each question carries 2 marks : (7 × 2 = 14)

- Why do we need accounting standard?
- What is meant by Economic Value Added (EVA)?
- What is related to accounting?
- How do you do Hedge Accounting?
- What is short-term EVA Added statement?
- What is ADR?
- Who can be a Merchant Banker?
- What is the latest problem of Non Banking Finance Companies (NBFC) in India?
- What is NOPAT?
- What is the difference between Accounting profit and Economic profit?

Answer any SEVEN questions. Each question carries 2 marks : (7 × 2 = 14)

- What are the types of Accounting?
- What are the differences between Indian Accounting and GAAP?

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**Third Semester M.Com. Degree Examination,
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(CBCS Scheme)

Commerce (Finance)

Paper FB 3.2 – FINANCIAL MARKETS

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

Answer any **SEVEN** questions of the following. Each carries **2** marks : **(7 × 2 = 14)**

1. (a) What is meant by secondary market?
- (b) Who are the key players of financial market?
- (c) Expand NASDAQ.
- (d) What is Samurai Bonds?
- (e) What is meant by Book Building?
- (f) What is Private Placement?
- (g) Give meaning of Insider Trading.
- (h) Give meaning of Green Shoe Option.
- (i) What you mean by Demat trading services?
- (j) What is meant by Circuit Breaker?

SECTION – B

Answer any **FOUR** questions of the following. Each carries **2** marks : **(4 × 5 = 20)**

2. Distinguish primary market and secondary market.
3. What are guidelines issued by SEBI to protecting investors?
4. Write a note on OTCE Market.
5. List the details to be given in prospectus at the time IPO.
6. What are elements involved in pricing of new issue?
7. Write a note on trading mechanism of BSE.

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SECTION - C

Answer any **THREE** questions of the following. Each carries **2** marks: **(3 × 12 = 36)**

8. Explain the role and functions of SEBI in regulating and controlling stock markets in Indian.
9. Write a detail note on 'Geo-Political war triangle'. How it is influencing on Financial Markets?
10. Explain the guidelines for raising funds in International Markets.
11. Explain the role of issue managers in Public Issue Management.
12. Explain the functioning of Luxemburg and Germany stock exchange.

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(CBCS Scheme)

Commerce

Paper 3.3 — AT : ACCOUNTING FOR MANAGERIAL DECISIONS

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answers **ALL** Sections.

SECTION - A

1. Answer any **SEVEN** of the following sub-questions. Each sub question carries **2** marks : **(7 × 2 = 14)**
 - (a) What are incremental costs?
 - (b) Define EOQ.
 - (c) What is meant by 'Key factor'?
 - (d) Give the meaning of overhead variance.
 - (e) List any two limitations of PV Ratio.
 - (f) Give the meaning of Angle of Incidence.
 - (g) What is 'Rolling Budget'?
 - (h) Write any two differences between relevant costs and irrelevant costs.
 - (i) What is Responsibility Reporting?
 - (j) Give the meaning of ZBB.

SECTION - B

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

2. List out the steps involved in implementation of responsibility accounting.
3. Explain the practical difficulties in inter firm comparison.
4. State how PPBS is superior to conventional budgeting.
5. Explain the steps in the Decision Making Process.

Q.P. Code : 60573

6. The sales turnover and profit during two years were as follows :

Year	Sales	Profit
2015	140000	15000
2016	160000	20000

Calculate :

- P/V ratio
 - BEP
 - Profit when sales are Rs. 1,20,000
 - Sales required to earn a profit of Rs. 40,000.
7. The following data relates to a company which manufactures 3. products A, B and C.

Particulars	A	B	C
Production	2000	2400	3000
Cost per unit			
Material	5	8	12
Labour	2	4	3
Variable overheads	1	2	1
Fixed overheads	6	5	6
Total	14	19	22
Selling price	20	25	30
Profit	6	6	8

The production manager suggests that one production line should be discontinued if he undertakes to double the existing production in the remaining two production lines. If the suggestion is accepted, which production line should be discontinued?

SECTION - C

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

- What is meant by the term 'Budgeting'? Mention the type of budgets normally prepared by a big industrial undertaking.
- "Uniform costing helps management for taking crucial decisions". Discuss the statement with reference to requisites, merits and limitations of uniform costing.
- The chief cost accountant of a company running an orchard with an adequate supply of labour, presents the following data and request you to advice about the area to be allotted for the cultivation of various types of fruits, which results in maximization of profits. The company contemplates growing apples lemons orange and peaches.

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Particulars	Apple	Lemon	Orange	Peaches
Selling price per box (Rs.)	15	15	30	45
Seasons yield in boxes per acre cost in (Rs.)	500	150	100	100
Materials per acre	270	105	90	150
Labour growing per acre	300	225	150	195
Ticking and packing per box	1.50	1.50	3.00	4.50
Transport per box	3	3	1.50	1.50

The total fixed cost in each season would be of Rs. 2,10,000 the following limitations are also placed before.

- The area available is 450 acres, but out of these 300 acres are suitable for growing only orange and lemon. The Balance of 150 acres is suitable for growing any of the four fruits.
- As they produce may be hypothecated to banks, area allocated for any fruits should be demarcated in complete acres and not in limited acres.
- The marketing strategy of the company requires the compulsory production of all the four types of fruits in a season and the minimum quantity of any one type to be 18000 boxes. Calculate the total profit that accrues if your advice is followed.

11. Agrocaps Ltd., in manufacturing agricultural machinery, is preparing its annual budget for the coming year. The company has a metal pressing capacity of 20,000 hours, which will be insufficient for manufacture of all requirements of components A, B, C and D.

The company has the following choices :

- Buy the components entirely from outside suppliers.
- Buy from outside suppliers and/or use a partial second shift.

The data for the current year are given below :

Standard production cost per unit

Component	A (Rs.)	B (Rs.)	C (Rs.)	D (Rs.)
Variable cost :				
Direct materials	37	27	25	44
Direct wages	10	8	22	40
Direct expenses	10	20	10	60
Fixed overhead	5	4	11	20
Total production cost p.u.	62	59	68	164
Requirements in units	2,000	3,500	1,500	2,800

Direct expenses relate to the use of the metal presses which cost Rs. 10 per hour, to operate. Fixed overheads are absorbed as a percentage of direct wages.

Supply of all or any part of the total requirement can be obtained at following prices, each delivered to the factory :

Component	(Rs.)
A	60
B	59
C	52
D	168

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Second shift operations would increase direct wages by 25 percent over the normal shift and fixed overhead by ₹ 500 for each 1,000 (or part thereof) second shift hours worked. You are required to present, with calculations :

- (a) Which component, and in how much quantities should it be manufactured in the 20,000 hours of press time available?
- (b) Whether it would be profitable to make any of the balance of components required on a second shift basis instead of buying them from outside suppliers.

12. A production department of a large manufacturing organization has furnished the following data for May 2014.

(Rs.)		
Particulars	Budget	Actual
Direct materials	4,00,000	5,10,000
Direct wages	2,50,000	3,25,000
Repairs Maintenance (Rs. 100 lakhs fixed)	2,00,000	2,20,000
Supervision (Fixed)	1,00,000	1,10,000
Consumable Stores (Variable)	75,000	95,000
Factory Rent (Fixed)	50,000	50,000
Depreciation (Fixed)	1,00,000	1,00,000
Tools (Variable)	25,000	30,000
Power and Fuel (Variable)	1,50,000	1,80,000
Administration (Fixed)	2,50,000	2,65,000

The department has 50 identical machines. During May 2014, the budgeted and actual productions of the department are 10,000 and 12,500 units respectively. However, if the department was closed and the machine production services were hire from outside the cost of hiring the services of similar machines would be Rs. 150 per unit.

- (a) You are required to present reports showing the evaluation of the performance of the department based on the concept of (i) Cost Centre (ii) Profit Centre and (iii) Responsibility Centre.
- (b) It is felt that since the total budgeted cost of production per unit is greater than the cost of hired services, the possibility of closing down the department and use of hired services should be explored if the budgeted production cannot be increased in June 2014. Assuming that the budgeted expenses and level of output planned for May 2014 will hold good for June 2014 also, calculate the volume of output required to justify the continuance of the department.

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(CBCS Scheme)

Commerce (Finance)

Paper FB 3.3 – FINANCIAL SERVICES

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

Answer any **SEVEN** sub questions. Each carries **2** marks : **(7 × 2 = 14)**

1. (a) How does credit card differs from debit card in use?
(b) Define bank rate.
(c) What are zero coupon bonds?
(d) What is rematerialisation?
(e) What is revolving credit?
(f) What is balloon lease?
(g) What is credit rating?
(h) What is hire purchase?
(i) What is cross border leasing?
(j) Give the meaning of Hedging.

SECTION – B

Answer any **FOUR** questions, each carries **5** marks : **(4 × 5 = 20)**

2. What are the causes for failure of leasing in India?
3. Bring out difference between lease and hire purchase.
4. Briefly explain mechanism of mutual fund operations.
5. Explain the tax aspect of leasing.
6. Briefly explain the functions of CSDL.
7. How do you evaluate new project ideas? Explain.

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SECTION - C

Answer any **THREE** questions, each carries **12** marks : **(3 × 12 = 36)**

8. Define credit rating. Explain the credit rating process and symbols used by ICRA for rating.
9. Give an account of consumer financing practices in India.
10. What are the mechanics of credit rating? What are the advantages to the investors, issuers and intermediaries? Are there any drawbacks of credit rating?
11. Bring out the latest guidelines issued by SEBI with respect to venture capital financing in India.

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(CBCS – Semester Scheme)

Commerce

Paper 3.4 AT – STRATEGIC COST MANAGEMENT – I

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates : Answers *ALL* the questions.

SECTION – A

1. Answer any **SEVEN** of the following sub-questions. Each sub-question carries **2 marks** : **(7 × 2 = 14)**

- Give the meaning of cost management.
- State any four limitations of traditional costing system.
- What are cost control and cost reduction?
- Give the meaning of business process re-engineering.
- State the different phases of product life cycle costing.
- What is kaizen costing?
- Mention the benefits of product life cycle costing.
- What do you mean by target costing?
- What is JIT?
- What do you mean by lean cost management?

SECTION – B

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

- Explain the strategic management issues in different elements of cost.
- Briefly explain the steps in strategic cost management programme.
- What is ABC? How does ABC system supports corporate strategic planning?
- What do you understand by cost reduction? How cost reduction is the key for global competitiveness?

Q.P. Code : 60574

6. Explain the different categories of project life cycle costing.
7. Inorganic Chemicals Ltd. is about to replace its old boiler equipment, either by a coal fired system or by an oil-fired system. Finance costs 15% a year and other estimated costs are as follows :

(Rs. '000)

	Coal	Oil
Initial Cost of Boiler	70	100
Annual operating costs	60 p.a	45 p.a

If the company expected the new boiler system to last at least fifteen years, which system should be chosen?

(PV of annuity of Re. 1 at 15% for 15 years = 5.847)

SECTION - C

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

8. Explain how life cost analysis is prepared, implemented and monitored.
9. What are the objectives of JIT approach? Explain how JIT responsible for bringing changes in industry?
10. Discuss the performance measures under JIT approach.
11. The following are the data relating to Godrej Company :

Particulars	P	Q	R	Total
Production and Sales (units)	60000	40000	16000	
Raw material usage in units	10	10	22	
Raw material cost	Rs. 50	Rs. 40	Rs. 22	2276000
Direct labour hours	2.5	4	2	342000
Machine hours	2.5	2	4	294000
Direct labour costs	Rs. 16	Rs. 24	Rs. 12	
No. of production runs	6	14	40	60
No. of deliveries	18	6	40	64
No. of receipts	60	140	880	1080
No. of production orders	30	20	50	100

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Overheads :

Set up	60000
Machines	1520000
Receiving	870000
Packing	500000
Engineering	746000

The Company operates a Just In Time inventory policy and received each Component once per production run.

Compute :

- the product cost based on direct labour hour recovery rate of overheads
- the product cost using ABC

12. A machine used on a production line must be replaced at least every four years. The cost incurred in running the machine according to its age are :

	Age of machine (years)				
	0	1	2	3	4
Particulars	60000				
Maintenance		16000	18000	20000	20000
Repairs			4000	8000	16000
Net realizable value		32000	24000	16000	8000

Future replacement will be identical machines with the same costs.

Revenue is unaffected by the age of the machine. Assume there is no inflation and ignore tax. The cost of capital is 15%.

Determine the optimum replacement cycle.

Present value factors at 15% for years, 1, 2, 3 and 4 are 0.8696, 0.7561, 0.6575, and 0.5718 respectively. Present value of annuity at 15% for years 1, 2, 3 and 4 are 0.8696, 1.6257, 2.2832 and 2.8550 respectively.

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**Third Semester M.Com. Degree Examination,
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(CBCS Scheme)

Commerce (Finance)

Paper FB 3.4 – SECURITY ANALYSIS

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

Answer any **SEVEN** questions. Each question carries **2** marks : **(7 × 2 = 14)**

1. (a) Distinguish coupon bearing bonds and zero coupon bonds.
(b) What is sweat equity?
(c) Distinguish systematic risk and unsystematic risk.
(d) What is yield curve?
(e) Distinguish fixed income and variable income securities.
(f) What is technical analysis? Mention the three types of trends under technical analysis.
(g) What does Beta of three represent?
(h) Define In-the-Money and At-the-Money in a call option.
(i) What is an efficient market?
(j) Define correlation co-efficient. What are the maximum and minimum values of correlation co-efficient?

SECTION – B

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

2. Bring out the differences between investment and speculation.
3. From the following particulars determine :
 - (a) Expected rate of return of securities and
 - (b) Standard deviations of the securities.

Company A		Company B	
Probability	Returns (%)	Probability	Returns (%)
0.20	10	0.20	12
0.30	12	0.25	14
0.35	14	0.35	16
0.15	8	0.20	8

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4. Explain investment process.
5. Bring out the differences between fundamental analysis and technical analysis.
6. Calculate the duration for Bond A and Bond B from the following information :

Particulars	Bond A	Bond B
Face value	Rs. 1,000	Rs. 1,000
Coupon rate	7%	8%
Maturity period	4 years	4 years
Current yield (YTM)	6%	6%

7. Explain the theories under term structure of interest rates.

SECTION - C

Answer any **THREE** questions. Each carries **12** marks : **(3 × 12 = 36)**

8. Explain the various sources of risk.
9. ABC Ltd. has paid a dividend of Rs. 4 per share last year having face value of share Rs. 10. The dividends are expected to grow at the rate of 10% for next 4 years and thereafter the dividend are expected to grow at 12% perpetually. If the required rate of return is 15% estimate the stock price using two-stage model.
10. Explain the Dows theory in detail under technical analysis.
11. Explain the types of derivatives used for hedging an exposure.
12. From the following particulars determine Beta (β) of the scrip X. If the market returns is 2. What would be the price of the scrip :

Index return Scrip return

0.80	0.60
0.50	0.30
0.80	0.70
0.40	0.50
0.70	0.60

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Commerce

Paper 3.5 — DIRECT TAXES PLANNING

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

1. Answer any **SEVEN** sub-questions out of Ten questions. Each sub-question carries **2** marks : **(7 × 2 = 14)**
- (a) Distinguish between revised return and belated return.
 - (b) Mention the time frame for advance payment of tax for company assessee.
 - (c) Mention any 4 double taxation treaties which are entered by India.
 - (d) State the specific managerial decisions relating to 'continue' or 'shutdown'.
 - (e) State the tax provisions of section 44AB of Income Tax Act, 1961.
 - (f) Give the meaning of appeal and revision.
 - (g) Distinguish between 'Tax avoidance' and 'Tax Evasion'.
 - (h) What is tax credit? State its tax provision.
 - (i) State the tax provision under section 80JJA of Income Tax Act, 1961.
 - (j) What do you mean by colourable devices?

SECTION – B

Answer any **FOUR** questions of the following in about **1** page. Each question carries **5** marks : **(4 × 5 = 20)**

2. 'Amrutha' Ltd. is engaged in the business of manufacture of telephone dial pad since 2014. During the previous year 2018-19, the following assets are acquired and put to use.

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Particulars	Block I	Block II	Block III
Rate of depreciation	15%	20%	40%
Depreciable value of the block on April 1, 2018	4,00,000	13,00,000	3,00,000
Additions of Plant(new) during the previous year 2018-19			
Plant M	21,50,000	-	-
Plant N	-	2,30,000	-
Plant O	-	-	3,50,000
Sale of old plants during the year	1,95,000	5,25,000	6,00,000

Plant M, N and O are acquired during May, 2018 and put to use during 15th August, 2018. However Plant N is put to use in February, 2019.

Find out the allowable amount of Depreciation, Additional Depreciation and Capital gains if any for the Assessment Year 2019-20.

3. Explain the scope of Tax planning with respect to

- Factors affecting Own or lease decisions
- Amalgamation of Companies

4. Chintu limited has given the following information of its incomes and expenses for the financial year 2018-19.

Taxable income from business is Rs. 8,50,000.

Gain on sale of assets held for more than 36 months is Rs. 2,50,000.

Gain on sale of securities through recognized stock exchanges is Rs. 45,000.

Taxable income from house property is Rs. 29,000.

Interest received on fixed deposits is Rs. 10,000.

The company incurred the following expenses (donations given).

Sl. No.	Donation given to institutions	Amount of donation given in Rs.
01	Prime Minister's National Relief fund	60,000
02	Indian Olympic Association	28,000
03	An institution engaged in promotion of family planning	20,000
04	Prime Minister's Drought Relief fund	20,000
05	A notified temple (Rs. 15,000 given in cash)	39,000
06	Indira Gandhi Memorial Trust	15,000

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Sl. No.	Donation given to institutions	Amount of donation given in Rs.
07	An institution which is recognized u/s 80 G	7,000
08	National Defense Fund set up by the Central Government	18,000
09	National Foundation for Communal Harmony	26,000
10	Swach Bharath kosh	12,000
11	Clean ganga project	19,000
12	Furniture's given to a church	25,000

The company is eligible for deduction u/s 80IB. the assessee had paid Rs. 20,000 to Indian national congress party as donation on 15th June, 2018.

Compute allowable amount of deduction u/s 80G for the Assessment Year 2019-20.

5. Prabhat Company Limited has given the following information for the financial 2018-19. The company has filed its income on 10/11/2019. The total income of the company is Rs. 9,37,500. The company is having balance of Rs. 23,000 as tax deducted at source, it also has relief u/s 91 of Income Tax Act, 1961 amounting to Rs. 8,000. It has Rs. 45,000 balance as tax credit.

It has paid advance tax as follows :

Due Date	Amount of advance tax paid in Rs.
15/06/2018	45,000
13/09/2018	65,000
12/12/2018	35,000
15/03/2019	90,000

Compute Interest u/s 234A, 234B and 234C for the Assessment year 2019-20.

6. Discuss the tax provisions under section 80 IAB.
7. What is assessment? Briefly explain the types of assessment.

SECTION - C

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

8. Discuss the tax holidays and tax benefits available in respect of profits and gains from Industrial undertaking or enterprise engaged in infrastructure development u/s 80 -IA.

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9. The following particulars are furnished by Monarch Company Limited.

Trading and Profit & Loss account for the year ending 31/03/2018

Particulars	Amount (in Rs.)	Particulars	Amount (in Rs.)
To Purchases	8,25,000	By Sale of goods and	
To Entertainment Expenses	75,000	services provided	42,36,000
To Travelling expenses	1,10,000	By Amount withdrawn from	
To Depreciation	2,50,000	revaluation reserves	6,00,000
To Income tax	1,60,000	By Long term capital gain	2,20,000
To GST paid	55,000	By Transfer fees	6,000
To Dividend distribution tax	2,54,000	By Bad debts recovered	
To Outstanding GST	60,000	allowed earlier	10,000
To Provision for unascertained liability	80,000	By Miscellaneous incomes	6,000
To Proposed dividend	50,000		
To Auditor's fees	1,20,000		
To Provision for loss of subsidiary company	95,000		
To Salaries and Wages	19,00,000		
To Sundry expenses	2,50,000		
To Net profit	7,94,000		
	<u>50,78,000</u>		<u>50,78,000</u>

Additional Information :

- Depreciation under section 32 is Rs. 1,65,000.
- Customs duty of 2016-17 paid during the year Rs. 1,25,000 was not included in the account.
- Sundry expenses include an item of Rs. 28,000 paid in bearer cash to a farmer.
- Amount of depreciation on account of revaluation of assets in Rs. 1,00,000.
- Out of the O/s amount of GST Rs. 25,000 was paid before due date of filing of return of income.

Q.P. Code : 60575

(f) Unabsorbed loss brought forward Rs. 3,00,000 for income tax purpose and Rs. 4,24,000 for accounting purposes.

(g) Unabsorbed depreciation brought forward is Rs. 2,00,000 for accounting purposes.

Compute :

- (i) Total income of the company
- (ii) Book profit u/s 115JB
- (iii) Total tax liability and
- (iv) Tax credit if any for the AY 2019-20.

10. Answer both Part A and Part B.

A. From the following information of Mohith (P) Limited, compute the gross total income for the assessment year 2018-19. Show the carry forward of losses clearly along with reasons.

Sl. No.	Particulars	Amount in Rs.
1	Dividend received on shares in Indian Company	50,000
2	Business loss of Assessment year 2012-13	60,000
3	Business loss of Assessment year 2010-11	1,20,000
4	Long-term Capital gains	50,000
5	Current year Business loss	30,000
6	Unabsorbed depreciation of preceding years	90,000
7	Short-term Capital loss	35,000
8	Current year's depreciation	25,000
9	Dividend received from foreign company	30,000
10	Income from House Property	1,70,000
11	Long term capital loss	20,000

B. Explain the tax provisions relating to scientific research u/s 35 of Income Tax Act, 1961.

11. State the tax provisions for the following :

- (a) Scope of Tax planning
- (b) TDS u/s 194C, 194J
- (c) Types of returns

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12. Pavana Motors Company Limited needs a component in an assembly operation. It is contemplating the proposal to either make or buy the aforesaid component.

- (a) If the company decides to make the product itself, then it would need to buy a second hand machine for Rs. 8 lakh which would be used for 5 years. Manufacturing costs in each of the five years would be Rs. 12 lakh, Rs. 14 lakh, Rs. 16 lakh, Rs. 20 lakh and Rs. 25 lakh, respectively. The relevant depreciation rate is 15 percent. The machine will be sold for Rs. 1,00,000 at the beginning of the sixth year.
- (b) If the company decides to buy the component from a supplier the component would cost Rs. 18 lakh, Rs. 20 lakh, Rs. 22 lakh, Rs. 28 lakh and Rs. 34 lakh respectively for each of the five year. The relevant discounting rate and tax rate 12 percent and tax rate 27.82 percent.

Should Pavana Motors Company Limited 'Make' the component or 'Buy' from the market?

Q.P. Code : 60579

**Third Semester M.Com. (Finance) Degree Examination,
January/February 2020**

(CBCS Scheme)

Commerce

Paper FB 3.5 – PORTFOLIO MANAGEMENT

Time : 3 Hours]

[Max. Marks : 70

SECTION – A

Answer any **SEVEN** questions. Each question carries **2** marks : **(7 × 2 = 14)**

1. (a) Define systematic risk.
- (b) Define a corner portfolio.
- (c) What is in-the-money in a call option?
- (d) What is credit default swap?
- (e) What is strong form of market efficiency?
- (f) Distinguish covariance and correlation co-efficient.
- (g) What is uncovered option?
- (h) What is utility analysis?
- (i) What is an Efficient Portfolio?
- (j) What are balanced mutual funds?

SECTION – B

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

2. Explain the investment process.
3. Determine the expected return and risk of the following securities :

Security A		Security B	
Probability	Return (%)	Probability	Return (%)
0.30	14	0.30	10
0.20	12	0.20	13
0.40	15	0.40	18
0.10	10	0.10	12

4. What is a Portfolio? Explain the benefits of including zero risk securities in the Portfolio.
5. Explain the impact of a positive co-variance on the risk of a Portfolio.

Q.P. Code : 60579

6. The following are the risk and return in respect of two security A and B. Determine the minimum risk Portfolio :

Security	Returns (%)	Standard deviation
A	15%	30%
B	12%	25%

7. XYZ Ltd. an investment company manages a stock fund consisting of 4 stocks with the market value and Beta :

Stock	Market value	Beta
A	2,00,000	1.16
B	1,00,000	1.20
C	1,50,000	0.80
D	50,000	0.50

Risk free rate of interest \rightarrow 9%, Market return 15% what is portfolio expected return?

SECTION - C

Answer any **THREE** questions. Each carries **12** marks :

(3 \times 12 = 36)

8. The following details are given for X and Y companies stocks and BSE sensx for a period of 1 year. Calculate the systematic and unsystematic risk for the companies stocks. Also calculate if equal amount of money is allocated for the stocks. What would be the Portfolio risk?

Particulars	Stock X	Stock Y	Sensex
Average return	0.15	0.25	0.06
Variance of return (σ^2)	6.30	5.26	2.25
Beta	0.71	0.27	—
Correlation coefficient	—	0.424	—

9. What are the assumptions under CAPM and arbitrage theories?
10. What is Portfolio revisions? Explain the Portfolio revision techniques.
11. Write short note on :
- (a) Semi-strong form of market efficiency
 - (b) Industry analysis
 - (c) Capital market line

Q.P. Code : 60579

12. Stocks X and Y display the following returns over the past 3 years :

Year	Return (%)	
	X	Y
2017	14	12
2018	16	18
2019	20	15

- (a) What is the expected return on a Portfolio made up of 40% of X and 60% of Y?
- (b) What is the Portfolio risk with the above proportions?

Q.P. Code : 91136

**Third Semester P.G. Course (CS) Degree Examination,
January/February 2020**

(CBCS Scheme)

Computer Science

CYBER SPACE (Open Elective)

Time : 3 Hours]

[Max. Marks : 70

Instructions to Candidates :

- 1) Part-A Answer **ALL** the questions.
- 2) Part-B Answer any **FOUR** questions.
- 2) Part-C Answer any **THREE** questions.

PART – A

Answer **ALL** the questions. Each question carries **2** marks : **(10 × 2 = 20)**

1. What is DNS and IP address?
2. Define the term FTP.
3. What is the significance of web browser?
4. What is the difference between internet and intranet?
5. What is social media?
6. What are the present global trends of growth in E-governance?
7. Why E-commerce needed?
8. Define cyber security.
9. What is spoofing?
10. What is digital signature?

Q.P. Code : 91136

PART – B

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

11. Write a short note on search engines.
12. Briefly discuss about the survey of popular E-commerce sites.
13. What are the E-mail protocols?
14. Explain the architectural framework for E-commerce.
15. What are the challenges of E-governance?
16. What are the salient features of IT Act, 2000?

PART – C

Answer any **THREE** questions. Each question carries **10** marks : **(3 × 10 = 30)**

17. What is the importance of social media? Explain in detail. **(10)**
18. (a) What are the driving forces behind E-Commerce? **(6)**
(b) What are the advantages of E-commerce? **(4)**
19. What are the models of digital governances? **(10)**
20. Explain in detail about the evolutionary stages in E-governance. **(10)**
21. (a) Write a short note on the following cyber appellate tribunal. **(4)**
(b) Offences and penalties in IT Act, 2000. **(6)**