

**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)
- What is code of ethics?
  - What is Whistle blowing?
  - What is insider trading?
  - Define CSR.
  - Define Corporate Governance.
  - What are values?
  - What is virus?
  - Define creative accounting.
  - What is predatory pricing?
  - 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)
- Religion to a great extent influences ethical practice. Explain.
  - Is ethical Hacking Justifiable? Explain with suitable illustrations.
  - 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.



PG – 521

Third Semester M.Com. Degree Examination, December 2015  
(CBCS Scheme)  
Commerce

Paper – 3.1 : BUSINESS ETHICS AND CORPORATE GOVERNANCE

Time : 3 Hours

Max. Marks : 70

*Instruction : Answer all Sections.*

SECTION – A

1. Answer any **seven** of the following sub-questions. Each sub-question carries **two** marks. (7×2=14)
- Define business ethics.
  - Distinguish between values and attitudes.
  - What is cognitivism ?
  - What is CSR ?
  - What is ethical dilemma ?
  - Define creative accounting.
  - What is hostile takeover ?
  - What is software piracy ?
  - Define Corporate Governance.
  - What is computer crime ?

SECTION – B

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

- Write a note on ethical congruence.
- Explain the linkage between ethics and business performance.
- Discuss the diagnostics model of social responsiveness.
- Narrate the benefits of Corporate Governance.

P.T.O.



6. What are ethical dilemmas in marketing ? Explain.
7. Compare individualism and collectivism in HRM.

SECTION – C

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

(3x12=36)

8. Discuss the significance of ethics in business.
9. Critically examine the ethical theories.
10. Give a brief account of deceptive marketing practices in Indian business.
11. Describe the ethical issues relating to computer applications.
12. Narrate the provisions of the New Companies Act, 2013, relating to changes in corporate governance issues.



PG – 572

Third Semester M.Com. Examination, December 2016  
(CBCS)  
COMMERCE  
Paper – 3.1 : Business Ethics and Corporate Governance

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer *all* Sections.

SECTION – A

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

1. a) Define ethics.
- b) What is Utilitarianism ?
- c) What is creative accounting ?
- d) Define Corporate Social Responsibility.
- e) What is Deceptive pricing ?
- f) How is Tax Evasion different from Tax Avoidance ?
- g) State the ethical conflicts in Individualism and Collectivism in HRM.
- h) What is Predatory Pricing ?
- i) What is corporate governance ?
- j) State the four faces of Social Responsibility.

SECTION – B

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

2. Differentiate between Moral, Amoral and Immoral Companies.
3. Religion to a great extent influences ethical practice. Comment.
4. Is ethical Hacking Justifiable ? Answer with suitable examples.

P.T.O.



- 5. Do you think celebrity advertisements mislead public ? Justify your answer.
- 6. Briefly discuss the benefits of Corporate Governance.
- 7. If the company is profitable it is ethical. Comment.

SECTION - C

Answer **any three** questions. **Each** question carries **twelve** marks. **(3x12=36)**

- 8. Explain the recommendations of Narayanamurthy Committee.
- 9. Explain ethical dilemmas in Business.
- 10. Explain how companies use creative accounting to mislead stake holders.
- 11. Explain the areas of corporate governance.
- 12. Discuss various theories of Business Ethics.

SECTION - B

Answer any four of the following. Each question carries five marks.

- 1. Differentiate between fiscal, moral and internal companies.
- 2. Religion to a great extent influences ethical practices. Comment.
- 3. Is ethical hacking justifiable ? Answer with suitable examples.



III Semester M.Com. Examination, January 2018  
(CBCS)

COMMERCE

Paper – 3.1 : Business Ethics and Corporate Governance

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** out of ten. **Each** question carries **two** marks. (7×2=14)
- Define morality.
  - What does Clause 49 of listing agreement say ?
  - Give the meaning of Trusteeship.
  - What do you mean by organisational manual ?
  - What is Ethical Dilemma ? Give an example.
  - Give the meaning of Board oversight.
  - What is meant by whistle blowing ?
  - Give the meaning of Malfeasance.
  - What do you understand by the term Window Dressing ?
  - Give the meaning of Shell Companies.

SECTION – B

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

- Define Business ethics. Mention any three business ethics.
- Define Corporate Social Responsibility. Identify ethical and legal issues in Bhopal Gas Tragedy of December 3, 1984.
- Mention some of unethical advertisement you have come across on T.V.
- Is 'Contract Labor' an ethical issue ? Discuss.
- What are the legal measures to check cyber crime ?
- How does environmentalism affect business ethics ?

P.T.O.



SECTION – C

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

8. State some of the guidelines of Advertisement Standards Council of India.
  9. List out the projects/activities entitled as CSR activities under Companies Act of 2013.
  10. Define agency problem. How does agency problem of information asymmetry affect good corporate governance ?
  11. Describe the CSR activities undertaken by any two large companies in India.
  12. Mahathma Gandhiji spoke about 'Trusteeship Concept' for business. Explain its nature and scope.
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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. (3x12=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.

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

(CBCS Scheme)

**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)**
- Why do we need accounting standard?
  - What is meant by Economic Value Added (EVA)?
  - What is inflation accounting?
  - How do you define Hedge Accounting?
  - What is shareholders' value 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?

**SECTION - B**

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

- What are the types of Accounting standards?
- 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 31<sup>st</sup> 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.

III Semester M.Com. Examination, December 2015  
(CBCS Scheme)  
COMMERCE  
A.T. 3.2 : Corporate Financial Reporting

Time : 3 Hours

Max Marks : 70

*Instruction : Answer all Sections.*

SECTION – A

1. Answer any seven of the following sub-questions in about 3-4 lines each. Each sub-question carries two marks. (7×2=14)
- What do you mean by Corporate Financial Reporting ?
  - What do you mean by Shareholders Value Added ?
  - State the meaning of Forward Contract under Derivatives.
  - What is meant by Hedge Accounting ?
  - What do you mean by Human Resource Reporting ?
  - What is Sustainable Reporting ?
  - State any four examples for Financial Assets.
  - What are Performance Indicators under GRI ?
  - What are NBFCs ?
  - Differentiate between EVA and MVA.

SECTION – B

- Answer any four of the following questions. Each question carries five marks. (4×5=20)
- Explain the requirements to be fulfilled by a Merchant Banker for registration with SEBI.
  - What are the similarities and differences between IFRS and USGAAP ?
  - What do you mean by Ind. AS ? State the significance of Indian Accounting Standards (Ind. AS).

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5. Entity A is considering the following Financial Instruments. You are required to classify the following instruments into Financial Assets and Financial Liability
- An accounts receivables that is not held for trading
  - Investment in shares and other equity instruments issued by other entities
  - Investments in bonds and other debt instruments
  - Bonds and other debt instruments issued by the entity
  - Deposits in other entities.
6. What is USGAAP? Explain the organizations which influenced the development of USGAAP
7. Briefly explain the issues and problems with special reference to Published Financial Statements.

SECTION - C

Answer any three of the following. Each question carries twelve marks. (3x12=36)

8. "The Triple Bottom Line Reporting (TBL) is made up of Social, Economic and Environment Dimensions". Discuss.
9. Prepare a Gross Value Added Statement from the following P and L Account of Dakshineswar Ltd., show also the Reconciliation between Gross Value Added and Profit before Taxation.

Profit and Loss Account for the year ended 31-03-2015

Particulars	Rs. in Lakhs	Rs. in Lakhs
Income : Sales		
Other Income		610
Total Income		25
		635
Less : Expenditure :		
Production and Operational Expenses	(465)	-
Administration Expenses	(19)	-
Interest and other charges	(27)	-
Depreciation	(14)	(525)
Profit Before Tax		110
Less : Provision for Tax		(16)
Profit After Tax		94
Add : Balance as per last Balance Sheet		7
		101

**Transferred to :**

General Reserve	60	
Proposed Dividend	11	71
Surplus carried to Balance Sheet	-	30
<b>Total</b>		<b>101</b>

**Notes :**

1) Production and Operational Expenses :	(Rs. In Lakhs)
Increase in Stock	112
Consumption of Raw materials	185
Consumption of Stores	22
Salaries, Wages, Bonus and Other Benefits	41
Cess and Local Taxes	11
Other Manufacturing Expenses	94
<b>Total</b>	<b>465</b>

2) Administration expenses include inter-alia audit fees of Rs. 4.80 lakhs, salaries and commission to directors Rs. 5 lakhs and provision for doubtful debts Rs. 5.25 lakhs.

3) Interest and other charges :	(Rs. In Lakhs)
On working capital loans from Bank	8
On fixed loans from IDBI	12
On debentures	7
<b>Total</b>	<b>27</b>

10. What do you mean by Financial Instruments ? Briefly explain the recognition and measurement of Financial Instruments.
11. In the context of inflation accounting system adjust the following Profit and Loss Account and Balance Sheet under the "Current Purchasing Power Method" (CPP) to ascertain the changes in net profit and reserve.

**Profit and Loss Account for the year ended 31-12-2014**

Particulars	Amount	Amount
	(Rs. 000's)	(Rs. 000's)
Sales	-	500
Opening Stock	80	-
Purchases	420	-
	<b>500</b>	



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Less : Closing stock	(70)	430
Gross Profit	-	70
Depreciation (buildings)	5	-
Administration	25	30
Net Profit	-	40

**Balance Sheet as at 31<sup>st</sup> December**

Particulars	(Rs. 000's)	
	Amount in Rs.	Amount in Rs.
Share capital	-	200
Reserves	-	200
		400
Land and Building	200	-
Less : Depreciation	(45)	155
Stock	70	-
Debtors	40	-
Cash	30	-
	140	-
Less : Creditors	(35)	105
	-	400

The following data are given :

- a) Closing stock was required during last quarter of 2014 and opening stock during the last quarter of 2013
  - b) The land and building were acquired and the capital issued during 2006. The building are depreciated straight line over 40 years.
  - c) The relevant retail price indices are
 

i) 2006 average	60
ii) 2013 last quarter average	108
iii) 2013 December 31	110
iv) 2014 last quarter average	116
v) 2014 average	114
vi) 2014 December 31	118
  - d) Sales, purchases and administration expenses assumed to occur over the year and hence an average prices
12. "The International Accounting Standards Board (IASB) is the independent, accounting standard-setting body of the IFRS foundation". Explain the structure and governance of IASB.



## III Semester M.Com. Examination, December 2016

(CBCS)

## COMMERCE

## Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours

Max. Marks : 70

## SECTION – A

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

1. a) Define Interest Rate Swaps.
- b) Define Forward Contract.
- c) List Financial Statements as specified by IASB in its IFRSs.
- d) One of the alternatives available for the countries is to converge their country-specific Accounting Standards with IFRS. In this context, what is convergence ?
- e) Identify any one major difference between Indian GAAP and US GAAP.
- f) What is Triple Bottom Line Reporting ?
- g) What do you mean by de-recognition of financial instruments ?
- h) Who are the Commodity Market Intermediaries ?
- i) State the meaning of Inflation Accounting.
- j) What is Hedge Accounting ?

## SECTION – B

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

2. Give an account of nature of human resource reporting.
3. Write a note on Sustainability Reporting.
4. Give brief account of structure of IASB.
5. Write a note on Shareholders' Value Added Statement.
6. State the treatment of 'contingencies' with reference to Ind AS and IFRS.

P.T.O.



7. A company started the accounting year 2015-16 with an opening inventory of ₹ 5 lakhs which was purchased in the previous year when the price index stood at 200. The company purchased ₹ 20 lakh worth goods during the year 2015-16 and sold ₹ 24 lakh worth goods. The average price index for the year was 205 and by 31<sup>st</sup> March, 2016, 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

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

8. Examine the procedure adopted by Indian Standard Setters for developing Ind AS converged with IFRS.
9. Critically examine the process of developing Interpretations by IFRIC.
10. Discuss the major issues in the area of published financial statements. How do you resolve them ?
11. ABC Co., Ltd., furnishes the following Profit and Loss Account.

#### Profit and Loss A/c for the year ended 31<sup>st</sup> March, 2016

Particulars	Notes Number	Amount (₹ '000)
Turnover	1	29,872
Other income		1,042
		<hr/>
		30,914
Operating expenses	2	26,741
Interest on 8% Debentures		987
Interest on cash credit	3	151
Excise duty		1,952
		<hr/>
		29,831
Profit before depreciation		1,083
Less : Depreciation		342
		<hr/>



Profit before tax		741
Provision for tax	4	<u>376</u>
		365
Less : Transfer to Fixed Assets Replacement Reserve		<u>65</u>
		300
Less : Dividend paid		<u>125</u>
Retained profit		<u>175</u>

**Note :**

- 1) Turnover is based on invoice value and net of sales tax.
- 2) Salaries, wages and other employee benefits amounting to ₹ 14,761 ('000) are included in operating expenses.
- 3) Cash credit represents a temporary source of finance. It has not been considered as a part of capital.
- 4) Transfer of ₹ 54 ('000) to the credit of Deferred Tax Account is included in Provision for Tax.

Prepare Value Added Statement for the year ended 31<sup>st</sup> March, 2016 and reconcile total value added with profit before taxation.

12. On 24 January, 2016, Channappa of Bengaluru sold goods to Watson of Washington, USA, for an invoice price \$ 40,000 when the spot market rate was ₹ 64.20 per US \$. Payment was to be received after three months on 24 April, 2016. To mitigate the risk of loss from decline in the exchange rate on the date of receipt of payment, Channappa immediately acquired a forward contract to sell on 24 April, 2016 US \$ 40,000 at ₹ 63.70. Channappa closed his books of account on 31 March, 2016 when the spot rate was ₹ 63.20 per US \$. On 24 April, 2016, the date of receipt of money by Channappa, the spot rate was ₹ 62.70 per US \$.

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

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III Semester M.Com. Degree Examination, January 2018  
(CBCS)  
COMMERCE

Paper – 3.2 AT : Corporate Financial Reporting

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** of the following sub-questions in about **3-4** lines **each**.  
**Each** sub-question carries **two** marks. (7×2=14)
- What do you mean by Ind AS ?
  - What are the objectives of Global Reporting Initiative ?
  - What is IFAC ?
  - What do you mean by cash flow hedge ?
  - Who are Merchant Bankers ?
  - State the meaning of Compound Financial Instruments.
  - State the benefits of Economic Value Added.
  - What do you mean by Accounting for Price Level Changes ?
  - State the Cost Based Models under HR Reporting.
  - Define Triple Bottom Line Reporting.

SECTION – B

- Answer **any four** of the following questions. **Each** question carries **five** marks. (4×5=20)
- "Indian Companies are facing many issues and problems in publishing the annual reports". Explain.
  - Describe the income recognition and disclosures in the Balance Sheet in case of NBFC's.
  - Who is a Stock Broker ? State the documents which are required to be maintained as per SEBI Rules.
  - Briefly explain the functions of different boards under International Federation of Accounts (IFAC).



6. Adventure Ltd. issued 20,000, 9% Convertible Debentures of Rs. 100 each at par at the beginning of the year. The Debentures are of 6 years term. The interest will be paid half yearly. The debenture holders have the option to get 50% of the debentures converted into 2 ordinary shares at the end of 3<sup>rd</sup> year. The debenture holders who do not opt for conversion will be paid 50% of their face value at the end of the year 3. The balance non-convertible portion will be repaid at 10% premium at the end of term of the debentures. At the time of issue, the prevailing market interest rate for similar debt without convertibility option is 10%. Compute liability and equity component and pass necessary entries.
7. Briefly explain the valuation models of Human Resource Reporting.

### SECTION - C

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

8. "IFRSs are developed through an international due process that involves accountants, financial analysts and other regulatory bodies." Discuss.
9. "An effective sustainability reporting cycle should benefit all reporting organizations." Discuss.
10. Phenomenia Ltd. furnishes the following statement of Profit and Loss :

#### Profit and Loss Account for the year ended 31<sup>st</sup> March 2017

Particulars	Note	Amount in ('000)
Income		
Turnover	1	29,872
Other income		1,042
	<b>A</b>	<b>30,914</b>
Expenditure		
Operating expenses	2	26,741
Interest on 8% debentures		987
Interest on cash credit	3	151
Excise duty		1,952
	<b>B</b>	<b>29,831</b>



Profit before Depreciation (A-B)		1,083
<b>Less</b> : Depreciation		342
Profit before Tax		741
<b>Less</b> : Provision for tax	4	376
Profit after tax		365
<b>Less</b> : Transfer to fixed assets replacement reserve		65
		300
<b>Less</b> : Dividend Paid		125
<b>Retained Profit</b>		175

**Notes :**

- 1) Turnover is based on invoice value and net of sales tax.
- 2) Salaries, wages and other employee benefits amounting to Rs. 14,761 ('000) are included in operating expenses.
- 3) Cash credit represents a temporary source of finance. It has not been considered as a part of capital.
- 4) Transfer of Rs. 54 ('000) to the credit of deferred tax account is included in provision for tax.

Prepare value added statement for the year ended 31<sup>st</sup> March, 2017 and reconcile total value added with profit before taxation.

11. A company had the following monetary items on January 1 :

Debtors	41,000
Bills Receivable	10,000
Cash	20,000
	<b>71,000</b>
<b>Less</b> : Bills payable	(10,000)
Creditors	(25,000)
<b>Net Monetary Assets</b>	<b>36,000</b>

The transactions affecting monetary items during the year were :

- a) Sales of Rs. 1,40,000 made evenly throughout the year.
- b) Purchases of goods of Rs. 1,05,000 made evenly during the year.



- c) Operating expenses of Rs. 35,000 were incurred evenly throughout the year.
- d) One machine was sold for Rs. 18,000 on July 1.
- e) One machine was purchased for Rs. 25,000 on December 31.

The general price index was as follows :

On January 1 - **300**; average for the year - **350**; on July 1 - **360**,  
On December 31 - **400**.

You are required to compute the general purchasing power, gain or loss for the year stated in terms of the current year end rupee.

12. Write a short note on the following :

- a) Disclosure under Financial Instruments - IFRS 7
- b) Property, Plant and Equipment - IAS 16
- c) Business Combinations - IFRS 3.





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. (3x12=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 24<sup>th</sup> 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.

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III Semester M.Com. Examination, December 2015  
(CBCS Scheme)  
COMMERCE  
Paper – 3.3AT : Accounting for Managerial Decision

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer all Sections.

## SECTION – A

Answer any seven of the following sub-questions. Each sub-question carries two marks :

(7×2=14)

1. a) What are sunk costs with reference to decision making ?
- b) State the applications of marginal costing technique.
- c) State the basic objectives of budgetary control.
- d) What are the methods for measuring divisional performance ?
- e) What is the significance of profit-volume ratio ?
- f) Differentiate Cost Indifference Point and Break-Even Point.
- g) How do responsibility centres differ from cost centres ?
- h) What is Uniform Cost Manual ?
- i) Define Performance Budget.
- j) What is PPBS ?

## SECTION – B

Answer any four questions. Each question carries five marks.

(4×5=20)

2. Write an explanatory note on the steps in the preparation of Master Budget.
3. Briefly explain the difficulties in the implementation of Responsibility Accounting.
4. Write a brief note on Zero Based Budgeting.
5. Write a brief note on procedure involved under inter-firm comparison.
6. Data extracted from the books of Zenith Mills for the month of October 2015 are as follows :

- a) Fixed expenses Rs. 40,000
- b) Break-even sales Rs. 1,00,000.

**Calculate :** (a) P/V Ratio, (b) Profits when estimated sales are Rs. 2 lakhs, (c) Revised BEP in rupees if selling price is reduced by 20%, (d) Estimated sales to earn a profit of Rs. 40,000 after reduction in selling price by 20%.

P.T.O.



7. A manufacturer is thinking whether he should drop one item from his product line and replace it with another. Below are given his present cost and output data :

Product	Price (Rs.)	Variable Cost Per Unit (Rs.)	Percentage of Sales
Bookshelves	60	40	30%
Tables	100	60	20%
Beds	200	120	50%

Total fixed cost per year is Rs. 7,50,000 and sales last year were Rs. 25,00,000. The change under consideration consists in dropping the line of table in favour of cabinets. If this dropping and change is made the manufacturer forecasts the following cost output data :

Product	Price (Rs.)	Variable Cost Per Unit (Rs.)	Percentage of Sales
Bookshelves	60	40	50%
Cabinets	160	60	10%
Beds	200	120	40%

Total fixed cost per year is Rs. 7,50,000 and sales expected are Rs, 26,00,000. Should this proposal be accepted ? Comment.

### SECTION – C

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

8. Explain the objectives and benefits of uniform costing. Do you agree that by operating a system of uniform costing, individual manufacturers engaged in a particular industry derive greater advantages than a firm controlling a number of factories ?
9. What is budgetary control ? How are budget variations analysed ? Prepare a Variance Analysis Report for a production department.



10. As a part of its rural upliftment programme, the government has put under cultivation a farm of 96 hectares to grow tomatoes of four varieties : Royal Red, Golden Yellow, Juicy Crimson and Sunny Scarlet. Of the total, 68 hectares are suitable for all four varieties but the remaining 28 hectares are suitable for growing only Golden yellow and Juicy Crimson. Labour is available for all kinds of farm and is no constraint. The market requirement is that all four varieties of tomatoes must be produced with a minimum of 1,000 boxes of any one variety. The farmers engaged have decided that the area devoted to any crop should be in terms of complete hectares and not in fractions of a hectare. The other limitation is that not more than 20,000 boxes of any one variety should be produced. The following data are relevant :

	Varieties			
	Royal Red	Golden Yellow	Juicy Crimson	Sunny Scarlet
Annual Yield :				
Boxes per hectare	350	100	70	180
Costs :	Rs.	Rs.	Rs.	Rs.
Direct materials per hectare	476	216	196	312
Labour : Growing per hectare	896	608	371	528
Harvesting and pecking per box	3.60	3.28	4.40	5.20
Transport per box	5.20	5.20	4.00	9.60
Market price per box	15.38	15.87	18.38	22.27

Fixed overheads per annum :	₹
Growing	11,200
Harvesting	7,400
Transport	7,200
General Administration	10,200

**Required :**

- Within the given constraints, the area to be cultivated with each variety of tomatoes if the largest total profit has to be earned.
- The amount of such profit in rupees.
- A nationalized bank has come forward to help in the improvement program of the 28 hectares in which only Golden Yellow and Juicy Crimson will grow, with a loan of Rs. 5,000 at a very normal interest of 6% per annum. When this improvement is carried out, there will be a saving of Rs. 1.25 per box in the harvesting cost of Golden Yellow and the 28 hectares will become suitable for growing Royal Red in addition to the existing Golden Yellow and Juicy Crimson varieties. Assuming that other constraints continue, find the maximum total profit that would be achieved when the improvement programme is carried out.



11. A company manufactures a single product with a capacity of 1,50,000 units per annum. The summarized profitability statement for the year is as under :

Sales : 1,00,000 units @ Rs. 15 per unit		Rs. 15,00,000
Less : Cost of Sales :	<b>Rs.</b>	
Direct Materials	3,00,000	
Direct Labour	2,00,000	
Production overhead :		
Variable	60,000	
Fixed	3,00,000	
Administration Overhead (fixed)	1,50,000	
Selling and Distribution Overheads :		
Variable	90,000	
Fixed	1,50,000	12,50,000
Profit		<u>2,50,000</u>

You are required to evaluate the following options :

- I) What will be the amount of sales required to earn a target profit of 25% on sales, if the packing is improved at a cost of Re. 1 per unit ?
  - II) There is an offer from a large retailer for purchasing 30,000 units per annum, subject to providing a packing with a different brand name at a cost of Rs. 2 per unit. However, in this case there will be no selling and distribution expenses. Also this will not, in any way, affect the company's existing business. What be the break-even price for this additional offer ?
  - III) If an expenditure of Rs. 3,00,000 is made on advertising the sales would increase from the present level of 1,00,000 units to 1,20,000 units at a price of Rs. 18 per unit, will that expenditure be justified ?
  - IV) If the selling price is reduced by Rs. 2 per unit, there will be 100% capacity utilization. Will the reduction in selling price be justified ?
12. The sales manager of XYZ Ltd., is judged by the total sales. Exceeding the sales budget is considered good performance. The sales budget and the cost data for the current year are shown below :

	<b>Products</b>			(₹ in '000s)
	<b>Silk</b>	<b>Cotton</b>	<b>Wool</b>	<b>Total</b>
Sales Budget	450	900	1,650	3,000
Variable cost	225	405	495	1,125
Contribution	225	495	1,155	1,875
Actual sales	1,500	1,200	600	3,300

Actual prices were equal to budgeted prices and variable costs incurred were as budgeted per unit.

- i) Did the sales manager perform well ?
- ii) Suggest better performance measurement criterion to be used by the company.

## III Semester M.Com. Examination, December 2016

(CBCS)

COMMERCE

## Paper – 3.3 AT : Accounting For Managerial Decisions

Time : 3 Hours

Max. Marks : 70

## SECTION – A

1. Answer **any seven** of the following sub-questions. **Each** sub-question carries 2 marks. (7×2=14)
- Define sunk cost.
  - What is responsibility accounting ?
  - Give the meaning of marginal costing.
  - Define budgeting.
  - Define variance analysis.
  - Define operation costing.
  - Give the meaning of inter firm comparison.
  - What are incremental costs ?
  - Define EOQ.
  - Give an example of process costing.

## SECTION – B

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

- How the responsibility accounting is benefited to the business units.
- Is performance budgeting is useful ? Explain it.
- What is cost manual ? Explain the contents of uniform costing manual.
- How data base is useful for decision making process in a manufacturing unit ?

P.T.O.



6. XYZ Ltd. supplies you the following data for the year ending 31<sup>st</sup> March 2016.

Production – 1100 units, Sales 1000 units

There was no opening stock

	Rs.
Variable manufacturing cost per unit	7
Fixed manufacturing overhead (total)	2,200
Variable selling and administration overhead per unit	0.50
Fixed selling and administration overhead	400
Selling price per unit	15

Prepare Income statement under marginal costing.

7. Sales	Rs. 2,00,000
Profit	Rs. 20,000
Variable cost	70%

Find out : a) PV ratio b) Fixed cost c) Sales volume to earn a profit of Rs. 40,000.

### SECTION – C

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

8. What is budget ? Explain the different budgets essential for decision making process.
9. Explain the different techniques or methods used for measuring divisional performance.
10. Write a note on break even analysis and make or buy decision.
11. Titanic Ltd. seeks your advice on production mix in respect of the three products Clever, Intelligent and Obedient. Gives you the following information :

Data for standard cost per unit :

Particulars	(Rs.)		
	Clever	Intelligent	Obedient
Direct material	320	240	160
Variable overhead	16	40	24





Direct labour :

Department	Rate per hour in Rs.	Hours	Hours	Hours
A	8.00	6	10	5
B	16.00	6	15	11

From current budget, you have further details as below :

	Clever	Intelligent	Obedient
Annual Production (Nos.)	5,000	6,000	10,000
Selling price per unit (Rs.)	624	800	480

Fixed overhead : Rs. - 1,60,000

Sales departments estimate of maximum possible

	Clever	Intelligent	Obedient
Sales in the coming year (Nos.)	6,000	8,000	12,000

You are also to note that there is a constraint on supply of labor in Department Clever and its manpower cannot be increased beyond its present level.

Suggest the best production and sales mix from the standpoint of maximum profitability. Prepare statements setting out the profit resulting from the budgeted production and the best alternative suggested by you.

12. Moon Light Company which sells four products, some of them are unprofitable, hence it proposes to discontinue the sale of one of them. Following information is available regarding its income, costs and activities for a year :

Particulars	Products			
	P	Q	R	S
Sales	6,00,000	10,00,000	5,00,000	9,00,000
Cost of sales at purchase price	4,00,000	9,00,000	4,20,000	4,50,000
Area of storage (sq.ft.)	50,000	40,000	80,000	30,000
No. of parcels sent	1,00,000	1,50,000	75,000	1,75,000
No. of invoices sent	80,000	1,40,000	60,000	1,20,000



Its overhead costs and basis of allocation are :

**Rs. Basis of allocation to production**

Fixed costs :

Rent and insurance	60,000	Sq.ft.
Depreciation	20,000	Parcel
Salesman's salaries and expenses	1,20,000	Sales value
Administrative wages and salaries	1,00,000	no. of invoices

Variable costs :

Packing, wages and materials	40 p.per parcel
Commission	4% of sales
Stationary	20 p. per invoice

Your required to :

- i) Prepare a performance evaluation report of different products of Moon Light Company.
- ii) Compare the profit if the company discontinues sales of product Q with the profit if it discontinues product R.



## III Semester M.Com. Degree Examination, January 2018

(CBCS)

COMMERCE

## Paper – 3.3AT : Accounting for Managerial Decisions

Time : 3 Hours

Max. Marks : 70

## SECTION – A

1. Answer **any seven** of the following sub-questions. **Each** sub-questions carries **two** marks. **(7×2=14)**
- What are relevant costs ?
  - List four major uses of standard costing.
  - What is meant by overhead variance ?
  - Cost do not have an intrinsic behavioural pattern. Explain this statement.
  - What is proprietary audit and efficiency audit ?
  - What do you understand by performance budgeting ?
  - What is meant by 'key factor' ?
  - Define
    - Expense centre
    - Profit centre.
  - How to improve the P/V ratio ?
  - Importance of Cost Control and Cost Reduction.

## SECTION – B

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

2. Describe the steps in the decision-making process in which steps does the management accountant play a major role.

P.T.O.



3. A company manufactures and markets three products A, B and C. All the three products are made from the same set of machines. Production is limited by machine capacity. From data given below indicate priorities for products A, B, and C with a view to maximizing profits :

Particulars	Product A(Rs.)	Product B(Rs.)	Product C(Rs.)
Raw material cost per unit	2.25	3.25	4.25
Direct labour cost per unit	0.50	0.50	0.50
Other variable cost per unit	0.30	0.45	0.71
Selling price per unit	5.00	6.00	7.00
Standard machine time required per unit	39mts	20mts	28mts

In the following year, the company faces extreme shortage of raw materials. It is noted that 3 kgs, 4 kgs and 5 kgs of raw materials are required to produce one unit of A, B and C respectively. How would products priorities change ?

4. The sales turnover and profit during two periods were as follows :

Year	Sales(Rs.)	Profit(Rs.)
2015	20 lakh	2 lakh
2016	30 lakh	4 lakh

Calculate :

- P/V Ratio.
  - The sales required to earn a profit of Rs. 5 lakh.
  - The profit when sales are Rs. 10 lakh.
5. The following is a control report prepared by a cost account out of Department P in a factory :

Overhead directly assigned to Department P :

Indirect materials (based on actual requisitions)	1,000
Indirect Labour (job tickets)	900



Overtime charges	100	
Depreciation on equipment	<u>500</u>	2,500
Allocated factory overhead (38% of factory space)		4,300
Allocated overhead of Repair Shop (62% of repairs shop done for Department P)		1,200
Allocated office and Administration overhead (on an agreed basis)		5,000
Total Department Expenses		<b>13,000</b>

Revise the report treating Department P as a Responsibility Centre.

6. What is Inter-firm comparison ? Explain its advantages.

7. Write short notes on 'Zero Base Budgeting'.

### SECTION – C

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

**(3×12=36)**

8. Why is the evaluation of short-term pricing and product mix decisions different from the evaluation of long-term pricing and product mix decisions ?

9. Spares Ltd. produces spare parts X for cars. The company has an annual production capacity of 1,80,000 units of X. However, the actual production is carried out according to the volume of orders received. For the next year, the company has received an order for a value of Rs. 64,00,000. To meet the requirements of the order, the company has to work at 70% capacity for the first four months, 80% capacity for the next six months and 90% capacity for the remaining period of the year. Assume no opening or closing stocks.

Following information is available :

Material cost is Rs. 15 per unit

Labour Rs. 12 per unit, subject to a minimum of Rs. 1,30,000 p.m.

Variable overheads Rs. 5 per unit

Fixed overheads Rs. 16,000 per month.



Semi-variable overheads Rs. 75,000 per annum incurred upto 70% average annual capacity utilization. Thereafter, it increases at Rs. 5,000 per annum for every 10% average annual capacity increase.

If the company targets a return of 27% on budgeted cost, should the order be accepted? Justify your answer showing budgeted annual values for each element of cost for the next year.

10. Ramlal 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 and maintenance engine 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 :

Particulars	Budget (Rs.)	Variance from Budget (Rs.)
Sales commission	800	50 A
Raw materials and components		
- Machine shop	900	20A
Publicity Expenses	1,100	100 A
Printing and Stationery	3,200	200 F
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
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Depreciation – factory	3,880	40 A
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Works manager's office salaries and administration	3,810	40 A
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General office salaries and administration	4,270	30 A
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Managing Director's Salary and Administration	2,800	20 F
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(A = Adverse; F = Favourable)

i) Treating the machine shop, fabrication and assembly as cost centres, prepare cost sheet for each centre with the help of this additional information :

The shop superintendent devotes his time amongst machine shop, fabrication and assembly in the ratio 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 brone equally by the cost centres.



ii) Treating the machines shop, fabrication and assembly as Responsibility centres, prepare a Responsibility Accounting Report for the Shop Superintendent.

11. The managing director of A Pvt Ltd., asks for your assistance in arriving at a decision as to whether to continue manufacturing a component 'X' or to buy it from a outside supplier. The component 'X' is used in the finished products of the company. The following data are supplied :

- i) The annual requirement of component 'X' is 10,000 units. The lowest quotation from an outside supplier is Rs. 8.00 per unit.
- ii) The component 'X' is manufactured in the machine shop. If the component 'X' is bought out, certain machinery will be sold at its book value and the residual capacity of the machine shop will remain idle.
- iii) The total expenses of the machine shop for the year ending 31-3-2017 are as follows :

During that year, the machine shop manufactured 10,000 units of 'X'.

Particulars	Rs.
Material	1,35,000
Direct Labour	1,00,000
Indirect Labour	40,000
Power and fuel	6,000
Repairs and maintenance	11,000
Rate, Taxes and Insurance	16,000
Depreciation	20,000
Other Overhead Expenses	29,600

iv) The following expenses of the machine shop apply to manufacturing of component 'X' :

Material	Rs. 35,000
Direct Labour	Rs. 56,000





Indirect Labour Rs. 12,000

Power and fuel Rs. 600

Repairs and maintenance Rs. 1,000

The sale of machinery used for the manufacture of component 'X' would reduce Depreciation by Rs. 4,000 and Insurance by Rs. 2,000.

v) If the component 'X' is bought out, the following additional expenses would be incurred : Freight Rs. 1 per unit; Inspection Rs. 10,000 per annum.

You are required to prepare a report to the managing director showing the comparison of expenses of machine shop (a) when the component 'X' is made and (b) when bought out.

12. What are the requisites of performance budgeting ? And explain the steps in implementation of performance budgeting.



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.

Q.P. Code : 60573

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

(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 :

- (a) P/V ratio
- (b) BEP
- (c) Profit when sales are Rs. 1,20,000
- (d) 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 over heads	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)**

- 8. What is meant by the term 'Budgeting'? Mention the type of budgets normally prepared by a big industrial undertaking.
- 9. "Uniform costing helps management for taking crucial decisions". Discuss the statement with reference to requisites, merits and limitations of uniform costing.
- 10. 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.

**Q.P. Code : 60573**

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



**Q.P. Code : 60573**

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.

Particulars	(Rs.)	
	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.

**Q.P. Code : 60574**

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

*(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)**
- (a) Give the meaning of cost management.
  - (b) State any four limitations of traditional costing system.
  - (c) What are cost control and cost reduction?
  - (d) Give the meaning of business process re-engineering.
  - (e) State the different phases of product life cycle costing.
  - (f) What is kaizen costing?
  - (g) Mention the benefits of product life cycle costing.
  - (h) What do you mean by target costing?
  - (i) What is JIT?
  - (j) 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)**

- 2. Explain the strategic management issues in different elements of cost.
- 3. Briefly explain the steps in strategic cost management programme.
- 4. What is ABC? How does ABC system supports corporate strategic planning?
- 5. 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

**Q.P. Code : 60574**

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 :

- (a) the product cost based on direct labour hour recovery rate of overheads
  - (b) 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 :

Particulars	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.



III Semester M.Com. Examination, December 2015  
(CBCS Scheme)  
COMMERCE  
Paper – 3.4 AT : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

*Instruction : Attend all the questions.*

SECTION – A

1. Answer **any seven** sub-questions of the following, **each** sub-question carries **two** marks :

(7×2=14)

- a) Differentiate cost control and cost reduction.
- b) Differentiate between cost management and cost accounting.
- c) State the steps in activity based costing.
- d) State the benefits of product life cycle.
- e) State the objectives of JIT.
- f) Define Kaizan costing.
- g) What are the benchmarking codes of conduct ?
- h) What do you mean by LCC ?
- i) What do you mean by cost drivers and cost pools ?
- j) What do you mean by lean cost management ?

SECTION – B

Answer **any four** questions of the following, **each** question carries **five** marks :

(4×5=20)

2. Define ABC. How ABC system supports corporate strategy ?
3. Briefly explain how JIT eliminates wastage of resources.
4. How is Life Cycle Costing model selected and developed ?
5. Briefly explain the steps in strategic cost management programme.
6. Bringout the main activities and cost drivers identified and implemented by J. Innes and F. Mitchell.

P.T.O.



7. Inorganic Chemical 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. **Each** question carries **twelve** marks : (3×12=36)

8. The Columbus Company produces only two products : a major computer part and cell phones. The company uses a normal cost system and overhead costs are currently allocated using a plant-wide overhead rate based on direct labor hours. Outside cost consultants have recommended, however, that the company use activity-based costing to charge overhead to products.

The company expects to produce 4,000 computer parts and 2,000 cell phones in 2014. Each computer part requires two direct labor hours to produce and each cell phone requires one-half hour to produce.

The direct material and direct labor costs included in the two products are as follows :

Item	Computer Part	Cell-Phone
Direct Material (per unit)	Rs. 3,000	Rs. 1,700
Direct Labor (per unit)	Rs. 1,600	Rs. 400



Budgeted (Estimated) Total Factory Overhead Data for 2014 :

Activity	Budgeted Overhead Rs.	Estimated Volume Level
Production setups	Rs. 80,00,000	20 setups
Material Handling	Rs. 70,00,000	5,000 lbs.
Packaging and shipping	Rs. 1,20,00,000	6,000 boxes
Total Factory Overhead	Rs. 2,70,00,000	

Based on an analysis of the three overhead activities, it was estimated that the two products would require these activities as follows in 2014 :

Activity	Computer Parts	Cell Phones	Overall Totals
Production setups	5 setups	15 setups	20 setups
Material handling	1,000 lbs.	4,000 lbs.	5,000 lbs.
Packaging and shipping	4,000 boxes	2,000 boxes	6,000 boxes

**Required :**

- a) Calculate the cost of each product using a plant-wide rate based on direct labor hours.
- b) Calculate the activity cost rates for (a) setups, (b) material handling and (c) packaging and shipping.
- c) Cost out the two products using an activity-based costing system.



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

(Rs.)

Particulars	Age of machine (Years)				
	0	1	2	3	4
Purchase price	3,000				
Maintenance		800	900	1,000	1,000
Repairs			200	400	800
Net realizable value		1,600	1,200	800	400

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, 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.

10. What are the objectives of JIT approach ? Is JIT responsible for bringing changes in a firm-Explain.
11. Explain how life cost analysis is prepared, implemented and monitored.
12. What do you mean by Benchmarking ? Describe main types of benchmarking of critical success factor.
-





III Semester M.Com. Examination, January 2017

(CBCS)

COMMERCE

Paper – 3.4AT : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

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

- a) State the key difference between cost accounting and cost management.
- b) Define cost drivers.
- c) Why do you think product life cycle is bell-shaped ?
- d) Differentiate cost control and cost reduction.
- e) Define strategy.
- f) What do you mean by target costing ?
- g) State the phases in product life cycle.
- h) What do you mean by opportunity cost ?
- i) What do you mean by “Zero based budgeting” ?
- j) Define lean cost management.

SECTION – B

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

2. What do you understand by cost drivers ? Identify various cost drivers in textile industry.
3. “The concept of performance budgeting relates to greater management efficiency especially in government organisations” explain.

P.T.O.



4. Define variance analysis. What are the ways of disposing cost variances ?
5. "Money spent on installing a costing system is not an expense but an investment" comment.
6. The worker is paid Rs. 50.00 per hour and the 5 days working week contains 42 hours. The daily allowance for approved absence from his place of work, maintenance of machine, etc., is 12 minutes and his job cards show that his time chargeable during the week to various cost centers is as follows :

Job No. 305    20 hours

Job No. 310    10 hours

Job No. 320    8 hours

Time unaccounted for is caused by a power failure. Show how for the week would be dealt in the cost accounts.

7. Kurolin express is a large manufacturer of recreational equipment. Performance of the camping division is measured as an investment centre because the managers make all the decisions about investments in operating equipment and space. Following is financial information for the provision :

Average operating assets    Rs. 20,00,000

Current liabilities                Rs. 5,00,000

Operating income                Rs. 3,00,000

Camping division's required rate of return is 12%, but outdoor express's weighted average cost of capital is 9% and the tax rate is 30%.

- a) Calculate ROI
- b) Calculate the residual income
- c) Calculate Economic Value Added (EVA).



## SECTION – C

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

8. Alpha Limited has decided to analyse the profitability of its five new customers. It buys bottled water at Rs. 90 per case and sells to retail customers at a list price of Rs. 108 per case. The data pertaining to five customers are :

	Customers				
	A	B	C	D	E
Cases sold	4,680	19,688	1,36,800	71,550	8,775
List selling price	Rs. 108	Rs. 108	Rs. 108	Rs. 108	Rs. 108
Actual selling price	Rs. 108	Rs. 106.20	Rs. 99	Rs. 104.40	Rs. 97.20
Number of purchase orders	15	25	30	25	30
Number of customer visits	2	3	6	2	3
Number of deliveries	10	30	60	40	20
Kilometers travelled per delivery	20	6	5	10	30
Number of expedited deliveries	0	0	0	0	1

Its five activities and their cost drivers are :

Activity	Cost Driver Rate
Order taking	Rs. 750 per purchase order
Customer visits	Rs. 600 per customer visit
Deliveries	Rs. 5.75
Product handling	Rs. 3.75 per case sold
Expedited deliveries	Rs. 2,250 per expedited delivery

**Required :**

- Compute the customer-level operating income of each of five retail customers now being examined (A, B, C, D and E). Comment on the results.
- What insights are gained by reporting both the list selling price and the actual selling price for each customer ?
- What factors Alpha Limited should consider in deciding whether to drop one or more of five customers ?



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

Particulars	Age of machine (years)				
	0	1	2	3	4
Purchase price	3,000				
Maintenance		800	900	1,000	1,000
Repairs			200	400	800
Net realizable value		1,600	1,200	800	400

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, 1.6257, 2.2832 and 2.8550 respectively.

10. Discuss the statement that "fixed overheads are constant within a limited range of output".
11. What do you understand by JIT ? Explain how it eliminates wastage of resources.
12. What do you understand by cost reduction ? "Cost reduction is the key for global competitiveness". Comment.

III Semester M.Com. Examination, January 2017  
(CBCS)  
COMMERCE

Paper – 3.4AT : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

*Instruction : Answer all the sub-sections.*

SECTION – A

1. Answer any seven of the following. Each question carries two marks. (7×2=14)
- State the key difference between cost accounting and cost management.
  - Define cost drivers.
  - Why do you think product life cycle is bell-shaped ?
  - Differentiate cost control and cost reduction.
  - Define strategy.
  - What do you mean by target costing ?
  - State the phases in product life cycle.
  - What do you mean by opportunity cost ?
  - What do you mean by "Zero based budgeting" ?
  - Define lean cost management.

SECTION – B

- Answer any four of the following. Each question carries five marks. (4×5=20)
- What do you understand by cost drivers ? Identify various cost drivers in textile industry.
  - "The concept of performance budgeting relates to greater management efficiency especially in government organisations" explain.

P.T.O.



4. Define variance analysis. What are the ways of disposing cost variances ?
5. "Money spent on installing a costing system is not an expense but an investment" comment.
6. The worker is paid Rs. 50.00 per hour and the 5 days working week contains 42 hours. The daily allowance for approved absence from his place of work, maintenance of machine, etc., is 12 minutes and his job cards show that his time chargeable during the week to various cost centers is as follows :

Job No. 305    20 hours

Job No. 310    10 hours

Job No. 320    8 hours

Time unaccounted for is caused by a power failure. Show how for the week would be dealt in the cost accounts.

7. Kurolin express is a large manufacturer of recreational equipment. Performance of the camping division is measured as an investment centre because the managers make all the decisions about investments in operating equipment and space. Following is financial information for the provision :

Average operating assets    Rs. 20,00,000

Current liabilities                Rs. 5,00,000

Operating income                Rs. 3,00,000

Camping division's required rate of return is 12%, but outdoor express's weighted average cost of capital is 9% and the tax rate is 30%.

- Calculate ROI
- Calculate the residual income
- Calculate Economic Value Added (EVA).

## SECTION - C

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

8. Alpha Limited has decided to analyse the profitability of its five new customers. It buys bottled water at Rs. 90 per case and sells to retail customers at a list price of Rs. 108 per case. The data pertaining to five customers are :

	Customers				
	A	B	C	D	E
Cases sold	4,680	19,688	1,36,800	71,550	8,775
List selling price	Rs. 108	Rs. 108	Rs. 108	Rs. 108	Rs. 108
Actual selling price	Rs. 108	Rs. 106.20	Rs. 99	Rs. 104.40	Rs. 97.20
Number of purchase orders	15	25	30	25	30
Number of customer visits	2	3	6	2	3
Number of deliveries	10	30	60	40	20
Kilometers travelled per delivery	20	6	5	10	30
Number of expedited deliveries	0	0	0	0	1

Its five activities and their cost drivers are :

Activity	Cost Driver Rate
Order taking	Rs. 750 per purchase order
Customer visits	Rs. 600 per customer visit
Deliveries	Rs. 5.75
Product handling	Rs. 3.75 per case sold
Expedited deliveries	Rs. 2,250 per expedited delivery

**Required :**

- Compute the customer-level operating income of each of five retail customers now being examined (A, B, C, D and E). Comment on the results.
- What insights are gained by reporting both the list selling price and the actual selling price for each customer ?
- What factors Alpha Limited should consider in deciding whether to drop one or more of five customers ?



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

Particulars	Age of machine (years)				
	0	1	2	3	4
Purchase price	3,000				
Maintenance		800	900	1,000	1,000
Repairs			200	400	800
Net realizable value		1,600	1,200	800	400

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, 1.6257, 2.2832 and 2.8550 respectively.

- 10. Discuss the statement that "fixed overheads are constant within a limited range of output".
- 11. What do you understand by JIT ? Explain how it eliminates wastage of resources.
- 12. What do you understand by cost reduction ? "Cost reduction is the key for global competitiveness". Comment.



III Semester M.Com. Degree Examination, January 2018  
(CBCS)  
COMMERCE

Paper – 3.4 AT : Strategic Cost Management – I

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer any seven sub-questions. Each sub-question carries 2 marks : (7×2=14)
- Define strategic cost management.
  - What do you mean by value engineering ?
  - What is meant by cost pool ? Give an example.
  - What are cost phases of a mobile phone ?
  - Define Kaizen costing.
  - Distinguish between cost accounting and cost management.
  - Define value.
  - What is facility level cost ?
  - What is the use of experience curve in SCM ?
  - What is lean cost management ?

SECTION – B

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

- Briefly explain the role of in strategic planning and management control.
- Explain the uses of business process re-engineering in cost management.
- XYZ Company Ltd. has six departments, A, B, C, D, E and F, and has allocated manufacturing overhead using one cost pool based on direct labor hours. The accounting staff has provided the following estimates applicable to traditional and ABC allocation of manufacturing costs for 2004 :

	Cost	Allocation Base	Activity
Setups	Rs. 16,500	Number of setups	250 setups
Quality Control	Rs. 24,000	Number of inspections	400 inspections
Fabrication	Rs. 36,000	Production runs	3,600 runs
Direct labor	Rs. 90,000	Direct labor hours	4,500 labor hours

P.T.O.



Management is assessing if ABC should be used, and has determined that Department B used the following : 24 setups, 60 inspections, 900 production runs and 900 direct labor hours during 2004.

You are required :

- i) Determine how much overhead cost is allocated to Dept. B using traditional allocation.
  - ii) Using ABC, how much overhead cost is allocated to Dept. B ?
  - iii) Which items are cost drivers ?
  - iv) Which items are cost objects ?
5. What is total life cycle costing ? Why is it important ?
  6. Bring out the procedure for implementation of kaizen costing.
  7. Distinguish between cost management and cost accounting.

#### SECTION - C

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

3. "Survival of a business firm in today's business environment is possible only when they are able to identify the areas cost management and use of different methods of cost management in managing them". Do you agree with the statement ? Justify your answer with relevant examples.
9. Describe the strategic cost management issues in different elements of cost with suitable examples.
10. Fire Field Ltd., makes a single product - a fire resistant commercial filing cabinet - that it sells to office furniture distributors. The company has a simple ABC system that it uses for internal decision making. The company has two overhead departments whose costs are listed below :

Manufacturing overhead	Rs. 5,00,000
Selling and administrative overhead	Rs. 3,00,000
Total overhead costs	Rs. 8,00,000

The company's activity based costing system has the following activity cost pools and activity measures :

Activity Cost Pool	Activity Measures
Assembling units	Number of units
Processing orders	Number of orders
Supporting customers	Number of customers
Other	Not applicable

Costs assigned to the "other" activity cost pool have no activity measure; they consist of the costs of unused capacity and organization-sustaining costs - neither of which are assigned to products, orders or customers.

Fire field distributes the costs of manufacturing overhead and of selling and administrative overhead to the activity cost pools based on employee interviews, the results of which are reported below :

	Assembling Units	Processing Orders	Supporting Customers	Other	Total
Manufacturing overhead	50%	35%	5%	10%	100%
Selling and administrative overhead	10%	45%	25%	20%	100%
Total activity	1,000 units	250 orders	100 customers	-	-

**Required :**

- i) Perform the first stage allocation of overhead costs to the activity cost pools.
- ii) Compute activity rates for the activity cost pools.
- iii) Office Mart is one of the Ferris Corporation's customers. Last year OfficeMart ordered filing cabinet four different times. OfficeMart ordered a total of 80 cabinets during the year. Construct a table showing the overhead costs of these 80 units and four orders.



11. Computech Ltd., specializes in the manufacture of Computers. It is planning to introduce a new computer specially designed for children. Development of the New Computer is to begin shortly and Computech Ltd., is in the process of preparing a Product Life-Cycle Budget. It expects the new product to have a life-cycle of 3 years from the time of its introduction in the market before the computer becomes obsolete due to technological advancement of other competitive products.

Its expects the new product to have a life cycle of 3 years and estimates the following costs :

	Year 1	Year 2	Year 3
<b>Units manufactured and Sold<sup>a</sup></b>	25,000	1,00,000	75,000
Computers per batch	40	50	50
Price per Computer (Rs.)	4500	4000	3500
R&D Cost (Rs.) :	450 lakhs	50 lakhs	-
<b>Production Cost :</b>			
Variable cost per unit (Rs.)	1600	1500	1500
Variable cost per batch (Rs.)	7000	6000	6000
Fixed cost (Rs.)	300 lakhs	300 lakhs	300 lakhs
<b>Marketing Cost :</b>			
Variable cost per batch (Rs.)	360	320	280
Fixed cost (Rs.)	200 lakhs	150 lakhs	150 lakhs
<b>Distribution Cost :</b>			
Units produced per batch (Rs.)	20	16	12
Variable cost per unit (Rs.)	100	100	100
Variable cost per batch (Rs.)	1200	1200	1000
Fixed cost (Rs.)	120 lakhs	120 lakhs	120 lakhs
Customer service cost per unit (Rs.)	200	150	150

You are required to :

- Calculate the budgeted life cycle operating profit for the new product.
  - Explain how an organization would benefit from a product life cycle costing exercise.
12. Answer the following questions :
- Business process re-engineering
  - Value analysis
  - Lean cost management.



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 Kalzen 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.



**Q.P. Code : 60575**

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

*(CBCS Scheme)*

**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.

**Q.P. Code : 60575**

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 15<sup>th</sup> 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

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 15<sup>th</sup> June, 2018.

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

5. Prabhath 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.

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 services provided	42,36,000
To Entertainment Expenses	75,000	By Amount withdrawn from revaluation reserves	6,00,000
To Travelling expenses	1,10,000	By Long term capital gain	2,20,000
To Depreciation	2,50,000	By Transfer fees	6,000
To Income tax	1,60,000	By Bad debts recovered allowed earlier	10,000
To GST paid	55,000	By Miscellaneous incomes	6,000
To Dividend distribution tax	2,54,000		
To Outstanding GST	60,000		
To Provision for unascertained liability	80,000		
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.

- (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

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?

## III Semester M.Com. Degree Examination, January 2017

(CBCS)

## COMMERCE

## Paper – 3.5 AT : Direct Taxes and Planning

Time : 3 Hours

Max. Marks : 70

## SECTION – A

1. Answer **any 7** sub-questions out of **ten** questions. **Each** sub-question carries **2** marks : (7×2=14)
- What is the time frame for advance payment of tax for company assessee ?
  - What is MAT u/s 115 JB ? What's the reason for its introduction ?
  - State the specific managerial decisions relating to 'retain' or 'replace'.
  - State the tax provisions of section 35 ABB.
  - What is Best judgement assessment ? When it is applied ?
  - Distinguish between 'Tax avoidance' and 'Tax Evasion'.
  - What is Tax planning ? State types of tax planning.
  - What is tax credit ? State its tax provision.
  - Mention any 4 double taxation treaties which are entered by India.
  - What are the exceptions to the general rule of previous year ?

## SECTION – B

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

2. Explain the scope of Tax Planning with respect to :
- Joint ventures
  - Factors affecting make or buy decisions.

P.T.O.



3. G. R. Hari Limited has given the following information of its incomes and expenses for the financial year 2015-16 :

- ✓ Taxable income from business is Rs. 4,50,000
- ✓ Gain on sale of assets held for more than 36 months is Rs. 1,50,000
- ✓ Gain on sale of securities through recognized stock exchanges is Rs. 85,000
- ✓ Taxable income from house property is Rs. 35,000
- ✓ Interest received on fixed deposits is Rs. 25,000
- ✓ 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	30,000
02	Indian Olympic Association	18,000
03	An institution engaged in promotion of family planning	10,000
04	Prime Minister's Drought Relief fund	30,000
05	A notified temple (Rs. 15,000 given in cash)	29,000
06	Indira Gandhi Memorial Trust	25,000
07	An institution which is recognized u/s 80 G	9,000
08	National Defense Fund set up by the Central Government	28,000
09	National Foundation for Communal Harmony	16,000
10	Swach Bharath Kosh	23,000
11	Clean ganga project	29,000
12	Furniture's given to a Church	45,000

The company is eligible for deduction u/s 80 IB. The assessee had paid Rs. 30,000 to Indian national congress party as donation on 15<sup>th</sup> June, 2016.

Compute allowable amount of deduction u/s 80 G for the Assessment Year 2016-17.

4. Discuss the tax provisions under section 80 IC.





5. 'Bhimashankara' Ltd., is engaged in the business of manufacture of telephone dial pad since 2008. During the previous year 2015-16, the following assets are acquired and put to use :

Particulars	Block - I	Block - II	Block - III
Rate of depreciation	15%	20%	40%
Depreciable value of the block on April 1, 2015	8,00,000	25,00,000	5,00,000
Additions of Plant (new) during the previous year 2015-16			
Plant P	14,50,000	-	-
Plant Q	-	1,70,000	-
Plant R	-	-	6,25,000
Sale of old plants	45,000	7,35,000	12,00,000

Plant P, Q and R are acquired during May, 2014 and put to use during 15<sup>th</sup> August, 2015. However, Plant Q is put to use in February, 2016.

Find out the allowable amount of Depreciation, Additional Depreciation and Capital gains if any for the Assessment Year 2016-17.

6. Suprabhath Company Limited has given the following information for the financial 2015-16. The company has filed its income on 10-11-2016. The total income of the company is Rs. 9,37,500. The has 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.
15-06-2014	35,000
13-09-2014	75,000
12-12-2014	45,000
15-03-2015	60,000

Compute Interest u/s 234 A, 234 B and 234 C for the Assessment Year 2016-17.

7. What is assessment ? Briefly explain the types of assessment.



## SECTION - C

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

8. The following particulars are furnished by Panasonic Company Limited :

**Trading and Profit and Loss Account for the year ending 31-03-2016**

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 Wealth tax	55,000	By Transfer fees	12,000
To Dividend distribution tax	2,54,000	By Bad debts recovered	10,000
To O/s Value added tax	60,000	allowed earlier	
To Provision for unascertained liability	80,000		
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		
	<b>50,78,000</b>		<b>50,78,000</b>



**Additional Information :**

- i) Depreciation under Section 32 is Rs. 1,75,000.
- ii) Customs Duty of 2014-15 paid during the year Rs. 1,25,000 was not included in the account.
- iii) Sundry expenses include an item of Rs. 28,000 paid in bearer cash to a farmer.
- iv) Amount of depreciation on account of revaluation of assets is Rs. 1,00,000.
- v) Out of the O/s amount of value added tax Rs. 25,000 was paid before due date of filing of return of income.
- vi) Unabsorbed loss brought forward Rs. 3,00,000 for income tax purpose and Rs.4,24,000 for accounting purposes.
- vii) Unabsorbed depreciation brought forward is Rs. 2,00,000 for accounting purposes.

Compute :

- a) Total income of the Company.
  - b) Book profit u/s 115 JB.
  - c) Total tax liability and
  - d) Tax credit if any.
9. 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.



10. Answer both Part – A and Part – B :

A) From the following information of KoliJan (P) Limited, compute the gross total income for the assessment year 2016-17. 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 2009-10	60,000
3	Business loss of Assessment year 2005-06	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 under relating to scientific research u/s 35 of Income Tax Act, 1961.

11. State the tax provisions for the following :

- Scope of Tax planning
- Principles of direct taxation
- Types of returns.



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

- 1) If the company decides to make the product itself, then it would need to buy a second hand machine for Rs. 4 lakh which would be used for 5 years. Manufacturing costs in each of the five years would be Rs. 6 lakh, Rs. 7 lakh, Rs. 8 lakh, Rs. 10 lakh and Rs. 12.50 lakh respectively. The relevant depreciation rate is 15 percent. The machine will be sold for Rs. 50,000 at the beginning of the sixth year.
- 2) If the company decides to buy the component from a supplier the component would cost Rs. 9 lakh, Rs. 10 lakh, Rs. 11 lakh, Rs. 14 lakh and Rs. 17 lakh respectively for each of the five year. The relevant discounting rate and tax rate 10 percent and tax rate 32.445 percent.

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



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.





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.



III Semester M.Com. Degree Examination, December 2015  
(CBCS Scheme)  
COMMERCE

Paper – 3.5 AT : Direct Taxes and Planning

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer any 7 sub-questions of the following. Each sub-question carries 2 marks. (7×2=14)
- What do you mean by colourable devices ?
  - State the treatment of expenditure incurred on promotion of family planning among employees.
  - Differentiate between 'Tax Planning' and 'Tax Management'.
  - State the general principles governing assessment of business income.
  - What are appeals under Income Tax Act, 1961 ?
  - Define Block of assets u/s 2(11).
  - What is MAT u/s 115JB ? What's the reason for its introduction ?
  - Define Net Wealth u/s 2(m).
  - State the provisions u/s 35D for amortization of preliminary expenditure.
  - What is return of income ? Mention the types of return.

SECTION – B

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

- Briefly explain the Exempted assets under Section 5 of the Wealth Tax Act, 1957.
- State the tax provisions for the following :
  - Advance Payment of Tax
  - Types of assessment
  - Due date for filing return of income.
- Enumerate the tax holidays entitled to business undertaking established in north eastern states u/s 80 IE.

P.T.O.



5. The following details are furnished by Ram Pottu Company Limited for the previous year 2014-15. Gross Total Income is Rs. 8,10,000 which includes the following :

- a) Capital gain on sale of long term capital asset Rs. 1,50,000.
- b) Short term capital gain liable for STT u/s 111A is Rs. 75,000.
- c) The company is eligible for deduction u/s 80IB at 30% of its income from business Rs. 3,50,000.

Sl. No.	Donation given to the following	Amount in Rs.
01	Zila Saksharta Samiti	15,000
02	Prime Minister's Drought Relief Fund	45,000
03	An institution engaged in promotion of family planning	15,000
04	Indian Olympic Association	25,000
05	An institution which is recognized u/s 80G	10,000
06	Indira Gandhi Memorial Trust	40,000
07	National Foundation for Communal Harmony	25,000
08	National Defense Fund set up by the Central Government	45,000
09	A notified Temple (Rs. 15,000 given in cash)	30,000
10	Prime Minister's National Relief Fund	35,000

Compute allowable amount of deduction u/s 80G for the Assessment Year 2015-16.

6. An industrial undertaking which commences the manufacturing activity w.e.f. 15/06/2014 has acquired the following assets during the previous year 2014-15 :

Assets	Date of Acquisition/ construction	Date when put into use	Cost of acquisition/ construction (in Rs.)
Factory building	14/5/2014	01/9/2014	50,00,000
Residential Building	16/08/2014	07/11/2014	3,70,000
<b>Plant and Machinery</b>			
i) Air pollution control equipment	09/6/2014	01/9/2014	4,00,000
ii) Machinery A	25/8/2014	02/10/2014	16,50,000
iii) Machinery B	29/9/2014	31/10/2014	7,50,000
iv) Machinery C (Second hand)	04/01/2015	13/01/2015	3,00,000
v) Motor car	01/12/2014	01/12/2014	4,50,000
vi) Air conditioner (installed in office)	10/3/2015	15/03/2015	1,00,000

Compute the allowable depreciation u/s 32 for the A.Y. 2015-16 and WDV as on 01/04/2015.



7. From the following information of Mohith Private Limited, compute tax liability and show the utilization of tax credit for the various assessment years assuming tax rates applicable are same as of current assessment year for various assessment years given.

Assessment Years	Total income computed as per normal provisions of Income Tax Act, 1961 Rs.	Book profit calculated as per Section 115JB Rs.
2014-15	25,00,000	40,00,000
2015-16	15,00,000	50,00,000
2016-17	75,00,000	40,00,000
2017-18	1,10,00,000	85,00,000
2018-19	95,00,000	1,15,00,000
2019-20	65,00,000	60,00,000

### SECTION - C

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

8. Discuss the tax holidays in respect of profits and gains from certain undertakings involved in infrastructure development undertakings u/s 80 IA.
9. Enumerate the tax provisions regarding set-off and carry forward of losses under the Income Tax Act, 1961.
10. Discuss the valuation rules under Part B of Schedule III relating to Immovable property under Wealth Tax Act, 1957. Illustrate with an example.
11. From the following information determine whether assessee should "purchase the asset or take on lease".
- a) Cost of asset Rs. 5,00,000
  - b) Rate of depreciation 15%
  - c) Rate of interest 10%
  - d) Repayment of loan by the assessee Rs. 80,000 p.a.
  - e) Rate of tax 30.9%
  - f) Residual value of Rs. 80,000 after 5 years
  - g) Profit of the assessee Rs. 5,00,000 before depreciation, interest and tax or before lease rent and tax.
  - h) Lease rent Rs. 1,20,000 p.a.
  - i) Present value factor @ 10% is :

Year	1	2	3	4	5
P. V. Factor	0.909	0.826	0.751	0.683	0.621



12. The following particulars are furnished by Sunrise Company Limited.  
Trading and Profit and Loss Account for the year ending 31/03/2015

Particulars	Amount (in Rs.)	Particulars	Amount (in Rs.)
To Opening stock	3,89,000	By Sales	25,00,000
To Purchases	10,05,000	By Dividend from Domestic Company	10,000
To Advertisement expenses	85,000	By Long term capital gain	2,40,000
To Travelling expenses	60,000	By Bad debts recovered disallowed earlier	15,000
To Capital expenditure on promotion of family planning	25,000	By Amount withdrawn from contingency reserves	2,30,000
To Depreciation	6,25,000	By Closing stock	4,65,000
To Income tax	2,15,000		
To Wealth tax	40,500		
To Entertainment expenses	36,500		
To VAT due	34,000		
To Provision for unascertained liability	30,000		
To Salaries and wages	2,70,000		
To Auditor's fees	30,000		
To Provision for loss of subsidiary company	67,500		
To Proposed dividend	1,75,000		
To Sundry expenses	2,25,000		
To Net profit	1,47,500		
	<b>34,60,000</b>		<b>34,60,000</b>

**Additional information :**

- i) Opening stock was overvalued by Rs. 28,000 and closing stock was overvalued by Rs. 37,000.
- ii) Customs duty of 2012-13 paid during the year Rs. 75,000 was not considered in the above account.
- iii) Sundry expenses include an item of Rs. 42,000 paid in cash.
- iv) Out of the O/s amount of VAT tax Rs. 25,000 was paid before due date of filing of return of income.
- v) Brought forward business loss Rs. 4,00,000 for income tax purpose and Rs. 3,50,000 for accounting purposes.
- vi) Brought forward unabsorbed depreciation is Rs. 2,00,000 for accounting purposes.
- vii) Depreciation as per Section 32 is Rs. 5,75,000.

Compute :

- a) Total income
- b) Book profit u/s 115JB and
- c) Total tax liability for the A.Y. 2015-16.

**Q.P. Code : 91114**

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

*(CBCS Scheme)*

**Economics**

**Paper 3.5.1 – GLOBALIZATION AND ECONOMY**

*Time : 3 Hours]*

*[Max. Marks : 70*

*Instructions to Candidates : Answer All Parts.*

PART – A/ಭಾಗ - ಎ

Explain any **TWO** of the following :

**(2 × 5 = 10)**

1. Explain the evolution and objectives of globalization.  
ಜಾಗತೀಕರಣದ ಉಗಮ ಮತ್ತು ಉದ್ದೇಶಗಳನ್ನು ವಿವರಿಸಿ.
2. Explain the factors determining FDI.  
FDIನ ನಿರ್ಧಾರಕಗಳನ್ನು ವಿವರಿಸಿ.
3. How do you understand the global financial crisis? Explain.  
ಜಾಗತಿಕ ಹಣಕಾಸು ಬಿಕ್ಕಟ್ಟನ್ನು ಹೇಗೆ ಅರ್ಥ ಮಾಡಿಕೊಂಡಿರುವಿರಿ? ವಿವರಿಸಿ.
4. Explain subprime crisis.  
ಸಬ್‌ಪ್ರೈಮ್ ಬಿಕ್ಕಟ್ಟನ್ನು ವಿವರಿಸಿ.

PART – B/ಭಾಗ - ಬಿ

Answer any **THREE** of following :

**(3 × 10 = 30)**

5. Explain the advantages and disadvantages of globalization.  
ಜಾಗತೀಕರಣದ ಅನುಕೂಲಗಳು ಮತ್ತು ಅನಾನುಕೂಲಗಳನ್ನು ವಿವರಿಸಿ.
6. Examine the role of MNCs in global capital flow.  
ಜಾಗತಿಕ ಬಂಡವಾಳ ಹರಿವಿನಲ್ಲಿ MNCಗಳ ಪಾತ್ರವನ್ನು ಪರಿಶೀಲಿಸಿ.
7. Evaluate the causes for global crisis.  
ಜಾಗತಿಕ ಬಿಕ್ಕಟ್ಟಿನ ಕಾರಣಗಳನ್ನು ಮೌಲ್ಯೀಕರಿಸಿ.
8. Explain the impact of global financial crisis on Indian economy.  
ಭಾರತದ ಆರ್ಥಿಕತೆಯ ಮೇಲೆ ಜಾಗತಿಕ ಹಣಕಾಸು ಬಿಕ್ಕಟ್ಟಿನ ಪರಿಣಾಮವನ್ನು ವಿವರಿಸಿ.
9. Explain the lessons for India from global financial crisis of 2008.  
2008ರ ಜಾಗತಿಕ ಹಣಕಾಸು ಬಿಕ್ಕಟ್ಟಿನಿಂದ ಭಾರತ ಕಲಿಯಬಹುದಾದ ಪಾಠವನ್ನು ವಿವರಿಸಿ.

**Q.P. Code : 91114**

PART - C/ಭಾಗ - ಸಿ

Answer any **TWO** of the following :

(2 × 15 = 30)

10. Explain the dimensions and features of globalization.  
ಜಾಗತೀಕರಣದ ಆಯಾಮಗಳು ಮತ್ತು ಲಕ್ಷಣಗಳನ್ನು ವಿವರಿಸಿ.
11. Explain the composition, direction and trends in FDI.  
FDIನ ರಚನೆ, ದಿಕ್ಕು ಮತ್ತು ಪ್ರವೃತ್ತಿಗಳನ್ನು ವಿವರಿಸಿ.
12. Critically examine the impacts of global crisis on manufacturing and banking sectors of India.  
ಉತ್ಪಾದನಾ ಮತ್ತು ಬ್ಯಾಂಕಿಂಗ್ ವಲಯಗಳ ಮೇಲೆ ಜಾಗತಿಕ ಬಿಕ್ಕಟ್ಟಿನ ಪರಿಣಾಮಗಳನ್ನು ವಿಮರ್ಶಾತ್ಮಕವಾಗಿ ಪರಿಶೀಲಿಸಿ.
13. Explain the strategies and steps to reduce another global financial crisis.  
ಮತ್ತೊಂದು ಜಾಗತಿಕ ಹಣಕಾಸು ಬಿಕ್ಕಟ್ಟನ್ನು ತಡೆಯುವ ತಂತ್ರಗಳು ಮತ್ತು ಹಂತಗಳನ್ನು ವಿವರಿಸಿ.