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**BCMCMC 384**

**Choice Based Credit System VI Semester B.Com. Degree  
Examination, July/August 2023  
(2021 – 22 Batch Onwards)  
COST AND MANAGEMENT ACCOUNTING – IV**

Time : 3 Hours

Max. Marks : 120

**SECTION – A**

I. Answer **any four** questions.

**(6×4=24)**

- 1) Define Marginal Costing and what are its limitations ?
- 2) What is variance ? Explain the significance of variance analysis.
- 3) From the following data, calculate how many units are to be sold to earn a net income of 15% on sales
  - Selling price per unit ₹ 40
  - Variable manufacturing cost ₹ 22/unit
  - Variable selling cost per unit ₹ 3
  - Fixed factory O.H. ₹ 1,60,000
  - Fixed selling cost ₹ 20,000
- 4) Define standard costing. State any two standards.
- 5) From the following calculate price variance, usage variance and cost variance.
  - Standard material 4000 units
  - Standard price ₹ 5 per unit
  - Actual materials consumed – 4,300 units
  - Actual price per unit – 5.50

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- 6) Company funds that it cost ₹ 6.25 to make each components of "X", the same is available in the market at the rate of ₹ 4.85 each, with an assurance of continued supply. The details of cost is :

Material ₹ 2.75 each

Labour ₹ 1.75 each

Variable expenses ₹ 0.50 each

Fixed cost ₹ 1.25 each

Should you make or buy ?

### SECTION – B

II. Answer **any four** questions.

(12×4=48)

- 7) Calculate the operating cash profit and cash flow from operations.

Particulars	31.3.2022 ₹	31.3.2023 ₹
P/L Account	14,000	29,000
Prepaid expenses	2,500	3,000
Bills receivable	11,000	15,600
Debtors	25,000	34,000
Stock	19,000	22,000
Outstanding expense	6,400	9,000
Bills payable	7,200	4,500
Creditors	8,500	11,500



**Other information :**

- a) Depreciation on fixed assets ₹ 7,000
- b) Loss on sale of machinery ₹ 6,000
- c) Profit on sale of building ₹ 12,000

8) The following information is supplied to you :

	Rs.
Fixed cost (total)	4,500
Variable cost (total)	7,500
Sales (total)	15,000
Units sold	5,000

**Calculate :**

- a) Contribution
- b) BEP
- c) MOS
- d) Profit
- e) If profit ₹ 6,000, find sales.

9) Explain the advantages and disadvantages of standard costing.

10) Define Budget, Budgeting and Budgetary control.

11) In a factory, 100 workers are employed. The standard rate per hour is ₹ 10 for 50 hour per week. The standard production is 100 units. During the week of January, 100 units were completed in 48 hour by 100 workers, the rate of pay was ₹ 12/hr. Calculate labour cost variance, labour rate variance and labour efficiency variance.

12) A firm can produce 3 different products from the same raw materials using the same production facilities. The requisite labour is available in plenty at ₹ 8 per hour for all products. The supply of raw materials which is imported at ₹ 8 per kg, is limited to 10,400 kg for the budget period. The variable overheads are ₹ 5.60 per hour. The fixed overheads are ₹ 50,000. The selling commission



is 10% on sales. From the following information suggest the most suitable sales mix, which will maximise the profit and also determine the profit earned at that level.

Product	Market demand (Units)	S.P./Unit ₹	Labour hours required/unit	Raw materials required/unit Kgs
X	8,000	30	1	0.7
Y	6,000	40	2	0.4
Z	5,000	50	1.5	1.5

SECTION – C

III. Answer any two.

(24×2=48)

13) The standard cost to produce 10 units is as follows.

- Material A : 60 units at ₹ 15 per unit
- Material B : 80 units at ₹ 20 per unit
- Material C : 100 units at ₹ 25 per unit

During the month of April 100 units were produced and consumption was as follows :

- Material A : 640 units at ₹ 17.50 per unit
- Material B : 950 units at ₹ 18 per unit
- Material C : 870 units at ₹ 27.50 per unit

Calculate all material variances.

14) The sales turnover and profit for 2021 and 2022 were as follows :

Year	Sales ₹	Profit ₹
2021	4,50,000	60,000
2022	5,10,000	75,000



**Calculate :**

- a) Profit volume ratio
- b) Contribution for 2021 and 2022
- c) Fixed cost
- d) Break even point
- e) Sales required to earn a profit of ₹ 1,20,000
- f) Profit when sales are ₹ 7,50,000
- g) Margin of safety at a profit of ₹ 1,50,000 and
- h) Variable cost for 2021 and 2022.

15) A company manufactures two products X and Y. An estimate of the number of units expected to be sold in the first seven months of 2022 is given below.

Month	Product X	Product Y
Jan.	500	1,400
Feb.	600	1,400
March	800	1,200
April	1,000	1,000
May	1,200	800
June	1,200	800
July	1,000	900

It is anticipated that :

- a) There will be no work in progress at the end of any month.
- b) Finished units equal to half the anticipated sales for the next month will be in stock at the end of each month including Dec. 2021.

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The budgeted production and production cost for the year ending 31<sup>st</sup> Dec. are as follows :

Particulars	Product X	Product Y
Production (Units)	11,000	12,000
Direct material cost per unit	₹ 12	₹ 19
Direct wages per unit	₹ 5	₹ 7
Total overheads apportioned to each product	₹ 33,000	₹ 48,000

Prepare a production budget for 6 months showing the number of units manufactured each month (from Jan.-to-June) and a summarised production cost budget for the above period.

16) Prepare cash flow statement as per AS3 (revised).

Liabilities	2022	2021	Assets	2022	2021
	₹	₹		₹	₹
Equity capital	16,00,000	12,00,000	Fixed assets	38,00,000	32,00,000
15% Preference capital	2,80,000	4,00,000	Less :		
Reserve	8,00,000	6,80,000	Depreciation	<u>11,60,000</u>	<u>9,20,000</u>
Capital reserve	40,000	—	Net	26,40,000	22,80,000
Profit and Loss	3,00,000	2,40,000	Investments	3,20,000	4,00,000
16% debenture	2,80,000	4,00,000	Cash	10,000	10,000
Proposed dividend	1,44,000	1,20,000	Other current assets	13,10,000	11,10,000
Tax provision (current liability)	3,40,000	3,60,000	Preliminary expenses	40,000	80,000



Unpaid dividend	16,000	—		
Other current liabilities	5,20,000	4,80,000		
<b>Total</b>	<b>43,20,000</b>	<b>38,80,000</b>	<b>Total</b>	<b>43,20,000 38,80,000</b>

**Other informations :**

- a) One fixed asset was sold for ₹ 1,00,000, the cost of which was ₹ 2,00,000 and depreciation provided on it was 80,000.
  - b) The company decided to write off one fixed asset costing ₹ 56,000 on which depreciation amounting ₹ 40,000 has been provided.
  - c) Depreciation provided on fixed assets ₹ 3,60,000.
  - d) The company sold some investment at a profit of ₹ 40,000 which was credited to capital reserve.
  - e) Debentures and preference shares were redeemed at 5% premium.
  - f) Tax paid during the year ₹ 3,00,000.
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**BCMCMC 381**

**Choice Based Credit System Sixth Semester B.Com. Degree  
Examination, July/August 2023  
(2021-22 Batch Onwards)  
GST AND CUSTOMS DUTY**

Time : 3 Hours

Max. Marks : 120

*Instruction : Provide working notes wherever necessary.***SECTION – A**

Answer any four of the following questions :

**(4×6=24)**

1. Give the meaning of the term, 'Goods' and 'Services' under GST Act and mention the various types of GST.
2. Expand the following terms used in GST Act.
  - a) HSN
  - b) GSTN
  - c) GSTIN
  - d) SAC
  - e) CBIC
  - f) ISD.
3. Sumana is carrying a restaurant business in Mangaluru. Her total turnover for the year 2022-23 was ₹ 1,28,00,000. She has paid input tax on all her inward supplies but has not collected GST on outward supplies. Is she eligible for levy under composition scheme ? If yes, calculate GST liability.
4. From the following information, compute Net GST payable :  
Supplier has output tax liability : IGST – ₹ 1,70,000, CGST – ₹ 80,000 and SGST – ₹ 90,000 and the credit available for IGST – ₹ 1,85,000, CGST – ₹ 65,000 and SGST – ₹ 75,000.
5. Determine the time of supply of goods in each of the following cases :

Sl. No.	Date of issue of Invoice	Date of Supply of Goods	Date of Payment
1	17-09-22	22-09-22	24-09-22
2	21-02-23	19-02-23	13-03-23
3	01-06-22	07-06-22	22-06-22
4	09-09-22	03-08-22	03-09-22
5	07-05-22	08-05-22	02-05-22
6	31-10-22	03-11-22	19-11-22

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6. From the following information, compute Customs Duty payable.

- FOB value of imported goods € 6,800
- Basic Customs Duty – 12%
- Anti-dumping duty – 10%
- IGST 18%.

Assume the rate of exchange on the date of presentation of Bill of Entry is € 1 = ₹ 92.5.

### SECTION – B

(4×12=48)

Answer **any four** of the following questions :

- Explain the concept of Reverse Charge Mechanism.
- Write short notes on composite supply and mixed supply.
- Mention any six differences between Normal Scheme of Registration and Composition Scheme of Registration.
- From the following information, compute Aggregate Turnover and Taxable Turnover under IGST, CGST and SGST.  
Assume the Supplier is registered in Mysuru, Karnataka.
  - Goods supplied to a registered dealer in Dharwad – ₹ 12,00,000
  - Goods supplied to an unregistered dealer in Telangana – ₹ 7,50,000
  - Exports to Oman ₹ 15,00,000
  - Inward supplies from an Unregistered dealer in Cochin – ₹ 6,00,000
  - Supply of goods to a branch office in Mangaluru – ₹ 2,50,000
  - Supply of goods to a branch office in Mumbai – ₹ 5,80,000
  - Supply of goods to a dealer in Ahmedabad – ₹ 2,24,000 (including GST @ 12%)
  - Supply to a dealer in SEZ at Mangaluru – ₹ 15,00,000
  - Supply to a composite dealer in Chennai – ₹ 5,40,000
  - Supply of Alcohol and Tobacco products in Karnataka – ₹ 8,50,000.
- VK Ltd. has its Head Office in Hyderabad and has six branches at Mangaluru, Kochi, Lucknow, Kolkata, Mumbai and Chennai. It hires the services of Complete Care Ltd., an internet security service provider for all its branches including the Head Office. The bill is raised on the Head Office which includes GST amounting to ₹ 6,50,000. The turnover of the H.O. and the branches during the year ending 31<sup>st</sup> March 2023 were as follows :
 

Hyderabad Head Office	–	₹ 12,00,000
Mangaluru	–	₹ 17,00,000
Kochi	–	₹ 11,50,000
Lucknow	–	₹ 12,50,000
Kolkata	–	₹ 15,60,000
Mumbai	–	₹ 15,00,000
Chennai	–	₹ 12,50,000

Compute the distribution of input tax as per the ISD rules.

12. From the following information compute Customs Duty payable in the following cases :

Particulars	Case I (€)	Case II (¥)
Rate of Exchange for 1€ & 1¥ respectively	₹ 93	₹ 0.70
Assessable value	€ 3400	¥ 12000
Basic Customs Duty	10%	12%
NCCD	1%	—
CVD	10%	—
Compensation Cess	45%	50%
IGST	12%	18%

## SECTION – C

Answer any two of the following questions :

(2×24=48)

13. Explain the features and objectives of GST.
14. From the following information you are required to compute the Assessable Value and the amount of GST payable by the dealer on his transaction. GST rate 12%.

The Sale price of goods ₹ 6,00,000 which does not include the following :

- Selling expenses ₹ 24,000
- Insurance cost ₹ 12,000
- Warranty expenses ₹ 16,000
- Design and development charges ₹ 10,200
- Pre delivery inspection charges ₹ 12,000
- Packing cost ₹ 20,800
- Materials purchased (Exclusive of GST) ₹ 1,60,000
- Publicity Expenses ₹ 24,000
- Taxes, duties, cess and charges ₹ 60,000
- Transportation charges ₹ 12,000
- Installation and erection charges ₹ 28,000
- Freight charges ₹ 40,000
- Advertising charges ₹ 16,000

Selling price includes the following.

- Cost of durable and returnable packing ₹ 1,04,000
- Trade discount (allowed at the time of supply) ₹ 60,000.





15. Rajani Ltd., Puttur furnishes the following information on manufacturing of goods. Compute Net GST payable by the business.

**Inward Supplies :**

- a) Supply of raw materials from within the state (inclusive of GST at 12%) – ₹ 3,36,000
- b) Supply of raw materials from an unregistered dealer in Bagalkote at – ₹ 2,40,000 (excluding GST at 18%)
- c) Supply from Harihar for – ₹ 3,20,000 (excluding GST at 18%)
- d) Supply from SEZ in Mangaluru – ₹ 6,30,000 (including GST at 5%)
- e) Supply from a Composite dealer – ₹ 5,00,000 (GST applicable 12%)
- f) Imports from Bangladesh including BCD and Social Welfare Surcharge and excluding IGST at 18% – ₹ 11,10,000.
- g) Manufacturing expenses – ₹ 1,50,000
- h) Transportation cost and insurance – ₹ 60,000.

**Outward Supplies at 18% GST :**

Out of the total finished goods :

- a) 20% sold to a unit of FTZ in Bengaluru at a profit of 30%
- b) 20% sold to an unregistered dealer in Madhya Pradesh at a profit of 40%
- c) 20% sold to a registered dealer in Telangana who opted for composition scheme at a profit of 35%
- d) 25% exported to Sri Lanka at a profit of 50%
- e) Balance sold within the state at a profit of 30%.

Assume all suppliers have uploaded their invoices. Electronic Credit Ledger of Rajani Ltd. provides the following :

IGST Credit – ₹ 50,000, CGST Credit – ₹ 50,000 and SGST Credit – ₹ 45,000.

16. From the following information compute Assessable Value and Customs Duty payable.

- a) Cost of the perfume imported from London – £ 1,40,000
- b) Commission – £ 12,000
- c) Packing charges – £ 3,500 (includes returnable packing £ 400)
- d) Cost of materials supplied by the importer – £ 15,000
- e) Royalty and License fees paid by the importer – £ 12,000
- f) Cost of Air Transport – £ 2,000
- g) Basic Customs Duty – 12%
- h) NCCD – 10%
- i) CVD – 12.5%
- j) Safeguard duty – 10% on AV
- k) Compensation Cess – 60%
- l) IGST 28%.

Assume that the rate of exchange 1£ = ₹ 102 as prescribed by CBIC on the date of presentation of Bill of Entry.

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**BCMCMC 385**

**Choice Based Credit System VI Semester B.Com. Degree Examination,  
July/August 2023  
(2021 – 22 Batch Onwards)  
INDIAN CORPORATE LAW**

Time : 3 Hours

Max. Marks : 120

**PART – A**

**ವಿಭಾಗ - ಎ**

Answer any four questions :

**(4×6=24)**

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

1. State the facts and judicial decisions in Asbury Railway Carriage Company Vs. Riche.  
ಆಸ್ಬರಿ ರೈಲ್ವೆ ಕ್ಯಾರೇಜ್ ಕಂಪೆನಿ ವಿರುದ್ಧ ರಿಚೆ ಪ್ರಕರಣದ ತೀರ್ಪಿನ ಕುರಿತು ವಿವರಿಸಿರಿ.
2. Write a note on the doctrine of constructive notice.  
ರಚನಾತ್ಮಕ ಸೂಚನೆಯ ಸಿದ್ಧಾಂತದ ಕುರಿತು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.
3. Distinguish between a member and a shareholder of a company.  
ಕಂಪೆನಿಯ ಸದಸ್ಯನಿಗೂ ಮತ್ತು ಶೇರುದಾರನಿಗೂ ಇರುವ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿ.
4. What are the qualification and disqualifications of a company director ?  
ಕಂಪೆನಿ ನಿರ್ದೇಶಕರ ಅರ್ಹತೆ ಮತ್ತು ಅನರ್ಹತೆಗಳು ಯಾವುವು ?
5. What is share certificate ? What are its contents ?  
ಶೇರುಪತ್ರ ಎಂದರೇನು ? ಅದರ ಅಡಕಗಳು ಯಾವುವು ?
6. Write a note on Agenda and Quorum of the meeting.  
ಸಭೆಯ ಕಾರ್ಯಕ್ರಮದ ಪಟ್ಟಿ ಹಾಗೂ ಸಭೆಯಲ್ಲಿ ಅಗತ್ಯವಿರುವ ಸದಸ್ಯರ ಕನಿಷ್ಠ ಸಂಖ್ಯೆಯ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

**P.T.O.**





## PART – B

## ವಿಭಾಗ – ಬಿ

Answer any four questions :

(4×12=48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

7. Define joint stock company. Explain the characteristics of joint stock company.  
ಕೂಡು ಬಂಡವಾಳ ಸಂಸ್ಥೆಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿರಿ. ಒಂದು ಕೂಡು ಬಂಡವಾಳ ಸಂಸ್ಥೆಯ ಲಕ್ಷಣಗಳನ್ನು ವಿವರಿಸಿ.
8. Define a member of company. Who can become a member of a company ?  
ಕಂಪೆನಿಯ ಸದಸ್ಯನ ವ್ಯಾಖ್ಯೆಯನ್ನು ನೀಡಿರಿ. ಕಂಪೆನಿಯ ಸದಸ್ಯರಾಗಲು ಯಾರು ಅರ್ಹರು ?
9. Explain the provisions relating to allotment of shares.  
ಶೇರು ಹಂಚಿಕೆಗೆ ಸಂಬಂಧಿಸಿದ ಕಾನೂನು ನಿಯಮಗಳನ್ನು ವಿವರಿಸಿ.
10. Explain different types of resolutions passed at the general meeting of the company.  
ಕಂಪೆನಿಯ ಸಾಮಾನ್ಯ ಸದಸ್ಯರ ಸಭೆಯಲ್ಲಿ ಮಂಜೂರಾತಿ ಪಡೆಯುವ ವಿವಿಧ ವಿಧಗಳ ಠರಾವುಗಳನ್ನು ವಿವರಿಸಿ.
11. What is indoor management rule ? Narrate the exceptions to this rule.  
ಆಂತರಿಕ ಆಡಳಿತ ತತ್ವ ಎಂದರೇನು ? ಈ ತತ್ವದ ಅಪವಾದಗಳನ್ನು ವಿವರಿಸಿ.
12. Define company secretary. Explain the various duties of a company secretary.  
ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿಯನ್ನು ವ್ಯಾಖ್ಯಾನಿಸಿ. ಕಂಪೆನಿ ಕಾರ್ಯದರ್ಶಿಯ ವಿವಿಧ ಕರ್ತವ್ಯಗಳನ್ನು ವಿವರಿಸಿ.

## PART – C

## ವಿಭಾಗ – ಸಿ

Answer any two questions :

(24×2=48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿ :

13. What is corporative veil ? Explain the circumstances under which it is lifted.  
ಕಂಪೆನಿಯ ಪರದೆ ಎಂದರೇನು ? ಯಾವ ಸಂದರ್ಭಗಳಲ್ಲಿ ಕಂಪೆನಿಯ ಪರದೆಯನ್ನು ಸರಿಸಬಹುದು ವಿವರಿಸಿ ?
14. Explain the rights and liabilities of a member of a company.  
ಕಂಪೆನಿಯ ಸದಸ್ಯರ ಹಕ್ಕುಗಳು ಹಾಗೂ ಬಾಧ್ಯತೆಗಳನ್ನು ವಿವರಿಸಿ.
15. Explain the requisites of company general meetings.  
ಕಂಪೆನಿಯ ಸಾಮಾನ್ಯ ಸಭೆಯ ಅಗತ್ಯತೆಗಳನ್ನು ವಿವರಿಸಿ.
16. Who is director ? Explain the various duties and liabilities of company director.  
ನಿರ್ದೇಶಕ ಎಂದರೇನು ? ಕಂಪೆನಿಯ ನಿರ್ದೇಶಕರ ವಿವಿಧ ಕರ್ತವ್ಯ ಮತ್ತು ಬಾಧ್ಯತೆಗಳನ್ನು ವಿವರಿಸಿ.

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**BCMCMC 382**

**Choice Based Credit System VI Semester B.Com.**  
**Examination, July/August 2023**  
**(2021-22 Batch Onwards)**  
**CORPORATE ACCOUNTING – II**

Time : 3 Hours

Max. Marks : 120

*Instruction : Show working notes wherever necessary.*

**SECTION – A**

Answer **any four** questions :

(6×4=24)

1. What do you mean by valuation of shares ? State the circumstances under which shares are valued.
2. Define the term amalgamation, absorption and external reconstruction.
3. The following information is given to you :
  - a) Capital employed ₹1,50,000.
  - b) Normal rate of Profit 10%.
  - c) Net profit for last five years ₹ 14,400, ₹15,400, ₹16,900, ₹17,400, ₹17,900.
  - d) The profits include a non-recurring profit on an average basis of ₹1,000.
 You are required to calculate Goodwill under five years purchase of Super Profit Method and Capitalisation Method.
4. Weak Ltd. went into voluntary liquidation. Following was its position :  
 Preferential creditors ₹ 12,000, Unsecured creditors ₹ 2,40,000, Liquidation expenses ₹ 10,000, Liquidators remuneration ₹ 15,000, Debentures having floating charge on assets ₹ 4,00,000. Assets realized ₹ 6,00,000. Prepare the liquidators final statement of account.

5. Following is the balance sheet of X company Ltd. as on 31-3-2020

<b>Liability</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Share capital	4,00,000	Fixed Assets	6,00,000
Reserve Fund	1,50,000	Current Assets	2,00,000
P and L A/c	50,000	Preliminary expenses	1,00,000
Debentures	1,00,000		
Current Liabilities	2,00,000		
	<b>9,00,000</b>		<b>9,00,000</b>

Y Co. Ltd. takes over the business of X Co. Ltd. The purchase price has to be paid in the cash to the extent of ₹1,00,000 and the balance is fully paid equity shares of ₹10 each.

Calculate the amount of purchase consideration and show the mode of payment.

P.T.O.





6. How do you treat the following items in Final accounts of companies ?
- Prepaid insurance
  - Director's remuneration
  - Calls in Arrears
  - Proposed dividend
  - Debenture Interest
  - Salaries.

SECTION – B

Answer any four questions :

(12×4=48)

7. Adish Ltd. decided to sell its business to the Reliance Ltd. as on 31<sup>st</sup> March 2021. On that date its Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Paid up capital :		Freehold property	3,30,000
40,000 shares of ₹ 10 each	4,00,000	Stock	70,000
Reserve Fund	1,00,000	Debtors	80,000
5% Debentures	2,00,000	Bills receivable	40,000
Creditors	60,000	Goodwill	80,000
Profit and Loss A/c	40,000	Cash at Bank	2,00,000
	<b>8,00,000</b>		<b>8,00,000</b>

The Reliance Ltd. agreed to take over assets (excluding cash) at the amount stated in the Balance Sheet except goodwill for which the company agreed to pay ₹ 2,00,000 and discharge the liabilities to creditors. The purchase price was to be discharged by the allotment of 24,000 shares of ₹ 10 each at 12.50 per share and the balance in cash. The expenses of liquidation amounted to ₹ 6,000. Show Realisation A/c, Reliance Ltd's A/c, Equity Shares A/c, Bank A/c and Equity Shareholder A/c in the book of Adish Ltd.

8. Given below is the Balance sheet of Lakshmi Ltd., as on 31<sup>st</sup> March 2021 :

Liabilities	₹	Assets	₹
Equity share capital		Goodwill	15,000
10,000 shares of ₹ 10 each	1,00,000	Land	40,000
Reserve	45,000	Plant	50,000
Profit and loss A/c :		Investment	60,000
on 1-4-2014	6,000	Stock	50,000
Profit for current year <u>24,000</u>	30,000	Debtors	60,000
8% Debentures	50,000	Cash	20,000



Creditors	30,000	Preliminary expenses	5,000
Provision for tax	20,000		
Depreciation fund [Plant]	25,000		
	<b>3,00,000</b>		<b>3,00,000</b>

Profit for the years includes ₹ 3,000 income from investment. Land and Plant are valued at ₹ 1,00,000 and ₹ 20,000 respectively. Investments are all in Govt. Securities.

Compute the value of Goodwill on the basis of 3 year's purchase of super profits. Normal return on capital employed in this type of business is 10%.

9. X Ltd., went into voluntary liquidation on 1<sup>st</sup> July 2021. Balance sheet of the Co. on this date was as follows :

<b>Liabilities</b>	₹	<b>Assets</b>	₹
Share capital : 12,000 10%		Plant	2,00,000
Preference Shares of ₹ 10 each	1,20,000	Stock	1,00,000
20,000 Ordinary Shares of ₹ 10 each	2,00,000	Debtors	1,50,000
5% Debentures	60,000	Cash	3,000
Creditors	1,03,000	P and L account	30,000
	<b>4,83,000</b>		<b>4,83,000</b>

Preference dividend was in arrears for one year and payable on liquidation. Plant and Stock realised ₹ 2,75,000. Debtors worth ₹ 25,000 were bad. Creditors include ₹ 5,000 Preferential. Liquidation expenses amounted to ₹ 1,600. Liquidator's remuneration was agreed at 2 percent on amount realized except cash and 2 percent on the amount distributed to the ordinary shareholders. Debenture holders were paid on 31-12-2021.

Prepare Liquidator's Final account.

10. Following is the summarized balance sheet of Godawari Ltd., as on 31-12-2020.

<b>Liabilities</b>	₹	<b>Assets</b>	₹
Share capital : 3,000 shares of ₹100 each	3,00,000	Fixed assets	1,70,000
General reserve	1,60,000	Stock	3,10,000
P and L A/c	1,20,000	Debtors	2,03,000
Creditors	1,00,000	Bank	1,17,000
Income tax liabilities	1,20,000		
	<b>8,00,000</b>		<b>8,00,000</b>

Net profit after taxation for the last three years were ₹ 69,000/-, ₹ 91,500/- and ₹ 98,500/- respectively. It is the practice of the company to keep 20 percent of the profit after taxation to the Reserve. The average yield in this type of business is 15 percent on capital employed.

On this date the Fixed Assets were valued at ₹ 3,00,000 and there is a necessity to provide RBD at 10 percent.

You are required to calculate the fair value of each equity share under :

- Net Assets Method
- Yield Method





11. Define Ratio Analysis. Explain the role of ratios in financial decision making.  
 12. From the following balances extracted from the books of Datta Co. Ltd. prepare its Balance Sheet in the vertical form as on 31-03-2022.

	₹
Paid-up capital	4,00,000
General reserve	25,000
Premises	3,30,000
Sundry creditors	50,000
Bills payable	40,000
Sundry debtors	66,000
Investments (long term)	52,000
6% debentures	60,000
Machinery	1,10,000
Preliminary expenses	5,000
Bills receivable	10,000
Cash in hand and at the Bank	26,000
Profit carried forward from the current year	15,700
Sales	1,20,000

**Additional Information :**

- 1) Transfer to General Reserve ₹ 5,000
- 2) Depreciation on premises ₹ 30,000 and on Machinery ₹ 10,000.
- 3) Provide for 5% of Debtors as RBD and write off ₹ 1,000 from Preliminary Expenses
- 4) Closing stock ₹ 43,700.

**SECTION – C**

Answer any two questions :

(24×2=48)

13. The following are the Balance Sheets of Sun Company Limited and Moon Company Limited as on 31-03-2020.

<b>Liabilities</b>	<b>Sun Ltd. (₹)</b>	<b>Moon Ltd. (₹)</b>	<b>Assets</b>	<b>Sun Ltd. (₹)</b>	<b>Moon Ltd. (₹)</b>
Share Capital :			Building	1,50,000	-
Shares of ₹ 10 each	5,00,000	3,00,000	Machinery	5,50,000	2,50,000
General Reserve	1,20,000	-	Stock	80,000	40,000
Profit and Loss A/c	80,000	-	Debtors	70,000	45,000
10% Debentures	1,00,000	-	Cash	15,000	5,000

Trade Creditor	50,000	40,000		
Employees Provident Fund	15,000	—		
	<b>8,65,000</b>	<b>3,40,000</b>	<b>8,65,000</b>	<b>3,40,000</b>

Sun Co. Ltd. and Moon Co. Ltd. have agreed to amalgamate and form a new company called Sunshine Company Ltd. with an authorized capital of ₹ 20,00,000 in shares of ₹ 100 each which has agreed to take over the assets and liabilities of both companies on 01-04-2020.

The assets of Sun Company Ltd. are taken over at a reduced valuation of 10% with exception of buildings which are accepted at book value.

Both the companies are to receive 5% of the net assets of their respective business as goodwill. The entire purchase price is to be paid by Sunshine Ltd. in fully paid equity shares of ₹ 100 each.

Prepare Realisation Account and Share Holders Account in the books of both of the selling companies and pass opening entries in the books of Sunshine Ltd. Also prepare the Opening Balance Sheet of Sunshine Ltd.

14. Following is the Trial Balance of Keerthi Ltd. as on 31-3-2020.

	Dr. (₹)	Cr. (₹)
Machinery	30,000	—
Interim dividend	5,000	—
Debtors	25,000	—
Investments	25,000	—
Depreciation on Machinery	4,000	—
Depreciation on Building	1,600	—
Wages	8,000	—
Salaries	9,400	—
Bad debts	700	—
Director's fee	2,000	—
Debenture interest (upto 30-9-2019)	900	—
Insurance	600	—
Cash at Bank	3,000	—
Buildings	80,000	—
Office expenses	16,000	—
Carriage inwards	2,500	—
Discount on debentures	1,500	—

Purchases	64,400	—
Goodwill	30,000	—
Opening stock	12,500	—
Paid-up capital	—	1,00,000
Unclaimed Dividend	—	200
Debenture sinking fund	—	25,000
Sales	—	1,24,000
Bill payable	—	1,000
Interest on debenture sinking fund investment A/c	—	800
General Reserve	—	5,000
6% Debentures	—	30,000
Reserve for doubtful debts	—	2,500
Profit and Loss A/c	—	11,500
Transfer fee	—	100
Creditors	—	22,000
	<b>3,22,100</b>	<b>3,22,100</b>

**Adjustments :**

- Maintain 6% reserve for doubtful debts.
- ₹ 300 Insurance paid is for one-year upto 30-6-2020.
- Transfer ₹ 2,000 to debenture sinking fund.
- Write-off half of discount on debentures.
- Provide for tax ₹ 5,000.
- Final dividend is proposed at 10%.

Prepare statement of Profit and Loss and Balance Sheet of the company in the prescribed form.

15. Modern Trading Ltd. decided to reconstruct and consequence went to voluntary liquidation. The Balance Sheet of the company on 31-12-2018 was as follows :

<b>Liabilities</b>		₹	<b>Assets</b>		₹
Capital :			Land and Buildings		4,50,000
1,00,000 Equity			Plants and Machinery		2,40,000
Shares of ₹ 10 each	10,00,000		Sundry debtors		1,00,000





Sundry Creditors	30,000	Stock	50,000
Bills payable	20,000	Cash at Bank	10,000
		Profit and Loss A/c	2,00,000
	<b>10,50,000</b>		<b>10,50,000</b>

The scheme of reconstruction is as follows :

- The New Company was to take over all the assets of the old company, but not the liabilities.
- The capital of the New Company was to be ₹ 15,00,000 in ₹ 1,50,000 shares of ₹ 10 each.
- The New Company was to purchase the goodwill of the business and assets of the old company for the sum of ₹ 8,00,000 payable as to ₹ 7,00,000/- by the issue of 1,40,000 equity shares of ₹ 10 each with ₹ 5 per share credited as paid-up and to pay ₹ 1,00,000 in cash.
- The members of the New Company were to pay the balance of ₹ 5 per share due upon the shares issued to them. All the shares were duly paid.
- The expenses of reconstruction amounted to ₹ 5,000 paid by the New Company. Pass journal entries to close the books of the Modern Trading Company Ltd. and show the opening Balance Sheet of the New Company Ltd.
- For making payment to the shareholders, the New Company borrowed ₹ 50,000 in form of 5% debentures.

16. From the following statement of Bharathi Ltd. Calculate :

- a) Current Ratio
- b) Acid Test Ratio
- c) Operating Ratio
- d) Proprietary Ratio
- e) Debt-equity Ratio
- f) Net Profit Ratio
- g) Gross Profit Ratio
- h) Stock Turnover Ratio
- i) Capital Gearing Ratio
- j) Debtors Turnover Ratio
- k) Working Capital turnover ratio
- l) Creditors Turnover Ratio.



Reg. No.

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**BCMCMC 386**

**Choice Based Credit System VI Semester B.Com. Degree  
Examination, September 2022  
(2021 – 22 Batch Onwards)  
COMMERCE  
Auditing**

Time : 3 Hours

Max. Marks : 120

**SECTION – A/ವಿಭಾಗ - ಎ**

Answer any four questions.

**(4×6=24)**

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ.

1. What are the limitations of auditing ?

ಲೆಕ್ಕಪರಿಶೋಧನಾಶಾಸ್ತ್ರದ ನ್ಯೂನತೆಗಳಾವುವು ?

2. Write a note on Government audit.

ಸರ್ಕಾರಿ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಕುರಿತು ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

3. List out the contents of the audit notebook.

ಲೆಕ್ಕಪರಿಶೋಧನಾ ಟಿಪ್ಪಣಿ ಪುಸ್ತಕದಲ್ಲಿ ಅಡಕವಾಗಿರುವ ಅಂಶಗಳನ್ನು ಪಟ್ಟಿಮಾಡಿ.

4. What are vouchers ? Explain with examples.

ಪುರಾವೆಗಳೆಂದರೇನು ? ಉದಾಹರಣೆ ಸಹಿತ ವಿವರಿಸಿ.

5. Write a note on 'CARO' report.

'ಕಾರೋ' ವರದಿ ಬಗ್ಗೆ ಟಿಪ್ಪಣಿ ಬರೆಯಿರಿ.

6. What are the four Ps of corporate governance ?

ಸಾಂಸ್ಥಿಕ ಆಡಳಿತದ ನಾಲ್ಕು Pಗಳು ಯಾವುವು ?

**P.T.O.**



## SECTION – B/ವಿಭಾಗ - ಬಿ

Answer any four questions.

(4×12=48)

ಯಾವುದಾದರೂ ನಾಲ್ಕು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ.

7. Distinguish between Continuous audit and Annual audit.  
ನಿರಂತರ ಲೆಕ್ಕಪರಿಶೋಧನೆ ಮತ್ತು ಕಾಲಾವಧಿ ಲೆಕ್ಕಪರಿಶೋಧನೆ ನಡುವಿನ ವ್ಯತ್ಯಾಸಗಳನ್ನು ತಿಳಿಸಿರಿ.
8. What is an audit program ? Explain its advantages and disadvantages.  
ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಕಾರ್ಯಕ್ರಮ ಎಂದರೇನು ? ಅದರ ಪ್ರಯೋಜನ ಮತ್ತು ದೋಷಗಳನ್ನು ವಿವರಿಸಿರಿ.
9. Define corporate governance. Explain the different factors influencing corporate governance.  
ಸಾಂಸ್ಥಿಕ ಆಡಳಿತದ ವ್ಯಾಖ್ಯೆ ಬರೆಯಿರಿ. ಸಾಂಸ್ಥಿಕ ಆಡಳಿತದ ಮೇಲೆ ಪ್ರಭಾವ ಬೀರುವ ಅಂಶಗಳು ಯಾವುವು ?
10. Explain the computer assisted auditing techniques.  
ಕಂಪ್ಯೂಟರ್ ಸಹಾಯಕ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ತಾಂತ್ರಿಕತೆಯ ಬಗ್ಗೆ ವಿವರಿಸಿರಿ.
11. Explain the benefits of social audit.  
ಸಾಮಾಜಿಕ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಲಾಭಗಳಾವುವು ? ವಿವರಿಸಿರಿ.
12. How are auditors of a company appointed under different circumstances ?  
ಕಂಪನಿ ಲೆಕ್ಕಪರಿಶೋಧಕನನ್ನು ವಿವಿಧ ಸಂದರ್ಭಗಳಲ್ಲಿ ಹೇಗೆ ನೇಮಕ ಮಾಡುತ್ತಾರೆ ?

## SECTION – C/ವಿಭಾಗ - ಸಿ

Answer any two questions.

(2×24=48)

ಯಾವುದಾದರೂ ಎರಡು ಪ್ರಶ್ನೆಗಳಿಗೆ ಉತ್ತರಿಸಿರಿ.

13. Define auditing and explain the various objects of auditing.  
ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ವ್ಯಾಖ್ಯೆ ನೀಡಿರಿ. ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ವಿವಿಧ ಉದ್ದೇಶಗಳನ್ನು ವಿವರಿಸಿರಿ.
14. Explain the rights and duties of the company auditor under the Companies Act, 1956.  
ಕಂಪನಿ ಕಾಯ್ದೆ, 1956 ರ ಪ್ರಕಾರ ಕಂಪನಿ ಲೆಕ್ಕಪರಿಶೋಧಕನ ಹಕ್ಕುಗಳು ಮತ್ತು ಕರ್ತವ್ಯಗಳನ್ನು ವಿವರಿಸಿರಿ.
15. Describe a suitable system of internal check applicable to the payment of wages.  
ಮಜೂರಿ ಪಾವತಿಗೆ ಸಂಬಂಧಪಟ್ಟ ಸೂಕ್ತವಾದ ಆಂತರಿಕ ಪ್ರತಿಬಂಧ ವ್ಯವಸ್ಥೆಯ ಬಗ್ಗೆ ವಿವರಿಸಿರಿ.
16. "Vouching is the essence of audit". Explain. State the objectives of Vouching.  
How would you vouch the cash book ?  
"ದೃಢೀಕರಣವು ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಸಾರ" ಈ ಹೇಳಿಕೆಯನ್ನು ವಿವರಿಸಿರಿ. ದೃಢೀಕರಣ ಲೆಕ್ಕಪರಿಶೋಧನೆಯ ಉದ್ದೇಶ ತಿಳಿಸಿ. ನಗದು ಪುಸ್ತಕವನ್ನು ಹೇಗೆ ರುಜುವಾತು ಪಡಿಸುವಿರಿ ?

Reg. No.

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**BCMCMC 383**

**Choice Based Credit System Sixth Semester B.Com. Degree  
Examination, July/August 2023  
(2021 – 22 Batch Onwards)  
COMMERCE  
Financial Management – II**

Time : 3 Hours

Max. Marks : 120

**SECTION – A**

Answer **any four** questions.

**(4×6=24)**

1. Explain any six factors determining the size of working capital.
2. Explain the functions of Treasury Management.
3. Explain the activities of Sponsor in Mutual Fund.
4. Vaibhav Systems Ltd. issued 10000, 14% Redeemable Debentures of ₹ 100 each. These are redeemable after 6 years at a premium of 10%. The cost of flotation is 2%. The applicable tax rate is 30%. Compute the cost of debentures.
5. The following data relate to three companies. Using Walter's Model, calculate the market price of their shares.

	<b>Company A</b>	<b>Company B</b>	<b>Company C</b>
EPS	₹ 10	₹ 5	₹ 30
Return on Investment	35%	32%	45%
Dividend Payout Ratio	4%	20%	5%
Cost of capital	9%	9%	9%

6. Vaishalya Ltd. furnishes the following data. Determine the trend values by showing the calculations. Consider 2020 as base period.

<b>Year</b>	<b>Sales (₹)</b>	<b>Debtors (₹)</b>	<b>Inventory (₹)</b>
2020	30,000	8,000	3,000
2021	31,200	7,900	3,100
2022	45,000	9,000	6,000

**SECTION – B**

Answer **any four** questions.

**(4×12=48)**

7. What are the methods for improving liquidity position of a company ?
8. What is Asset Management Company ? Explain its features.

P.T.O.





9. Varidhi Enterprises furnish the following particulars for the year 2022. Calculate working capital requirement based on Operating Cycle, assuming 360 days for a year.

Average inventory :	Amount in ₹
Raw Material	40,000
Work in Process	60,000
Finished Goods	80,000
<b>Other Particulars</b>	
Raw materials consumed	14,40,000
Cost of production	36,00,000
Cost of goods sold	57,60,000
Credit sales	54,00,000
Credit purchases	28,80,000
Total debtors	1,80,000
Total creditors	1,04,000

10. The financial details of eight fertilizer companies for the year 2021 – 2022 are given below along with expected growth rates. Calculate their cost of equity shares.

Sl. No.	Company	Face Value (₹)	Dividend %	Market Price (₹)
1	A Co. Ltd.	10	18	34
2	B Co. Ltd.	2	85	77
3	C Co. Ltd.	2	225	281
4	D Co. Ltd.	10	38	103
5	E Co. Ltd.	10	20	78
6	F Co. Ltd.	10	15	190

11. Apply Modigliani-Miller hypothesis and determine the share prices of the following companies after the declaration of dividend.

Company	Face Value (₹)	Price before declaration of Dividend (₹)	Dividend per share (₹)	Cost of Equity %	Net profit (₹ Crores)
M Co. Ltd.	10	600	12	5	320
N Co. Ltd.	10	418	6	6	110
O Co. Ltd.	10	206	5	7	56
P Co. Ltd.	10	165	12	4	250
Q Co. Ltd.	10	5,980	20	5	175
R Co. Ltd.	100	6,250	25	6	200



12. From the following particulars prepare common size income statement. (Show the calculations) Sales ₹ 4,00,000, Material Cost ₹ 1,20,000, Wages ₹ 70,000, Factory Expenses ₹ 30,000, Office and Administration Expenses ₹ 12,500, Selling Expenses ₹ 13,600, Interest paid ₹ 8,000, Tax rate 35%.

SECTION – C

Answer any two questions.

(2×24=48)

13. Explain the benefits (merits) of bonus issue to the investors and SEBI guidelines on issue of bonus shares.
14. Proforma cost sheet of company shows the following particulars.

Element of cost	Amount per unit ₹
Raw materials	140
Direct Labour	80
Manufacturing overheads	60
Selling and Distribution overheads	20
Profit	100
Selling price	400

The following particulars are available.

- Raw materials are in stock on an average for two months.
- Materials are in process on an average for one month (100% complete in regard to materials and 50% for labour and overhead)
- Finished goods are in stock on an average for two months.
- 25% of the output is sold for cash.
- Credit allowed by creditors is two months.
- Credit allowed to customers is two months.
- Lag in payment of wages is one month.
- Lag in payment of overhead expenses are one month each.
- Cash in hand and at bank is expected to be ₹ 30,000.

You are required to prepare a statement showing the working capital needed to finance a level of 120000 units of production. Provide 20% Safety margin.



15. The following information has been extracted from the balance sheet of Vaishak Ltd. as on 31-12-2022.

	₹
Equity share capital	6,00,000
12% Debentures	4,00,000
18% Term loans	15,00,000
<b>Total Funds</b>	<b>25,00,000</b>

- a) Determine the weighted average cost of capital of the company, if it had been paying dividend at a consistent rate of 30% p.a.
  - b) What difference will it make if the current price of ₹ 100 per share is ₹ 160.
  - c) Determine the effect of income tax on cost of capital under both the premises. Tax Rate is 30%.
16. From the following information you are required to prepare Cash Budget for the month of January to April 2023.

Months	Sales (Credit) (₹)	Purchases (Credit) (₹)	Wages (₹)	Manufacturing Expenses (₹)	Administration Expenses (₹)	Selling Expenses (₹)
2022 Nov.	60,000	30,000	6,000	2,300	2,120	1,000
2022 Dec.	70,000	40,000	6,400	2,450	2,080	1,100
2023 Jan.	50,000	30,000	5,000	1,980	2,200	1,200
2023 Feb.	60,000	40,000	6,000	2,100	2,300	1,240
2023 Mar.	70,000	45,000	4,800	2,200	2,440	1,140
2023 April	80,000	50,000	5,200	2,400	2,360	1,420

**Additional information :**

- 1) The customers are allowed a credit period of 2 months.
- 2) The dividend of ₹ 20,000 is payable in April.
- 3) The plant purchased on 15<sup>th</sup> Jan. for ₹ 10,000. Building has been purchased on 1<sup>st</sup> March and the payments are to be made in instalments of ₹ 4,000 each.
- 4) The creditors are allowing a credit of 2 months.
- 5) Wages are paid on 1<sup>st</sup> of the next month.
- 6) Delay of payment of other expenses in 1 month.
- 7) Calls-in-arrears due January but received in March 2023 amounting to ₹ 5,000.
- 8) Investment was sold for ₹ 5,000 during April 2023.
- 9) Closing balance of cash during the period December, 2022 was ₹ 15,000.