

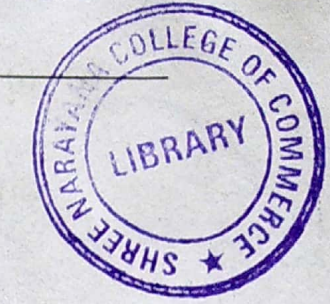
Seat No. : _____

NI-109

November-2018

M.Com., Sem.-III

506 EE : Financial Accounting & Auditing-2



Time : 2:30 Hours]

[Max. Marks : 70

1. (A) The Balance Sheets of X Limited and Y Limited as on 30th September, 2018 were as under. (₹ In '000) 14

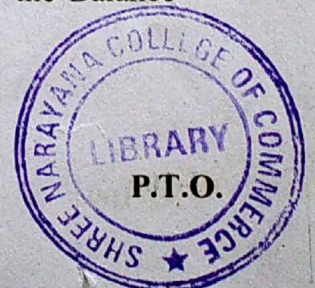
Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Ordinary shares of ₹ 100 each fully paid	1,200	800	Fixed Assets	1,464	856
General Reserve	370	95	Shares of Y Ltd	144	—
Profit & Loss A/c	382	105	Stock	504	224
10% Debenture	400	320	Debtors	300	400
Creditors	108	160	Cash & Bank	68	80
Bills Payables	100	120	Preliminary Expenses	80	40
	2,560	1,600		2,560	1,600

It was decided that X Limited will takeover the business of Y Limited on 1st October, 2018, on the basis of the comparative intrinsic values of shares based on the information given below:

- (1) Investment of X Limited is 1,600 shares acquired of Y Limited.
- (2) Debtors of X Limited includes ₹ 35,000 due from Y Limited.

Show the entries in the books of X Limited and also prepare the Balance Sheet of X Limited after takeover.

OR



(A) (i) State clearly the differences in accounting amalgamation under assumption of Purchase and assumption of Merger. 7

(ii) A Limited and B Limited have the following Balance Sheets on 31st March, 2018. (₹ Lakhs) 7

Liabilities	A Ltd	B Ltd	Assets	A Ltd	B Ltd
Ordinary shares of ₹ 10 each fully paid	24	12	Fixed Assets	10	3
Reserves and Surpluses	6	3	40,000 shares of B Limited	8	—
			48,000 shares of A Ltd	—	10
			Current Assets	12	2
	30	15		30	15

A Limited is to acquire the business of B Limited. The fixed and current assets are expected to realise twice the values at which they stand in the balance sheet.

Calculate the purchase consideration and the number of shares of A Limited to be issued to meet the consideration. Shares are to be issued at an Intrinsic value.

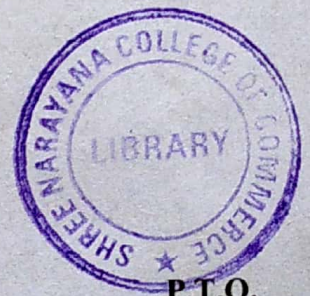
(B) Select the most appropriate answer from the alternatives given. (any four) 4

(1) Which of the following reserves is considered non-statutory reserve with respect to amalgamation ?

- (a) Investment Fluctuation Reserve
- (b) Investment Allowance Reserve
- (c) Development Rebate Reserve
- (d) None of the above



- (2) When amalgamation is in the nature of purchase, it should be accounted by which method ?
- (a) Merger Method of accounting
 - (b) Pooling of interest method of accounting
 - (c) Consolidation method of accounting
 - (d) None of the above
- (3) At the time of amalgamation, when bills accepted by the vendor company in favour of purchaser company which are discounted by purchaser company -
- (a) cancellation entry is made by vendor company
 - (b) cancellation entry is made by purchaser company
 - (c) none of the companies make entry for cancellation
 - (d) None of the above
- (4) In case of amalgamation is in the nature of purchase, if liquidation expenses are borne by the transferee company, then in the books of purchasing company it should be debited to which account ?
- (a) Realisation Account
 - (b) Goodwill Account
 - (c) General Reserve Account
 - (d) None of the above
- (5) Which one is correct formula to calculate Intrinsic value of Equity shares ?
- (a) $\text{Net assets} / \text{outstanding number of equity shares}$
 - (b) $\text{Net assets attributable to equity shares at book value} / \text{outstanding number of equity shares}$
 - (c) $\text{Net assets attributable to equity shares at market value} / \text{outstanding number of equity shares}$
 - (d) None of the above
- (6) When amalgamation is in the nature of purchase, in the books of transferee company the excess of net assets over purchase consideration is -
- (a) Debited to Goodwill Account
 - (b) Credited to Capital Reserve Account
 - (c) Adjusted to Realisation Account
 - (d) None of the above.



P.T.O.

2.

(A) H Limited acquired 90% Equity shares of S Limited on 1-10-2017. The following are the balance sheets of both the companies as at 31-03-2018.

14

(Amount in ₹)

Liabilities	H Ltd.	S Ltd	Assets	H Ltd	S Ltd
Ordinary shares of ₹ 10 each fully paid	1,98,000	60,000	Goodwill	75,600	27,600
General Reserve	15,600	18,000	Land-Buildings	57,000	28,200
Profit & Loss A/c	36,000	6,000	Machinery	27,000	30,240
6% Debentures	40,000	60,000	Furniture	600	300
Creditors	23,600	42,000	Equity shares of S Ltd.	72,000	—
Proposed Dividend	—	6,000	Stock	28,800	82,800
			Other Investment	15,600	—
			Debtors	33,000	21,000
			Bank	3,600	1,860
	3,13,200	1,92,000		3,13,200	1,92,000

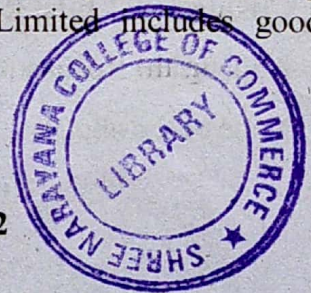
Prepare consolidated balance sheet of both the companies after taking into account the following information.

- (1) The balance sheet of S Limited as on 31-03-2017 disclosed balance of ₹ 18,000 in General Reserve and credit balance in Profit and Loss of ₹ 4,800. Profit of S Limited is earned evenly during the year.
- (2) Directors of H Limited revalued the Plant and Machinery of S Limited at ₹ 40,000 on 1-10-2017 but has not been recorded in the books. S Limited provides 10% p.a. depreciation on Plant & Machinery.
- (3) The creditors of H Limited include ₹ 12,000 due to S Limited for the purchase of goods. S Limited normally sells goods at profit of 25% on cost. On 31-03-2018 stock of H Limited includes goods costing ₹ 10,000 purchased from S Limited.

OR

12

NI-109



5

(A) (i) Following is the Balance Sheet of Moon Limited as on 31-12-2017.

7

Liabilities	Amount (₹)	Assets	Amount (₹)
Fully paid ordinary shares of ₹ 10 each	36,000	Fixed Assets	30,000
General Reserve	3,000	Investments	18,000
Profit and Loss A/c	36,000	Current Assets	36,000
Current Liabilities	9,000		
	84,000		84,000

Other Information:

- (1) Sun Limited has purchased 2,880 Equity shares of Moon Limited on 1-1-2015. On that day in the books of Moon Limited there was balance of ₹ 1,200 in General reserve and credit balance of ₹ 12,000 in Profit and Loss account.
- (2) Moon Limited has paid dividend on paid up share capital at 25% and 30% respectively for the year 2015 and 2016. The profit earned by Moon Limited for the year 2017 is ₹ 15,000.
- (3) Accounting year of Moon Limited is Calendar year and that of Sun Limited is financial year.

Calculate the amount of "profit dealt with" and "profit not dealt with" as required under section 212 of the Companies Act to be attached to the Annual Accounts of Sun Limited for the year ending 31-03-2018

- (ii) Explain the effect of following, while preparing Consolidated Balance Sheet. 7
- (1) Bonus shares issued by subsidiary company
 - (2) Dividend declared by subsidiary for the period prior to acquisition of shares by holding company.
 - (3) Sale during the current year of shares of subsidiary held by Holding company.

(B) Select the most appropriate answer from the alternatives given. (any four)

4

- (1) What is the treatment of proposed dividend of holding company at the time of consolidation of accounts of holding and subsidiary companies ?
- (a) It is added back to the closing balance of Profit & Loss Account of subsidiary company.
- (b) It is added back to the opening balance of Profit & Loss Account of subsidiary company
- (c) It is shown in the consolidated balance sheet.
- (d) None of the above.
- (2) Subsidiary company has sold goods to its Holding Company at 20% on sales price. On the date of consolidation Holding company has unsold goods costing ₹ 75,000. How much is unrealised profit in stock ?
- (a) ₹ 18,750 (b) ₹ 15,000
- (c) ₹ 25,000 (d) None of the above
- (3) Equity share capital of the subsidiary company is ₹ 1,00,000 consisting of 10,000 equity shares of ₹ 10 each. Holding company acquired equity shares of subsidiary at a cost of ₹ 90,000. Cost of acquiring one share was ₹ 15. What is the interest of holding company in subsidiary ?
- (a) 10% (b) 90%
- (c) 60% (d) None of the above
- (4) What is the meaning of "profit not dealt with" as per section 212 of Companies Act ?
- (a) Profit of subsidiary company
- (b) Share of holding company in undistributed profit of subsidiary
- (c) Amount of dividend received by Holding Company from Subsidiary Company.
- (d) None of the above
- (5) Which type of profits are shown in the statement under section 212 of the Companies Act ?
- (a) Revenue profits
- (b) Capital profits
- (c) Both Revenue and Capital profits
- (d) None of the above
- (6) What should be the maximum gap between the end of accounting years of Subsidiary and Holding Company ?
- (a) 3 months (b) 6 months
- (c) 9 months (d) None of the above



3. (A) Discuss in detail the stages of operation and component parts of computers 14

OR

(A) (i) Explain – “Consolidated Funds of India” 7

(ii) Explain the concept of “Performance Audit”. 7

(B) Select the most appropriate answer from the alternatives given. (any three) 3

(1) Which of the following is not part of Central Processing Unit ?

- (a) Input Unit (b) Storage Unit
(c) Arithmetic and Logic Unit (d) None of the above

(2) Memory storage unit is a part of-

- (a) Input unit (b) Output unit
(c) CPU (d) None of the above

(3) Which of the following is Computer Language ?

- (a) FORNET (b) COBOL
(c) SCALE (d) None of the above

(4) Which of the following is not the part of Government Accounts ?

- (a) Constitution Funds of India
(b) Consolidated Funds of India
(c) Contingency Funds of India
(d) None of the above

(5) Public Account is part of:-

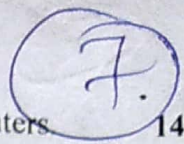
- (a) Accounts of Public
(b) Accounts maintained in General
(c) Accounts of Government
(d) None of the above

4. (A) What is Management Audit ? List out various techniques resorted to in Management Audit to achieve its objectives with detail explanation of each of them. 14

OR

(A) (i) How does Cost Audit differ from Financial Audit ? 7

(ii) “Cost Audit is Luxury” Critically evaluate the statement. 7



(B) Select the most appropriate answer from the alternatives given. (any **three**)

3

- (1) Who can be appointed as cost auditor from the following ?
- (a) Cost Accountant (b) Chartered Accountant
(c) Both (a) and (b) (d) None of the above
- (2) What is the maximum number of cost audit that Cost Auditor can undertake ?
- (a) 20 companies (b) 10 companies
(c) 50 companies (d) None of the above
- (3) Who is authority of appointing Cost Auditor ?
- (a) Shareholders (b) Promoters
(c) Board of Directors (d) None of the above
- (4) Which one is not the scope of Management Audit ?
- (a) Efficiency Audit (b) Propriety Audit
(c) Cost Audit (d) None of the above
- (5) Which of the following is correct statement ?
- (a) Chartered Accountant can't be appointed as Cost Auditor.
(b) Disqualifications prescribed for Statutory Auditor of a Company are applicable to Cost Auditor also.
(c) Section 233 A of the Companies Act deals maintenance of cost accounts.
(d) None of the above



Seat No. : 79

NH-111

November-2018

M.Com., Sem.-III

505-EA/EB/EC/EE : Corporate Financial Reporting

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) Give answer of the following questions :

(1) What is Corporate Financial Reporting ? Explain its qualitative characteristics. 7

(2) Discuss the significance of Corporate Financial Report. 7

OR

Give answer of the following questions :

(1) Explain seven essential qualities of transparent Financial Report.

(2) Discuss the objectives of Corporate Financial Reporting.

(B) Select correct alternative out of alternative given for each question : (any four) 4

(1) "Valuation of inventory is done at cost price or market price, whichever is lower." This sentence shows _____ assumption.

(a) Going concern

(b) Conservatism

(c) Accrual

(d) Matching of Revenue and Expenses

(2) Which of the following is not quantitative financial statement ?

(a) Cash flow and funds flow statement

(b) Statement of board of directors

(c) Consolidated financial statement

(d) All of above

(3) "Credit purchase is recorded in the book of account as and when it is done, not at the time of payment to creditors" this sentence shows _____ assumption.

(a) Going concern

(b) Accrual

(c) Consistency

(d) Conservatism

(4) Indian Financial Reporting System is influenced by which of the following ?

(a) RBI

(b) Stock Exchanges

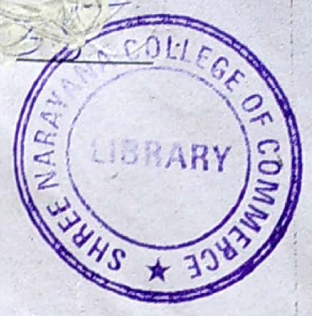
(c) SEBI and Company Act-2013

(d) All of above

NH-111

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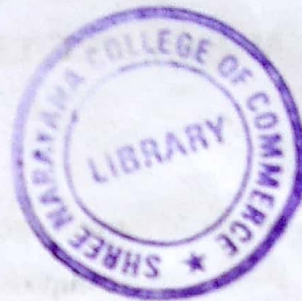
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10

- (5) The utility of financial statements information's is conditional on
(a) Consistency (b) Cost-Benefit
(c) Reliability (d) All of above

- (6) Who uses the Financial Statement ?
(a) Shareholders
(b) Creditors
(c) Government and its Agencies
(d) All of above



2. (A) Give answer of the following questions :

- (1) Discuss Voluntary components of Corporate Financial Reporting. 7
(2) Discuss Mandatory components of Corporate Financial Reporting. 7

OR

Give answer of the following questions :

- (1) Explain the meaning and legal requirement of Cash-Flow Statement
(2) Discuss the Role of Companies Act, 2013 in the context of financial reporting

(B) Select correct alternative out of alternative given for each question : (any four) 4

- (1) Corporate Financial Report is prepared as per prescribed format decided by

- (a) Company Act & prevailing guidelines
(b) Auditor
(c) Company Secretary
(d) Directors of the company

(2) Accounting Standard-3 relates to _____

- (a) Cash Flow Statement (b) Earnings per share (EPS)
(c) Fixed Assets (d) Disclosure of accounting policies

(3) Which of the following is not included in voluntary disclosure ?

- (a) Director's Report (b) Inflation Accounting
(c) Economic Value Added (d) Human Resource Accounting

(4) Which of the following is not Mandatory disclosure ?

- (a) Environmental details
(b) Profit and Loss Statement
(c) Balance Sheet
(d) Corporate Governance Report



11



- (5) Which of the following is a part of Directors' Report ?
- (a) Description of the principal activities of the company
 - (b) Value Added Report
 - (c) Fund flow Statement
 - (d) All of above
- (6) Which of the following is regulatory body for corporate financial reporting ?
- (a) SEBI
 - (b) RBI
 - (c) Stock exchange
 - (d) All of above

3. (A) Give answer of the following questions :

(1) Ayushi Ltd had imported a machine from Japan for ₹ 5000000 on 1-06-2016, on which 10% trade discount was received. Custom duty @ 20% was paid. Port charge and octroi was amounted ₹ 2,00,000. An expert was invited from Japan for installation of this machine, to whom fees and other expenses paid ₹ 4,00,000.

7

On 1st July, 2016 a loan of ₹ 10,00,000 was taken for purchase of the machine at interest rate of 9% per annum. Machine was started for commercial use on 1st January, 2017. Depreciation is charged as per straight line method at 10% per annum.

From the above details calculate the following as per AS-10 :

- (i) On 1-06-2016 the original cost of the machine in the book of account.
- (ii) On 31-03-2017 book value of the machine after depreciation.
- (iii) On 31-03-2018 book value of the machine after depreciation.

(2) From the following information of Yug Ltd., calculate basic EPS as per AS-20 :

7

Date	Transactions	No. of Shares
1-04-2017	Opening balance of equity shares	2000000
1-07-2017	Equity shares issued for cash	400000
1-01-2018	Buy back of equity shares	200000
31-03-2018	Closing balance of equity shares	2200000

The profit before tax of the company for the F.Y : 2017-18 was ₹ 1,00,00,000. Tax Rate @ 30%. The preference share dividend of the F.Y 2017-18 was ₹ 3,00,000.

OR

Give answer of the following questions :

- (1) Explain Accounting standard-18 : Related Party Disclosure
- (2) Explain Adjusted EPS and Diluted EPS with illustration.

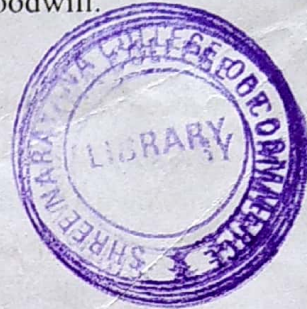


12

- (B) State whether following statements are "True" or "False" : (any **three**) 3
- (1) Accounting Standard-11 relates to "Disclosure of accounting policies".
 - (2) As per Accounting Standard-18 Trade Union is deemed to be a related party.
 - (3) Convertible debentures are used for calculating diluted EPS.
 - (4) As per AS-1 "Any change in an accounting policy which has a material effect should be disclosed."
 - (5) Accounting Standard-10 is not applicable to Goodwill.

4. (A) Give answer of the following questions :

- (1) Explain Merits of Segment Reporting.
- (2) Explain Demerits of Segment Reporting.



7

7

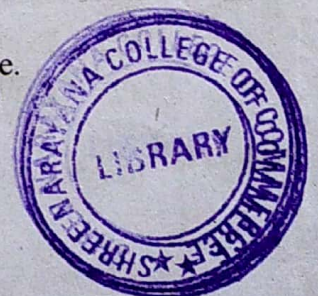
OR

Give answer of the following questions :

- (1) In reference to Segment Report, explain the types of Business Segment.
- (2) From the following information determine Reportable Business Segments :

Particulars	Segments (Amount in ₹ lac)					
	Health	Food Products	Electronics	Garments	Beauty Products	Mobile Phone
Segment Profit-loss	30	8	32	(14)	20	30
Segment Revenue	210	78	280	98	50	172
Segment Assets	300	95	500	145	60	250

- (B) State whether following statements are "True" or "False" : (any **three**) 3
- (1) If the segment's assets are 25% or more than the total assets of all segments, the segment is classified as reportable segment.
 - (2) As per Companies Act, 2013 segment reporting is voluntary in India.
 - (3) Preliminary expenses are not included in segment expenses.
 - (4) Segment report is useful for allocation of resources.
 - (5) Profit on sales of investment is included in segment revenue.



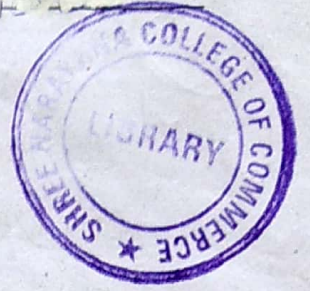
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ND-115

November-2018

M.Com., Sem.-III

501 : Investment Management



Time : 2:30 Hours]

[Max. Marks : 70

1. (A) (1) What is Portfolio Management ? Describe in detail the portfolio management process. 7

(2) Describe the role of SEBI as regards investor's protection in financial markets. 7

OR

(1) What are derivatives ? Explain the different types of derivatives and their major characteristics. 7

(2) Describe the major functions of a stock exchange. 7

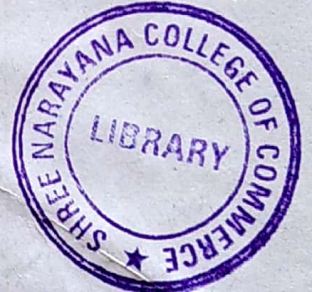
(B) Attempt any **four** : 4

(1) Explain the difference between investment and gambling.

(2) Distinguish between primary market and secondary market.

(3) State the objectives and constraints of a rational investor.

(4) Distinguish between forwards and futures.



2. (A) (1) What is EMH ? Describe briefly various forms of EMH and their impact on investment decisions of the investors. 7

(2) Explain in detail Sharpe's model to portfolio construction. 7

OR

(1) What is technical analysis ? How does it differ from fundamental analysis ? Explain major chart patterns used in technical analysis. 7

(2) What is an Economic Indicator ? Describe the major economic indicators along with their major characteristics in relation to the stages of business cycle.

ND-115

5

19

(B) Explain briefly : (any **four**)

4

- (1) Oscillators
- (2) Relative strength index
- (3) Head and shoulders
- (4) Support and Resistance
- (5) Candle stock chart
- (6) Point and figure chart



3. (A) Attempt any **two** :

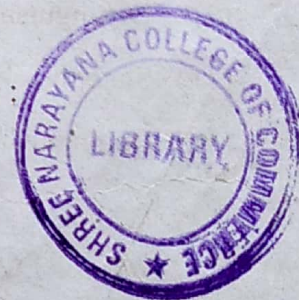
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- (1) From the data given below, obtain the expected returns, standard deviation of returns and correlation coefficient between the returns of Stock-A and Stock-B :

i	R_A	R_B	P_i
1	0.04	-0.20	0.1
2	0.09	0.13	0.65
3	0.12	0.33	0.25

- (2) The returns on Securities A and B are given below :

Probability	Security-A	Security-B
0.5	4	0
0.4	2	3
0.1	0	3



Give the security of your preference based upon risk and return associated with these securities.

- (3) Suppose the risk-free rate is 8%. The expected return on the market is 16%. If a particular stock has a beta of 0.7, what is its expected return based on the CAPM ? If another stock has an expected return of 24%, what must its beta be ?

15

(B) Attempt any one :

(1) An equally weighted portfolio will consist of shares from AB company and YZ company stock. The expected returns and standard deviations associated with AB company stock are 5% and 12% respectively and those for YZ company stock are 10% and 20% respectively. Find the expected return and standard deviation of returns of this portfolio if returns on the two stocks are : (i) perfectly positively correlated, (ii) perfectly inversely correlated and (iii) independent.

(2) Performance measures compute Sharpe ratios, Treynor ratios and Jensen's alphas for portfolios A, B and C based on the following returns data, where M and F stand for the market portfolio and risk-free rate, respectively :

Portfolio	R_p	σ_p	β_p
A	10%	30%	0.75
B	15%	25%	1.00
C	20%	40%	1.50
M	15%	15%	1.00
F	5%	0%	0.00



4. (A) (1) Explain in detail capital asset pricing model and also how does it help in identifying undervalued and overvalued securities. 7
- (2) Explain in detail the APT model for asset pricing. 7

OR

- (1) What are mutual funds ? Explain different types of mutual funds. 7
- (2) Write a note on Black Scholes valuation model. 7

(B) Multiple Choice Questions : (any three)

- (1) Beta for a market portfolio is always _____.
- (a) -1 (b) 0
- (c) +1 (d) Greater than one
- (2) Unsystematic risk is also called _____.
- (a) Unique risk (b) Market risk
- (c) Non-diversifiable risk (d) Expected risk

P.T.O.

16

- (3) According to the CAPM, what is the rate of return of a portfolio with a beta of 1 ?
- (a) Between R_M and R_f
 - (b) The risk free rate, R_f
 - (c) $\text{Beta} \times (R_M - R_f)$
 - (d) The return on the market, R_M
- (4) Suppose a stock breaks through a support level. According to technical analysis, you should _____.
- (a) buy the stock
 - (b) sell the stock
 - (c) do nothing since this is a congestion area
 - (d) buy the stock on margin



17

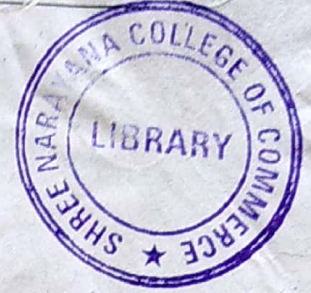
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NF-131

November -2018

M. Com., Sem.-III

503 : Management Control System



Time : 2:30 Hours]

[Max. Marks : 70

- 1. (a) (i) Explain nature and importance of Management Control System. 7
- (ii) Explain in detail different types of control system. 7

OR

Discuss in detail formal and informal control processes. 14

- (b) Choose the correct option : 4

- (1) _____ control alerts management to strategic uncertainties.
 - (a) Formal (b) Informal
 - (c) Internal (d) Interactive
- (2) The primary role of management control is to help execute chosen _____.
 - (a) objectives (b) strategies
 - (c) plans (d) All of above
- (3) In _____ structure, functional units have dual responsibilities.
 - (a) functional (b) divisional
 - (c) business (d) matrix
- (4) To enter a new business is an example of _____ decision and expand a plant is an example of _____ decision.
 - (a) strategy formulation, task control
 - (b) strategy formulation, management control
 - (c) management control, strategy formulation
 - (d) management control, task control

- 2. (a) (i) What are the different managerial styles ? How do they affect the control system of an organisation ? 7
- (ii) Explain issues in designing management control system. 7

OR

- (i) Explain cybernetic paradigm of control process. 7
- (ii) Write a note on impact of information technology on control systems. 7

- (b) Answer the following : (Any **four**) 4

- (i) What is goal congruence ?
- (ii) What is corporate culture ?
- (iii) State elements of control process. *
- (iv) What is control process hierarchy ?
- (v) Define Adaptive control systems.
- (vi) What is value premise ?



18

3. (a) (i) Discuss the main principles of Total Quality Management. 7
(ii) How does corporate culture affect the control system design? 7

OR

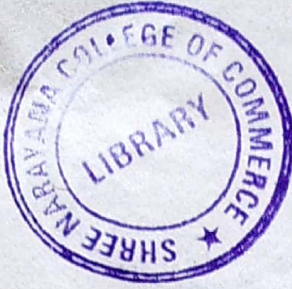
- What are key success variables? How they can be identified? Explain in detail. 14
(b) Choose the correct option : 3
(1) Which of the following is not included in responsibility centres?
(a) Revenue centre (b) Power centre
(c) Investment centre (d) Expense centre
(2) _____ is the ratio of output to input.
(a) Effectiveness (b) Production
(c) Efficiency (d) All of these
(3) _____ is an example of performance measurement system.
(a) Balanced score card
(b) Financial control system
(c) Responsibility centre
(d) All of above

4. (a) (i) Explain issues in professional service organisation. 7
(ii) Explain management control system for non-profit organisations. 7

OR

- Explain control issues in multinational corporations. 14
(b) Choose the correct option : 3
(i) _____ is a contributed capital which includes contribution of funds to acquire assets.
(a) Plant (b) Endowment
(c) Plant & Endowment (d) None of the above
(ii) _____ effects are best handled by the Head-office of the multinational corporation.
(a) Economic (b) Translation
(c) Transaction (d) All of above
(iii) _____ is an example of individualistic culture while _____ is an example of collective culture.
(a) Saudi Arabia, America
(b) America, Saudi Arabia
(c) Australia, America
(d) America, Australia





Seat No. : _____

19

NG-113

November-2018

M.Com., Sem.-III

**504(EA) : Management Accounting – I
(New)**

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) Paresh Limited manufactures product 'P' and the direct material cost is budgeted as follows : 14

Material A : 20 units at ₹ 40 each for every unit of product 'P'.

The price of material A has gone up after the above budget was formed to ₹ 60 per unit. In the light of this information, the management has carried out a market study to confirm that material B can work as substitute and is available at ₹ 52 per unit.

At the end of the budget period the statement of material indicated that product 'P' was produced to the extent of 1000 units by using material A as follows :

Quantity used 22000 units at the cost of ₹ 60.40 per unit.

Analyse the Material Cost Variance :

- (i) as per the Conventional Approach
- (ii) as per the Opportunity Cost Approach

OR

- (i) "Management Accounting is a decision making process." – Explain. 7
- (ii) Give difference between Management Accounting and Financial Accounting. 7

- (B) Select the appropriate alternative : (any **four**) 4

- (1) Management Accounting is concerned with
 - (a) Past decisions
 - (b) Internal decision making
 - (c) External decision making
 - (d) None of these
- (2) Which method is not of Management Accounting ?
 - (a) Standard Costing
 - (b) Service Costing
 - (c) Marginal Costing
 - (d) Decision Accounting
- (3) One of the following is not within the scope of Management Accounting ?
 - (a) Formulation of policies
 - (b) Classification and collection of costs
 - (c) Decision making from alternative course of action
 - (d) None of these

NG-113

7



P.T.O.

20



- (4) Operating variance = _____
- (a) Original standards – Revised standards
(b) Revised standards – Actual results
(c) Original standards – Actual results
(d) None of these
- (5) Management Accounting is an extension of
- (a) Financial Accounting (b) Cost Accounting
(c) Financial Management (d) None of these
- (6) As per Indian Companies Act, _____ is obligatory.
- (a) Financial Accounts (b) Cost Accounts
(c) Management Accounts (d) None of these

2. (A) Sun Limited has prepared the following sales budget for the first five months of 2018 :

14

<u>Month</u>	<u>Sales (Units)</u>
January	10,800
February	15,600
March	12,200
April	10,400
May	9,800

Inventory of finished goods at the end of every month is to be equal to 25% of sales estimate for the next month. On 1st January 2018, there were 2700 units of product on hand. There is a no work in progress at the end of any month.

Every unit of product requires two types of materials in the following quantities :

Material A – 4 kg.

Material B – 5 kg.

Materials equal to one half of the requirement of next month's production are to be in hand at the end of every month. This requirement was also met on 1st January 2018.

Required : Prepare the following budgets for the quarter ending 31st March, 2018.

- (a) Production Budget (Quantitative)
(b) Material Purchase Budget (Quantitative)

OR

- (i) Explain advantages of Budgetary control.
(ii) Write short note on Master Budget.

7

7



21



(B) Select the appropriate alternative : (any **four**)

(1) Master Budget is also known as

- (a) Cash Budget (b) Sales Budget
(c) Summary Budget (d) None of these

(2) The responsibility for preparation of Sales Budget of a company is on

- (a) Accountant (b) Budget Expert
(c) Sales Manager (d) None of these

(3) At 60% capacity factory overheads are ₹ 80,000 and at 80% capacity factory overheads are ₹ 1,00,000. Amount of fixed factory overheads included in the above amount would be

- (a) ₹ 1,00,000 (b) ₹ 80,000
(c) ₹ 20,000 (d) None of these

(4) Appropriation budgets are

- (a) Flexible Budget
(b) Incremental Budget
(c) Static (Fixed) Budget
(d) Zero Base Budget



(5) Which of the following item is not included while preparing a Cash Budget ?

- (a) Collection from debtors (b) Payment to creditors
(c) Depreciation (d) None of these

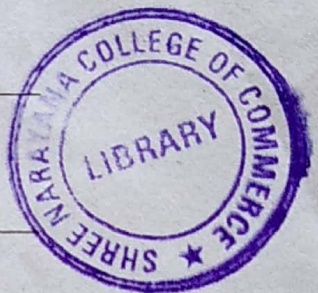
(6) Which of the following is not a type of budget ?

- (a) Sales Budget (b) Cash Budget
(c) Cash Account (d) None of these

52
3

(A) Following information is obtained from the cost department of Hope Limited : 14

<u>Standard Cost Card</u>	<u>Per Unit</u>
Material Cost (2 kg. at ₹ 10 per kg)	20
Direct Wages (hours 2 at ₹ 2 per hour)	4
Variable Overheads (hours 2, at ₹ 2 per hour)	4
Fixed Overheads (hours 2 at ₹ 4 per hour)	8
Total Standard Cost	36
Standard profit per unit	4
Standard selling price per unit	40
Normal production capacity 10,000 units	
Budgeted production and sales 10,000 units	



<u>Actual Data</u>	<u>₹</u>
Material consumed : 16,500 kg. at ₹ 9.60 per kg.	1,58,400
Direct Wages : 18,000 hours at ₹ 1.60 per hour	28,800
Variable Overheads	32,400
Fixed Overheads	76,000
Actual production and sales (at ₹ 42 per unit)	3,36,000

You are required to compute different variances and reconcile the budgeted profit with actual profit.

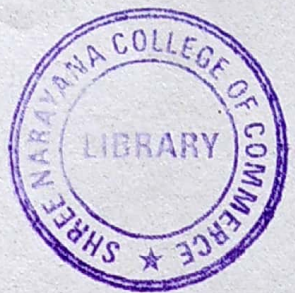
OR

- (i) Explain in detail Single Plan and Partial Plan. 7
- (ii) Explain the merits and demerits of Dual Plan system for recording variances. 7
- (B) Select the appropriate alternative : (any three) 3
 - (1) Labour Cost Variance is the difference between
 - (a) Fixed labour cost and Variable labour cost
 - (b) Estimated labour cost and Standard labour cost
 - (c) Standard labour cost and Actual labour cost
 - (d) None of these



23

- (2) Material Cost Variance = _____
 - (a) Material usage variance + Material yield variance
 - (b) Material price variance + Material yield variance
 - (c) Material price variance + Material usage variance
 - (d) None of the above
- (3) The difference between hours paid and hours worked is known as _____.
 - (a) Labour rates variance
 - (b) Labour efficiency variance
 - (c) Idle time variance
 - (d) None of these
- (4) Fixed Budget Variance = _____
 - (a) Budget cost – Actual cost
 - (b) Actual cost – Standard cost
 - (c) Actual hours (Standard rate – Actual rate)
 - (d) None of these
- (5) Sales Price Variance = _____
 - (a) Actual quantity (Actual price – Standard price)
 - (b) Actual quantity (Standard price – Actual price)
 - (c) Standard quantity (Actual price – Standard price)
 - (d) None of these



4. (A) MNC Company Limited operates a standard costing system in its factory. Based on its past record, it appears that the material cost variance happens to be ₹ 12,000 a month, on an average. If the cause of the variance can be found and is correctible, the correction process will require two months. This correction is likely to have favourable effect for a period of two months.

The investigation of variance will cost ₹ 2,000. Correction of the cause of variance will cost ₹ 4,000 and the probability for finding the cause is 0.40.

Would you recommend launching an investigation? Why?

What is the minimum probability of finding a correctable cause that would justify an investigation? 14

OR

- (i) What is the controllability of variance? How it is useful to the management? 7
- (ii) Discuss any one method of cost variance investigation. 7

29

(B) Select the appropriate alternative : (any three)

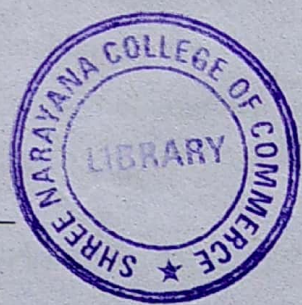
- (1) In the formula $C < (1 - P) L$, L denote for
 - (a) Cost of investigation
 - (b) Net benefit
 - (c) Net loss
 - (d) None of these

- (2) Which of the following is not a cost variance investigation model ?
 - (a) Profit volume model
 - (b) Control charts model
 - (c) Materiality significance model
 - (d) None of these

- (3) $(1 - P) =$ _____
 - (a) Probability that the variance is controllable
 - (b) Probability that the variance is uncontrollable
 - (c) Probability that the process is in control
 - (d) None of these

- (4) In the formula $C < (1 - P)L$, C denote for
 - (a) Cost of investigation
 - (b) Cost of corrective measures
 - (c) Cost of control
 - (d) None of these

- (5) CUSUM chart is used for _____
 - (a) Control charts model
 - (b) Statistical significance model
 - (c) Materiality significance model
 - (d) None of these



25

Seat No. : _____

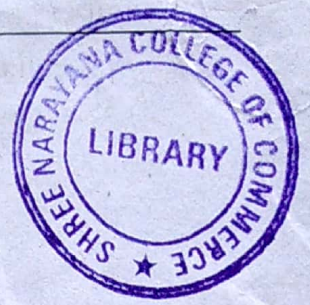
(B)

NE-133

November-2018

M.Com., Sem.-III

502 : Tax Planning & Management



2:30 Hours]

[Max. Marks : 70

(A) Keeping in mind the finance bill for A.Y. 2018-19 and A.Y. 2019-20 of Individual write details notes on tax slab, related cess and surcharges. 14

OR

- (i) Explain which steps are advisable to consider for Tax Planning. 7
- (ii) Explain steps of computation of taxable income and determination of tax liability of an individual. 7

(B) Select correct option from given below option : (any **four**) 4

- (i) Tax Planning means _____
 - (a) It is valid method for tax reduction.
 - (b) It is invalid method within the legal work of tax reduction.
 - (c) It is invalid method of tax reduction.
 - (d) None of above
- (ii) For the assessment year 2018-19 if senior citizen and very senior citizen's taxable income was ₹ 11,00,000, their tax liability respectively will ₹ _____ and ₹ _____.
 - (a) 1,44,200 and 1,33,900 (b) 1,33,900 and 1,44,200
 - (c) 1,30,000 and 1,40,000 (d) None of above
- (iii) One of the objective of tax planning is
 - (a) To reduce tax burden of the tax payer
 - (b) Basic objective of tax evasion
 - (c) Tax reduction is done by using loopholes of tax system
 - (d) None of above
- (iv) According to law tax evasion methods mean
 - (a) It is dishonest method for tax reduction
 - (b) It is honest method for tax reduction
 - (c) It is honest method but used expertise for tax reduction
 - (d) None of above
- (v) Larger burden of direct taxes falls on
 - (a) Rich class people (b) Middle class people
 - (c) Poor class people (d) None of these



26

- (vi) Income Tax Act is applicable to
 - (a) Whole India
 - (b) Whole India except Kashmir
 - (c) Whole India except Sikkim
 - (d) None

2. (A) Shri. H.K. Doshi is a Canadian citizen since last 14 years. He visits a city in India every year and stay in Ahmedabad for few months. Determine residential status for following three options and also what kind of tax was to be done by him so that he could have been reduced his tax Income ?

- (I) If he stay in India during month of April, May and June every year
- (II) If he stay in India during month of May, June and July every year
- (III) If he stay in India during 1st May To 15th August every year.

Information about his income as follows for A.Y. 2018-19.

- (a) Profit on sale of house property in Ahmedabad and that income in Canada ₹ 4,00,000.
- (b) Business controlled from Ahmedabad and Income received ₹ 5,00,000.
- (c) Rent income on Assets received in Canada ₹ 3,00,000 and income in Ahmedabad.

Give necessary calculation and Guide what type of tax planning was to be done.

OR

(1) Shri Himesh is a government employee his total gross annual salary was ₹ 20,00,000 for the A.Y. 2018-19. Calculate taxable salary and examine appropriateness of his tax planning.

- (I) Medical allowance is ₹ 10,000, Annual actual medical expenditure ₹ 15,000.
- (II) Tax free entertainment allowance ₹ 18,600.
- (III) Professional tax ₹ 200 per month.
- (IV) Investment in Public Provident Fund A/c ₹ 30,000 and in Savings Bank A/c. with SBI ₹ 10,000 every month.
- (V) He has given donation to prime minister national relief fund ₹ 50,000.
- (VI) Investment in national pension scheme u/s 80 CCD (1B) ₹ 50,000.



27

(B) ii) Smt. Shweta has two house property named "Kavisha" and "Saloni". Both houses are self-occupied. The following are the details of the properties. 7

Particulars	House "Kavisha" (₹)	House "Saloni" (₹)
Municipal Value	2,00,000	2,60,000
Fair Rent	2,20,000	2,80,000
Standard Rent	2,40,000	2,40,000
Total Municipal Taxes (20% Outstanding)	25,000	50,000
Interest on housing loan for construction	50,000	25,000

Suggest which house should be opted by Smt. Shweta to be assessed as self-occupied so that her taxable liability can be minimised.

(B) Select correct option from given below option. (Any four) 4

(i) Income which accrue or arise outside India from business controlled from India is taxable in case of following resident.

- (a) Ordinary resident only
- (b) Resident but not ordinary resident
- (c) Both ordinary resident and resident but not ordinary resident
- (d) Non Resident

(ii) Family pension received by family member of deceased employee is taxable under

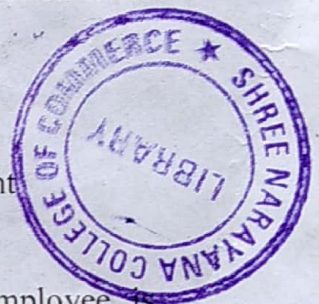
- (a) Income from Salary
- (b) Income from House Property
- (c) Income from Business Profession
- (d) Income from other sources

(iii) Shri Kaivan has been paid education allowance ₹ 5,000 by employer for three children. What will be his exempted education allowance ?

- (a) ₹ 2,600
- (b) ₹ 2,400
- (c) ₹ 1,400
- (d) None

(iv) Housing loan taken before 01-04-1999 for repair or if loan is taken for purchase of house property, maximum permissible amount for deduction of interest is ₹ _____ and ₹ _____.

- (a) ₹ 30,000; ₹ 2,00,000
- (b) ₹ 30,000; ₹ 30,000
- (c) ₹ 30,000; ₹ 1,50,000
- (d) ₹ 2,00,000; ₹ 30,000



28

- (v) Municipal value, Fair rent and Standard rent for self-occupied property is ₹ 20,000, ₹ 26,000, and ₹ 22,000 respectively. Hou. interest is ₹ 30,000. Find out taxable income for self-occupied property.
- (a) ₹ - 8,000 (b) ₹ - 30,000
(c) ₹ - 4,000 (d) None
- (vi) Dividend paid or payable by American company outside India is:
- (a) Taxable in case of Resident but not Ordinary Resident.
(b) Taxable only in case of Ordinary Resident.
(c) Taxable in India in case of Non-Resident only.
(d) Taxable in case of company paying dividend.

3

3. (A) The return of income for assessment year 2018-19 of Smt. Sapana is ₹ 18,20,000. The Advance Tax deposited is as under :

On 15-09-2017 ₹ 91,000
On 15-12-2017 ₹ 1,04,000
On 15-03-2018 ₹ 1,17,000

Last date of filling return was 31st July 2018 but Actual return was filed on 15-10-2018. Assessment was done u/s 143(3) at ₹ 20,80,000 by assessing officer on 20-11-2018.

The Assessee has paid ₹ 19,255 as tax deducted at sources.

Compute interest payable u/s 234A, 234B, 234C by Smt. Sapana in the following cases :

- (a) While presenting income tax statement.
(b) While assessing income tax statement.

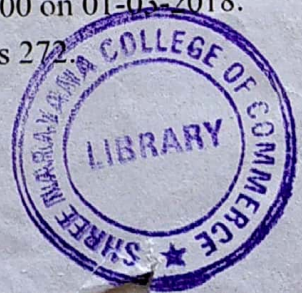
OR

(i) Kumari Labdhi has done following transactions for the accounting year 2017-18. Find out taxable capital gain :

Sr. No.	Name of Assets	Date of Purchase	Purchase Price ₹	Date of Sale	Selling Price ₹	Transfer Fee ₹	Index No.
1	Urban Land	01-01-01	15,000	01-01-18	1,83,200	1,600	100
2	Residential House (only one)	01-01-04	3,27,000	01-01-18	9,16,000	16,000	109
3	Jewellery	01-01-10	2,96,000	01-01-18	6,48,000	4,000	148
4	Personal Car	01-01-12	4,00,000	01-01-18	2,00,000	3,000	184

Other Information :

- (i) Fair market value of urban land on 01-04-2001 was ₹ 30,000.
(ii) She purchased a new residential flat for ₹ 90,000 on 01-03-2018.
(iii) Index Number for the financial year 2017-18 is 272.
- (ii) What is deposit scheme ? Explain.



7

29

(B) Select correct option from given below option. (any three)

3

(i) Which type of person will get deduction benefit u/s 54B in Capital Gain ?

- (a) Individual
- (b) HUF
- (c) Both Individual and HUF
- (d) None

(ii) Investment in specified bonds after 01-04-2007 in long term Capital Gain. How much maximum exemption limit allowed u/s 54EC ?

- (a) ₹ 10 Lakhs
- (b) ₹ 30 Lakhs
- (c) ₹ 50 Lakhs
- (d) None

(iii) Generally formation of Index number is based on:

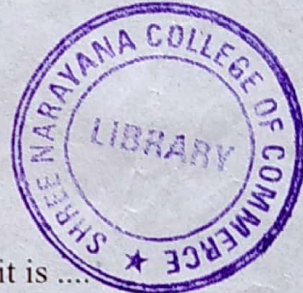
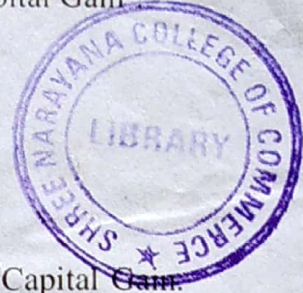
- (a) Interest Rate
- (b) Risk Rate
- (c) Inflation Rate
- (d) Poverty Rate

(iv) Under section 234 (A)....

- (a) For default in payment of Advance Tax
- (b) For deferment of Advance Tax
- (c) For defaults in furnishing return of income
- (d) None of above

(v) As per Income Tax Act u/s 208 Advance tax is payable provided it is

- (a) Upto ₹ 2,000
- (b) Upto ₹ 5,000
- (c) ₹ 10,000 or more
- (d) None



4. (A) Give the definitions for Goods & Services under Goods and Services Tax Act-2017. Also explain which is the different types of benefits to the various stake holders / parties due to Goods & Services tax.

14

OR

(i) Write short notes on : Goods & Services Tax Council & its functions.

7

(ii) Shri Rupesh has undertaken sales of ₹ 10,00,000 in the month of May 2018 @ 12% GST. He has purchased goods of ₹ 4,00,000 @ 18% GST from registered person. This month also he has paid ₹ 20,000 to the expert (Advocate) GST @ 18% under reverse charge mechanism. Unutilized input tax credit for the month of April-2018 was ₹ 24,000.

7

Determine the amount of GST to be paid by Shri Rupesh in the month of May-2018.

30

(B) Select correct option from given below option. (any **three**)

3

- (i) From the following which taxes are cancelled due to implementation of Goods & Services Tax Act-2017 ?
- (a) Service Tax (b) Value Added Tax
(c) Central Sales Tax (d) All of the above
- (ii) What is the turnover limit for the small tax payers in introduced relief scheme ?
- (a) ₹ 500 lakhs (b) ₹ 200 lakhs
(c) ₹ 100 lakhs (d) ₹ 50 lakhs
- (iii) What is the new name of Central Board of Excise and Custom (CBEC) ?
- (a) Central Board of Excise and Custom (CBEC)
(b) Central Board of Indian Taxes and Customs (CBIC)
(c) Central Board of Direct Tax and Customs (CBDC)
(d) Central Board of Indirect Taxes and Customs (CBIC)
- (iv) For incorporation of Goods & Services Tax in the constitution related with tax provisions which amendment bill was presented in Lok Sabha ?
- (a) 123 (b) 121
(c) 120 (d) 122
- (v) Which Goods & Services Tax is collected for Interstate supply ?
- (a) SGST (b) CGST
(c) UTGST (d) IGST

