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Dec. 2017

# UMESCHANDRA COLLEGE

Test Examination, 2017

B.Com. Part-III (General)

Subject : Financial Accounting-III

Time : 2 hours

Full Marks : 50

Answer any Five Questions :

5×10

11.(a) What do you mean by Amalgamation of Companies? What are its different forms?

(b) What is pooling of Interest method? 5+5

2. From the following information calculate the value per equity share :

2000, 9% Preference shares of Rs. 100 each. Rs. 200000

25000, Equity Shares of Rs. 10 each fully paid Rs. 250000

20000, Equity Shares of Rs. 10 each. Rs. 7.50 per share paid up Rs. 150000

Expected profits per year before tax Rate of Tax 50% Rs. 218000

Transfer to General Reserve 20% of the profit

Normal rate of earning 15% 10

3. What is GAAP?

What are the steps in formulation of accounting standard setting process in India? 5+5

4. Mention the basis of apportionment which you will adopt for each one of the following expenses, while calculating prior to incorporation and profit after incorporation :

- i. Salaries;
- ii. Depreciation on fixed assets;
- iii. Discount on sales;
- iv. Bad debt;
- v. Audit fees;
- vi. Interest to vendors;
- vii. Interest on debentures;
- viii. Preliminary expenditure.

Also briefly state your reason in each case.

10

5. Following are the Balance Sheets of H. Ltd. and its subsidiary S. Ltd. as at 31st March, 1995 :

Liabilities	H. Ltd (Rs.)	S. Ltd. (Rs.)	Assets	H. Ltd (Rs.)	S. Ltd.
Share Capital :			Machinery	300000	100000
Sh. of Rs. 10 each			Furniture	70000	45000
Fully paid	600000	200000	70% share in		
General Reserve	150000	70000	S Ltd. At		
Profit & Loss A/c	70000	50000	Cost	260000	—
Creditors	90000	60000	Stock	175000	189000
			Debtors	55000	30000
			Cast at Bank	50000	10000
			Preliminary Exp.	—	6000
	<u>910000</u>	<u>380000</u>		<u>910000</u>	<u>380000</u>

H Ltd. acquired the shares of S Ltd. On 30th June, 1994, on 1st April 1994 S Ltd. General reserve and profit and loss account stood at Rs. 60000 and Rs. 20000 respectively. No part of the preliminary expenses was written off during the year ended 31st March, 1995.

Prepare the consolidated balance of H Ltd. and its subsidiary S Ltd. as at 31st March, 1995. 10

7. Following is the Balance Sheet of B. Ltd. As on 31.12.2011 is given below :

Liabilities	Rs.	Assets	Rs.
4000, 7.5% Preference Share of Rs. 100 each fully paid	400000	Land and Building	450000
8000 equity share of Rs. 50 each fully paid	400000	Plant	100000
Sundry creditors	50000	Sundry Debtors	80000
Bank overdraft	25000	Stock	70000
		Preliminary Expenses	60000
		Profit and Loss (Dr.)	114000
		Cash in Hand	1000
	<u>875000</u>		<u>875000</u>

The Co. decided upon the following scheme of internal reconstruction

- Eq. share of Rs. 50 each reduced to shares of Rs. 30 each and 7.5% pref. shares of Rs. 100 each reduced to 8% pref. shares of Rs. 60 each.
- The balance available is to be used – To write off the dr. balance of Profit and Loss & preliminary expenses account; to write down the stock by Rs. 30000, Land & Buildings by Rs. 56000 and plant to Rs. 60000; to provide Rs. 5000 for bad and doubtful debts.

Give necessary journal entries in the books of the company and prepare the reconstructed balance sheet.

# UMESCHANDRA COLLEGE

Test Examination, 2017

B.Com. Part-III (Hons + General)

Subject : Financial Management

Time : 2 hours

Full Marks : 50

Answer any Four Questions :

4×12½

1. Mr. Some has 100 equity shares of 'X' company which can be sold in the market at Rs. 80. Company has decided to make 1 : 4 right issue. Subscription price of the right issue is Rs. 50. What will be the impact on the wealth of Mr. Some if—

(a) He subscribes to the right issue.

(b) He renounces his right

(c) He neither subscribes nor renounces his right.

2. X Ltd. is a widely held company, is considering a major expansion of its production facilities and the following alternatives are available :

	Alternatives		
	A	B	C
	Rs.	Rs.	Rs.
Share Capital	50,00,000	20,00,000	10,00,000
14% Debentures	—	20,00,000	15,00,000
18% Loan from Financial Institution	—	10,00,000	25,00,000

Expected rate of return before Tax is 25%. The rate of dividend of the company is not less than 20%. The company at present has low debt. Corporate taxation is 50%.

Which of the alternatives would you choose?

3. Y Ltd. is considering the purchase of a new machine for its immediate expansion programme. There are three possible alternatives. From the following details you are requested to determine the pay-back period of each machine. Which machine should be installed?

	Machines		
	A Rs.	B Rs.	C Rs.
Capital Cost	2,00,000	3,00,000	4,00,000
Cost of raw materials	1,50,000	2,00,000	2,50,000
Direct Wages	50,000	40,000	35,000
Factory Overheads	75,000	50,000	40,000
Administrative Overheads	12,000	11,500	12,000
Selling & Distribution Overheads	5,000	6,000	7,000
Annual Sales	4,00,000	5,00,000	6,00,000
Estimated Scrap Value	20,000	30,000	40,000
Estimated Life of the machine (years)	10	12	10

Additional Information :

- (i) All payables and receivables will be settled promptly, strictly on cash basis with no outstanding from one accounting year to another.
- (ii) Rate of taxation : 40%
- (iii) Rate of Interest on Capital : 10% p.a.
- (iv) Depreciation is not included in factory overheads.

4. From the following information, prepare a columnar statement to determine the working capital requirement.

(i) Expected sales : 7800 units

(ii) Analysis of selling price :	(Rs.) per unit
Raw Materials	7
Labour	5
Expenses	4
Profit	4
Selling Price	20

- (iii) Raw materials in stores 4 weeks
- (iv) Processing time 2 weeks
- (v) Finished products in stores 2 weeks
- (vi) Credit allowed to debtors 4 weeks
- (vii) Credit allowed by creditors 2 weeks

- (viii) Lag in payment for wages and expenses      2 weeks
- (ix) Production is carried on evenly during the year and wages and expenses accrue in the same way.
5. What are the determinants of a dividend Policy of a firm? State Walter's model for determining dividend policy. What are the limitations of this model?
6. The capital structure of the Rose Private Ltd. consists of 10000 Equity Shares of Rs. 100 each and Rs. 10,00,000 of 10% debentures. The unit sales increased by 20% from 1,00,000 units to 1,20,000 units. The selling price is Rs. 20 per unit, variable cost Rs. 12 per unit and fixed cost accounts to Rs. 4,00,000. The corporate income tax rate is 50%. You are required to calculate—
- The percentage increase in EPS
  - Degree of Operating Leverage (DoL) and Degree of Financial Leverage (DFL) at 1,00,000 units and 1,20,000 units.
  - Comment on the behaviour of DOL and DFL due to increase in production.
7. Explain the steps in Financial Control. Describe the essential elements of an effective Financial Control System.
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# UMESCHANDRA COLLEGE

Test Examination, 2017

B.Com. Part-III (General)

Subject : Cost and Management Accounting

Time : 2 hours

Full Marks : 50

## Group-I

Answer any Five Questions :

5×2

- 1.(a) What do you mean by Process Costing? Name two industries where process costing can be applied.
- (b) What are the benefits of Financial Statement Analysis.
- (c) Write a short note on Budget Manual.
- (d) Write down the respective cost units in case of the following types services :  
Canteen service, Hospitals, Hotel accommodation, Passenger transport service.
- (e) Explain the uses of cost-volume profit (CVP) Analysis.
- (f) What are the advantages of standard costing.
- (g) Write down the difference between fund flow statement and cash flow statement.

Answer any four questions :

[4×10]

2. X Ltd made sales of Rs. 1,00,000 during the year. The net profit for the same year was Rs. 10,000 and the fixed overhead were Rs. 15,000.

Find out :

- (i) P/V Ratio, (ii) Breakeven point (value and units)
  - (ii) Volume of sales to earn a profit of Rs. 15,000
  - (iii) Net Profit from the sales of Rs. 1,50,000
3. A Ltd produces an item which passes through two processes before it can be sold. The relevant data were :

	Process-I	Process-II
Basic Materials input (5000 units)	Rs. 15,000	—
Process materials added	—	Rs. 4080
Direct labour	Rs. 17,050	Rs. 15,840
Direct Expenses	Rs. 11,950	Rs. 9,330

Output (units)	4,500	4,000
Normal loss	15%	10%
Scrap value	Rs. 2	Rs. 3

There was no stock at the start or at the end of either process. You are required to show relevant process accounts.

4. From the following information prepare a cash Budget for the three months ending 31st March 2017 :

<u>Month</u>	<u>Sales</u>	<u>Purchases</u>	<u>Other Expenses</u>
December '16	Rs. 1,00,000	Rs. 60,000	Rs. 10,000
January '17	Rs. 1,20,000	Rs. 80,000	Rs. 12,000
February '17	Rs. 1,50,000	Rs. 90,000	Rs. 15,000
March '17	Rs. 1,40,000	Rs. 1,00,000	Rs. 18,000

**Other information :**

- 10% of the sales are for cash and remaining customers are allowed one month's credit.
- Lag in payment of other expenses in one month.
- Supplier's allow credit for one month.
- Income Tax of Rs. 20,000 is to be paid in March 2016.
- Expected cash balance on 1.1.2017 will be Rs. 20,000.

5. A company owns a number of taxis and the following information is available from the records maintained by the company :

(i) Number of taxi	10
(ii) Cost of each taxi	Rs. 20,000
(iii) Cost of manager's salary	Rs. 600 p.m.
(iv) Cost of accountant's salary	Rs. 500 p.m.
(v) Cost of cleaner's salary	Rs. 200 p.m.
(vi) Cost of mechanic's salary	Rs. 400 p.m.
(vii) Garage rent	Rs. 600 p.m.
(viii) Insurance premium	5% p.a.
(ix) Annual tax	Rs. 600 per taxi
(x) Driver's salary	Rs. 200 per taxi
(xi) Annual repair	Rs. 1000 per taxi

Total service life of a taxi is about 200000 km. A taxi runs in all 3000 km in a month of which 30% it runs empty. Petrol consumption is one litre for Rs. 10 km @ Rs. 2 per litre. oil and other sundries are Rs. 5 per 100 km.

Calculate the cost of running a taxi per kilometre.

6. From the following balance sheet of Goolmal Returns Ltd on 31st Dec 2015 and 2016, you are required to prepare :
- (a) a schedule of changes in working capital.  
(b) a fund flow statement.

**Balance Sheet  
of Goolmal Returns Ltd.**

Liabilities	31.12.15	31.12.16	Assets	31.12.15	31.12.16
Share Capital	1,00,000	1,25,000	Goodwill	12,000	10,000
General Reserve	15,000	18,000	Building	45,000	50,000
Profit & Loss A/c	12,000	10,000	Plant	40,000	38,000
Bills Payable	1,200	1,000	Investment	10,000	12,000
Prov. for taxtion	18,000	16,000	Stock	30,000	38,000
Prov. for Doubtfuldebt	600	700	Bills Receivable		
			Debtors	2,000	2,500
			Cash	1,800	8,700
	<u>1,54,800</u>	<u>1,77,200</u>		<u>1,54,800</u>	<u>1,77,200</u>

The following is the additional information available :

- a) Depreciation charged on plant was Rs. 4000 and on building Rs. 5000  
b) A plant book value of which was Rs. 5000 was old at Rs. 6000  
c) Provision for taxation of Rs. 19000 was made during the year.  
d) Interim dividend of Rs. 8000 was paid during the year.
7. Following is the Balance Sheet of Whatsapp Ltd as at 31.3.2017 :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,20,000	Land	50,000
General Reserve	30,000	Machinery	1,25,000
Profit & Loss A/c	15,240	Stock	75,000
10% Debenture	90,000	Debtors	50,000
Bank Loan	50,000	Accrued Income	10,000
Outstanding Expenses	5,000	Prepaid expenses	4,000
Provision for Baddebt	4,000	Cash & Bank	45,240
Creditors	70,000	Misc. Expenditure	5,000
	<u>3,84,240</u>		<u>3,84,240</u>

Compute : (a) Current Ratio, (b) Quick Ratio, (c) Absolute Quick Ratio, (d) Debt Equity Ratio, (e) Proprietary Ratio, (f) Capital Gearing Ratio.

3rd yr

Dec. 2017

# UMESCHANDRA COLLEGE

B.Com. Part-III (H) Test Examination, 2017

Subject : Economics-II & Advanced Business Mathematics

Time : 2 hours

Full Marks : 50

## Group-I

Answer any two Questions :

$12\frac{1}{2} \times 2 = 25$

1. (i) 'Savings always equal to Investment'. (ii) 'Savings equal to investment only at equilibrium'. Explain How would you reconcile the two statements.
2. Calculate (i) Private income (ii) Personal income and (iii) Personal Disposable Income on the basis of following information
  - (i) Net Domestic Product at Factor Cost Rs. 12,000
  - (ii) Corporation tax : Rs. 300
  - (iii) Undistributed Profits : Rs. 300
  - (iv) Income from Domestic Product accruing to Geovt Sector : Rs. 2,000
  - (v) Interest on National Debt : Rs. 100
  - (vi) Interest Transfers : Rs. 80
  - (vii) Interest transfers from the rest of the world : Rs. 150
  - (viii) Personal Direct Taxes : Rs. 75
  - (ix) Net Factor earned new abroad : Rs. 250
3. Consider the following functional relations
  - (i) Consumption function  $C = 100 + 0.8 Y$
  - (ii) the investment function  $I = 250 - 100 r$
  - (iii) the transaction demand for money function :  $M_1 = 0.3Y$
  - (iv) The speculative demand for money :  $M_2 = 40 - 100r$
  - (v) The money supply function  $M_s = 500 Rs$
 Derive the IS-LM function and culaculate the equilibrium values of national income and the rate of interest which keep both the product and money markets in equilibrium.
4. (i) What is money multiplier?  
 (ii) What is Liquidity Trap?  
 (iii) Mention any two fiscal tools for combating inflation  
 (iv) Mention any two sources which causes cost push inflation.
5. Show the size of multiplier depends on the MPC.

## Group-II

Answer any five :

5×5=25

1. Show that the function  $f(x) = \log(x + \sqrt{1+x^2})$  is odd.
  2. Find the domain of definition of the function  $f(x) = \log(x^2 - 7x + 12)$ .
  3. Evaluate  $\lim_{x \rightarrow 0} \frac{\sqrt{1+x^2} - \sqrt{1+x}}{\sqrt{1+x^3} - \sqrt{1+x}}$
  4. Using definition find the derivative of  $\frac{1}{\sqrt{x}}$ .
  5. Solve for  $x$  if  $f'(x) = 0$  where  $f(x) = x^3 + 3x^2 - 45x + 21$ .
  6. If  $\sqrt{x} + \sqrt{y} = \sqrt{a}$  then show that  $\left[ \frac{d^2y}{dx^2} \right]_{x=a} = \frac{1}{2a}$ .
  7. Show that the function  $f(x) = x^3 - 6x^2 + 18x + 10$  does not pass any maximum or minimum value.
  8. Integrate  $\int e^x \left( \frac{1}{x} - \frac{1}{x^2} \right) dx$ .
  9. Integrate  $\int_1^2 \frac{dx}{\sqrt{x^2 + x - 2}}$
  10. Find the value of  $\begin{vmatrix} a^2 - bc & b^2 - ac & c^2 - ab \\ c^2 - ab & a^2 - bc & b^2 - ca \\ b^2 - ac & c^2 - ab & a^2 - bc \end{vmatrix}$
  11. If  $A = \begin{pmatrix} 0 & 1 & 2 \\ 1 & 2 & 3 \\ 3 & 1 & 1 \end{pmatrix}$ , then find  $\text{Adj } A$  and  $A^{-1}$ .
-

# UMESCHANDRA COLLEGE

Test Examination, 2017

B.Com. Part-III (Hons)

Subject : Financial Accounting-III

Time : 2 hours

Full Marks : 50

Answer any Five Questions :

5×10

1. X Co. Ltd. held on 1.1.2014 Rs. 250000, 10% Govt bond at Rs. 238000, interest for 3 month accrued and due on the said date. On 30.6.2014, the Co. purchased further Govt. bonds of the face value Rs. 50000 @95% net cum interest. On 30.08.2014, Rs. 50000 of the govt bonds was sold for @ Rs. 96 net ex interest. 30.9.2015. Rs. 30000 of the Govt. bond was sold @ Rs. 95 net cum interest. Interest on bond was payable on 31st March and 30th September every year. Halfyearly interest was collected and credited by the bank on 5th September 2014 and 6th October 2015. The market price of the bond on 31st December 2015 was Rs. 97. You are required to prepare investment accounts in the books of X Co. Ltd. 10

2. (a) What do you mean by Amalgamation of Companies? What are its different forms?

(b) What is pooling of Interest method? 5+5

3. From the following information calculate the value per equity share :

2000, 9% Preference shares of Rs. 100 each. Rs. 200000  
25000, Equity Shares of Rs. 10 each fully paid Rs. 250000  
20000, Equity Shares of Rs. 10 each. Rs. 7.50 per share paid up Rs. 150000

Expected profits per year before tax Rate of Tax 50%  
Rs. 2180000

Transfer to General Reserve 20% of the profit

Normal rate of earning 15% 10

A. What is GAAP?

What are the features of fair value accounting 5+5

Handwritten notes and scribbles at the bottom right of the page, including the number '10' and some illegible text.

5. From the Ratios and other information supplied below, prepare a 'proprietor's funds' statement with as many components as possible.

Current Ratio  $5/2$  ✓

Liquid Ratio  $3/2$  ✓

Fixed Assets to net worth 0.75

Cash Position Ratio  $1/5$

Capital gearing (highly geared) 2

R/S to Equity Capital 20%

Working Capital (net) Rs. 90000; Bank Overdraft Rs. 20000.

(There are no longterm liabilities except, Preference Share Capital) 10

6. Discuss the limitations of "Cash Flow Statement".

Distinguish between Cash Book and Cash Flow Statement. 10

7. Following are the Balance Sheets of H. Ltd. and its subsidiary S. Ltd. As at 31st March, 1994:

Liabilities	H. Ltd (Rs.)	S. Ltd. (Rs.)	Assets	H. Ltd (Rs.)	S. Ltd.
Share Capital :			Machinery	300000	100000
Sh. of Rs. 10 each			Furniture	70000	45000
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	<u>910000</u>	<u>380000</u>		<u>910000</u>	<u>380000</u>

H Ltd. acquired the shares of S. Ltd. On 30th June, 1994, on 1st April 1993 S Ltd. General reserve and profit and loss account stood at Rs. 60000 and Rs. 20000 respectively. No part of the preliminary expenses was written off during the year ended 31st March, 1994

Prepare the consolidated balance of H Ltd. and its subsidiary S Ltd. as at 31st March, 1994

Handwritten notes:

eqs	FA.
pref.	CAo
R/S	Sho 180000
CL	Co
60000	

# UMESCHANDRA COLLEGE

B.Com. Part-III (H) Test Examination, 2017

Subject : IFS

Time : 2 hours

Full Marks : 50

Answer any Four Questions :

$12\frac{1}{2} \times 4 = 50$

1. Explain the following terms :
    - (a) SLR
    - (b) Repo rate
    - (c) Reverse Repo rate
    - (d) Call Money market rate
  2. Explain the functions of SEBI relating to Protections of Investors.
  3. What is Financial System? Explain the functions of Financial System.
  4. "A Single Bank can't create credit, but the Banking System as a whole can create credit"— Explain. What are the limitations of credit creation?
  5. (a) What is meant by financial services of the financial system?  
(b) State the features of financial services.
  6. (a) State the limitations of the variable reserve ratio of the RBI.  
(b) Explain the recent changes (after Liberalisation) in the Monetary Policies followed by the RBI.
  7. (a) What is meant by Development Bank?  
(b) Evaluate the Functions of IDBI.
  8. Give a brief account of Rise and fall of the US-64 Scheme of the UTI.
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# UMESCHANDRA COLLEGE

Test Examination, 2017

B.Com. Part-III (Hons + General)

Subject : Financial Management

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Factory Overheads	75,000	50,000	40,000
Administrative Overheads	12,000	11,500	12,000
Selling & Distribution Overheads	5,000	6,000	7,000
Annual Sales	4,00,000	5,00,000	6,00,000
Estimated Scrap Value	20,000	30,000	40,000
Estimated Life of the machine (years)	10	12	10

Additional Information :

- (i) All payables and receivables will be settled promptly, strictly on cash basis with no outstanding from one accounting year to another.
- (ii) Rate of taxation : 40%
- (iii) Rate of Interest on Capital : 10% p.a.
- (iv) Depreciation is not included in factory overheads.

4. From the following information, prepare a column statement to determine the working capital requirement.

(i) Expected sales : 7800 units

(ii) Analysis of sellign price :

	(Rs.) per unit
Raw Materials	7
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Expenses	4
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Selling Price	20

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- (a) The percentage increase in EPS
- (b) Degree of Operating Leverage (DoL) and Degree of Financial Leverage (DFL) at 1,00,000 units and 1,20,000 units.
- (c) Comment on the behaviour of DOL and DFL due to increase in production.
7. Explain the steps in Financial Control. Describe the essential elements of an effective Financial Control System.
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