



Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, January 2017**  
**Paper – 2 : CO-232 : SECURITY ANALYSIS AND PORTFOLIO**  
**MANAGEMENT**

Time : 3 Hours

Max. Marks : 75

Fund	Return (%)	SD (%)	Beta
A	12	15	0.70
M (Market Index)	15	20	1.00

Answer **all** questions. **Each** question carries **2** marks. **(10×2=20 Marks)**

1. What is speculation ?
2. What is company analysis ?
3. What is bullish trend ?
4. What is weak form market efficiency ?
5. What is market risk ?
6. What is constant rupee value plan ?
7. What is put option ?
8. What are the assumptions of APT model ?
9. What is Yield to Call (YTC) ?
10. What is optimum portfolio ?

**SECTION – B**

Answer **any five** questions. **Each** question carries **5** marks. **(5×5=25 Marks)**

11. Find the duration of a 6 % coupon bond with a face value of Rs. 1,000 making annual interest payments, if it has 5 years until maturity. The bond is redeemable at 5 % premium at maturity. The market interest rate is currently 8 %.
12. What are the key economic variables that an investor must monitor as part of his fundamental analysis ?
13. What type of chart patterns are used in the technical analysis ?



14. What types of empirical tests are used in the weak-form of market efficiency ?
15. Consider two securities, P and Q, with expected returns of 15 % and 24 % respectively and standard deviation of 35 % and 52 % respectively. Calculate the standard deviation of a portfolio weighted equally between the two securities if their correlation is  $-0.90$ .
16. The return and risk figures of two mutual funds and the stock market index are given in the following table :

Fund	Return (%)	SD (%)	Beta
A	12	18	0.70
Z	19	25	1.30
M (Market Index)	15	20	1.00

The risk free rate of return is 7 %. Calculate the performance of three funds by using Sharpe Ratio.

17. A short cash position of 1,000 shares of BPL Limited is hedged by buying shares of ACC Limited. Assume every Rs. 30 change in ACC futures prices, there is Rs. 20 change in BPL cash prices. Determine how much number of contracts is required to minimize risk.
18. What are the similarities between financial futures and option contracts ?

### SECTION - C

Answer **any two** questions. **Each** question carries **15** marks. **(2×15=30 Marks)**

19. Explain the investment process in detail.
20. Explain the principles of Dow Theory.
21. A company paid a cash dividend of Rs. 4 per share on its stock during the current year. The earnings and dividends of the company are expected to grow at an annual rate of 8 % indefinitely. Investors expect a rate of return of 14 % on the company's shares. What is a fair price for this company's shares ?
22. A security pays a dividend of Rs. 3.85 and sells currently at Rs. 83. The security is expected to sell at Rs. 90 at the end of the year. The security has a beta of 1.15. The risk free rate is 5 % and the expected return on market index is 12 %. Assess whether the security is correctly priced.



(Pages : 2)

**B – 4370**

Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, January 2017  
Paper – 3 : CO 233 : STRATEGIC FINANCIAL MANAGEMENT**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**(10×2=20 Marks)**

Answer **all** questions. **Each** question carries **2** marks.

1. What is wealth maximization ?
2. What is networking capital ?
3. What is strategic cost analysis ?
4. What is cost-volume profit analysis ?
5. What is financial restructuring ?
6. What is merger ?
7. What is financial engineering ?
8. What is venture capital ?
9. What is ethics in finance ?
10. What are the dimensions of transparency in operations ?

**SECTION – B**

**(5×5=25 Marks)**

Answer **any five** questions. **Each** question carries **5** marks.

11. What is strategic business unit ?
12. What are the strategic reasons for continuous cost-reduction efforts ?
13. What are the 3 operational symptoms prompting restructuring ?

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**B – 4370**



14. What are the prerequisites essential for innovative financial engineering ?
15. What are the reasons for unethical financial management ?
16. What are the ethical economical combinations ?
17. What are the three major ingredients for corporate success ?
18. What are the four different decision and control levels of strategic cost analysis ?

**SECTION – C**

**(2×15=30 Marks)**

Answer **any two** questions. **Each** question carries **15** marks.

19. Discuss the 'nine references' for strategic financial management.
  20. Discuss the parallel costing approaches for the machine tool division.
  21. Explain the steps involved in the restructuring plan.
  22. Explain the holistic approach to innovative financial engineering.
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(Pages : 3)

B – 4371

Reg. No. : .....

Name : .....

**Third Semester M.Com. Degree Examination, January 2017**  
**Paper – 4 : CO 234 : ADVANCED COST AND MANAGEMENT**  
**ACCOUNTING**

Time : 3 Hours

Max. Marks : 75

**SECTION – A**

**(10×2=20 Marks)**

Answer **all** questions. Each question carries **2** marks.

1. What are the assumptions of marginal costing ?
2. What are the characteristics of process costing ?
3. What are the limitations of historical costing ?
4. What is the variable cost method of transfer pricing ?
5. What are the managerial uses of ratio analysis ?
6. What are the characteristics of Activity Based Costing ?
7. What is target costing ?
8. What is life cycle costing ?
9. What are objectives of total quality management ?
10. What is economic value added ?



## SECTION - B

(5x5=25 Marks)

Answer **any five** questions. **Each** question carries **5** marks.

11. Selling price = Rs. 150 per unit ; Variable cost = Rs. 90 per unit ; Fixed cost = Rs. 6,00,000. What is break-even point ? What is the selling price per unit if break-even point is 12,000 units ?
12. In process A, on 1<sup>st</sup> March, there was no work-in-progress. During the month of March, 2000 units of material were issued at a cost of Rs. 18,000. Labour and overheads totaled Rs. 9,000 and 6,600 respectively. On 31<sup>st</sup> March, 1500 units were completed and transferred to the next process. On the remaining 500 units, which were incomplete, degree of completion was as follows :

Materials 100% ; Labour 60% and Overheads 30%. You are required to prepare the statement of equivalent production.

13. Calculate variable overheads variances from the following :

Particulars	Budgeted	Actual
Output (Units)	20000	19000
Hours	5000	4500
Overheads :		
Fixed	Rs. 10,000	Rs. 10,500
Variable	Rs. 5,000	Rs. 4,800

14. What are the advantages of market based transfer price ?
15. Calculate cash from operating activities from the following :

Particulars	31-3-2014 (Rs.)	31-3-2015 (Rs.)
Profit and loss account	60,000	65,000
Debtors	85,000	48,000
Bills receivable	40,000	81,000
General reserve	1,72,000	2,07,000
Wages outstanding	26,000	8,000
Salaries prepaid	8,000	10,000
Goodwill	70,000	60,000

16. What are advantages of activity based costing ?
17. What are the limitations of ratio analysis ?
18. What types of costs involved in the life cycle costing ?



SECTION - C

(2×15=30 Marks)

Answer any two questions. Each question carries 15 marks.

19. XY Limited manufactures auto parts. The following costs are incurred for processing 100000 units of a component :

	Rs.
Direct material	5,00,000
Direct labour	8,00,000
Variable factory overheads	6,00,000
Fixed factory overheads	5,00,000

The purchase price of the component is Rs. 22. The fixed overheads would continue to be incurred even when the component is bought from outside although there would be reduction to the extent of Rs. 2,00,000.

Should the part be made or bought, considering that the present facility when released following a buying decision would remain idle ?

20. The following information relates to Process - X for October 2015 :

Opening work in progress	200 units
Introduced during the month	1600 units
Completed during the month	1480 units
Closing work in progress	320 units

Degree of completion	Material	Labour	Overheads
Opening WIP	100%	50%	50%
Closing WIP	100%	25%	25%
Costs (Rs.) :			
Opening WIP	2,400	320	3,210
Costs incurred during the period	19,200	6,368	6,368

Assuming materials were introduced in the beginning of the process and labour and overhead were incurred uniformly throughout the process. Prepare process account using FIFO Method.

- 21. Discuss the advantages of standard costing.
- 22. Explain the various profitability ratios.

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**Third Semester M.Com. Degree Examination, January 2017**  
**Paper – I : CO 231 : INCOME TAX PLANNING AND MANAGEMENT**  
**(2014 Admission)**

Time : 3 Hours

Max. Marks : 75

**PART – A**

Answer the following questions. **Each** question carries **two** marks.

1. Distinguish between Capital and Revenue expenditure as per Income Tax Act.
2. Define salary.
3. Distinguish between not ordinarily resident and non-resident individual.
4. Define annual value of a house property.
5. What is the Income Tax treatment of speculation profit ?
6. What do you understand by bond washing transaction ?
7. What is the tax treatment of advance money received for not completed capital asset transfer ?
8. What do you mean by PAN ?
9. Briefly explain deduction under Section 80 C of the Income Tax Act.
10. What do you mean by carry forward and set off ? **(10×2=20 Marks)**

**PART – B**

Answer **any 5** of the following. **Each** question carries **5** marks.

11. Explain the rules relating to the computation of exempted portion of House Rent Allowance.
12. Define a capital asset and explain the items exempted from this definition.





13. Mr. X is the owner of 3 houses which are all let out and are not governed by the Rent Control Act. From the following compute the Gross Annual Value in each case.

Particulars	House I	House II	House III
	Rs.	Rs.	Rs.
Municipal Value	30,000	20,000	35,000
Fair Rent	36,000	24,000	32,000
Actual Rent	32,000	28,000	30,000

14. From the following, compute the Total Income of Mr. D for the Assessment Year 2015-16.

- Loss from house property Rs. (-) 8,000.
- Short term capital gain on sale of shares Rs. 95,000.
- Long term capital loss on sale of bonds Rs. (-) 85,000.
- Interest on Government securities Rs. 18,000.
- The Assessee has unabsorbed depreciation of Rs. 35,000 being brought forward from 2013. Assessee has closed this business and all assets have been disposed off.

15. Explain the clubbing provision of income.

16. Define agriculture income.

17. Explain the provision relating to carried forward and set off in case of loss from a discontinued business.

18. Distinguish between tax planning and tax evasion.

(5×5=25 Marks)

### PART - C

Answer any two of the following. Each question carries 15 marks.

19. Mr. Mohan furnishes the following details of his salary. Compute the Income from salary for the Assessment Year 2015-16.

	Rs.
1) Salary	1,80,000
2) Encashment of one month's earned leave	15,000
3) Refreshment during office hours at an estimated cost of Rs. 600 p.m.	7,200



4) The employer provides him lunch at work place in all working days. The cost per meal is Rs. 40	12,000
5) The employer paid his club bills	15,000
6) The employer has provided him telephone at his residence and paid Rs. 12,000 on account of telephone bills but did not recover anything from him	12,000
7) He spend Rs. 12,000 for uniform and the employer paid him	9,600
8) The employer paid a research expenditure allowance of Rs. 1,000 p.m. but his expenditure on research for the period is Rs. 11,000	12,000
9) Employer granted a scholarship to his son studying in medical college @ Rs. 400 p.m.	4,800
10) Profession tax paid by the employer	1,000
11) Leave travel assistance to him and family paid by the employer. Actual travel cost is Rs. 5,000 and hotel bills are Rs. 7,000	12,000

20. The Indian Manufacturing Company gives you the following particulars from its accounts for the year ended 31-3-2015.

Particulars	Rs.
1) Net Profit as per Profit and Loss Account	9,42,000
2) Contribution to gratuity fund	1,00,000
3) Provision for bonus (amount payable as per Bonus Act is Rs. 1,80,000)	2,00,000
4) Fee paid to auditor Rs. 10,000 as audit fee and Rs. 7,000 for tax representation	17,000



5) Loss on sale of house property let out	40,000
6) Salary paid outside India without deducting tax at source	1,60,000
7) Shifting cost of factory premises to another location	10,000
8) Transferred to debenture sinking fund	10,000
9) Stamp duty paid on building took on lease	500
10) Spend on renovation of rented building	3,000

Compute the business income of the firm.

21. Explain the income exempted from Income Tax as per Section 10 of the Income Tax Act.
22. Explain the major deductions coming under Chapter VI A of the Income Tax Act.

**(2x15=30 Marks)**

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