



(Pages : 3)

6755

Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, November 2014**  
**Career Related First Degree Programme under CBCSS**  
**Complementary Course – III**  
**CX 1331/HM 1331 : MANAGERIAL ECONOMICS**  
**(Common for Commerce & Tax Procedure and Practice/Commerce &**  
**Hotel Management and Catering**  
**(2013 Adm.)**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** word to maximum of **two** sentences. **Each** question carries **one** mark.

1. Define Managerial Economics.
2. What is demand schedule ?
3. What is shift in demand ?
4. What is income elasticity ?
5. What is marginal revenue ?
6. What is Delphi method of demand forecasting ?
7. What is production function ?
8. What is sunk cost ?
9. State law of demand.
10. Define production.

**(10×1 =10 Marks)**



## SECTION – B

Answer **any 8** questions **not** exceeding **one** paragraph. **Each** question carries **2** marks.

11. What is marginal cost pricing ?
12. What is decision making ?
13. What is price skinning ?
14. What is meant by recession ?
15. What is average product ?
16. What is isocost curve ?
17. What is Veblen effect ?
18. What is cross elasticity ?
19. What is unit elasticity ?
20. What are fixed inputs ?
21. What is explicit cost ?
22. What is demand estimation ?

(8×2 =16 Marks)

## SECTION – C

Answer **any 6** questions **not** exceeding **120** words. **Each** question carries **4** marks.

23. Mention some factors affecting demand of a product.
24. Explain Cobb-Douglas Production function.
25. Explain law of variable proportion.
26. What are the features of Managerial Economics ?



27. Explain various methods of demand forecasting.

28. What is an isoquant ?

29. What are the exceptions of Law of Demand ?

30. Discuss the role of cost in pricing.

31. What is full cost costing ?

**(6×4 = 24 Marks)**

SECTION – D

Answer **any two** questions **not** exceeding **4** pages. **Each** question carries **15** marks.

32. Explain the meaning and scope of Managerial Economics in business decisions.

33. Explain different phases of business cycles.

34. Discuss the objectives of pricing policy. What are the factors to be considered when formulating a pricing policy ?

35. What are the factors affecting elasticity of demand ?

**(15×2 =30 Marks)**

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Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, November 2014**  
**Career Related First Degree Programme under CBCSS**  
**Core Course : CX 1342/HM 1342/IT.1342**  
**ADVANCED FINANCIAL ACCOUNTING**  
**(Common for Commerce & Tax Procedure and Practice/Commerce &**  
**Hotel Management and Catering Commerce, Tourism, Travel**  
**Management)**  
**(2013 Adm.)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions, **each** question carries **one** mark.

1. What is Capital ratio ?
2. Define partnership.
3. Define a minor partner.
4. What is profit and loss appropriation account ?
5. Define goodwill.
6. What is reserve Capital ?
7. What do you mean by profit prior to incorporation ?
8. Define amalgamation.
9. What is purchase consideration ?
10. What do you mean by divisible profits ?

**(10×1=10 Marks)**

**SECTION – B**

Answer **any 8** questions in not exceeding **one** paragraph. **Each** question carries **two** marks.

11. Explain revaluation account.
12. What are guiding rules applicable in the absence of partnership deed ?



13. State the circumstances in which need for valuation of goodwill arises.
14. How do you calculate the total amount due to the retiring partner ?
15. What are the accounting implications of dissolution of firm ?
16. Explain the various methods of redemption of debentures.
17. Distinguish between external reconstruction and internal reconstruction.
18. Explain the various methods of calculating purchase consideration.
19. Give journal entries in the books of transferee company in the case of an amalgamation in the nature of purchase.
20. A, B and C share profits and losses in the ratio of 5:3:2. They admit D into partnership and give him one-sixth share. Calculate the new profit sharing ratio and sacrificing ratio.
21. X, Y, Z were sharing profits in the ratio of 3:2:1 z retires from the firm. Calculate the gaining ratio.
22. A firm has made an average profit of Rs. 85,000. The Capital employed in the firm is Rs. 4,00,000. You are required to compute the value of goodwill at 3 year's purchase of super profit assuming that 15% is the reasonable return in the industry. **(8×2=16 Marks)**

### SECTION – C

Answer **any 6** questions not exceeding **120** words. **Each** question carries **4** marks.

23. What are the features of partnership ?
24. Explain realisation account.
25. Prepare the Capital and Current Accounts of partners Manu and Albert from the following particulars.

	<b>Manu</b>	<b>Albert</b>
Capital on 01-01-2013	50,000	40,000
Manu's current account on 01-01-2013	2500 (Cr.)	–
Albert's current account on 01-01-2013	–	1600 (Dr.)
Drawings during 2013	5,500	2,500
Interest on Capital	6%	6%
Interest on drawings	120	90
Share of profit for 2013	7,400	6,300
Salary for the year	–	2,600



26. Ram and Rahim are in partnership sharing profits in the ratio of 5:3. They agree to Robert as a partner on condition that he brings Rs. 10,000 towards his capital and Rs. 8,000 towards goodwill. It is also agreed that the new profit sharing ratio will be 7:5:4. Half of the goodwill is withdrawn by Ram and Rahim. Pass journal entries to record the transaction in the books of the firm.
27. A, B and C are partners sharing profits and losses in the ratio of 4:3:2. B retires. A and C six the entire Capital of the new firm at Rs. 54,000 in profit sharing ratio. The capital accounts of A and C show balance of Rs. 40,300 and Rs. 15,300 respectively immediately after B's retirement. Pass journal entries and show capital accounts if
- 1) Partner's are to bring in cash deficiency or to withdraw the surplus, or
  - 2) Partner's Capitals are adjusted through current accounts.
28. The balance sheet of a firm as on 31<sup>st</sup> March 2013 as under :

**Balance Sheet**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital Accounts :		Freehold property	8,000
A   5,000		Investments	2,000
B   4,000		Book debts	1,000
C   3,000	12,000	Cash at Bank	3,000
Sundry Creditors	3,500	Stock	1,500
	<b>15,500</b>		<b>15,500</b>

The partnership was dissolved on the above date.

<b>Cash realised was :</b>	<b>Rs.</b>
Investments	1,900
Freehold property	9,000
Book debts	900
Stock	1,400

The creditors were paid is full. The expense of realisation came to Rs. 100. Prepare realisation account.



29. X Ltd. forfeited 100 equity shares of Rs. 10 each held by Sijo on 15<sup>th</sup> December 2013 for non-payment of first call of Rs. 2 per share and the final call of Rs. 3 per share. These shares were reissued to Moorish on 25<sup>th</sup> December, 2013 at a discount of Rs. 3.50 per share. Give journal entries.

30. The Balance Sheet of X Co. Ltd. and Y Co. Ltd. as on 31<sup>st</sup> March 2014 are as follows :

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share Capital			Goodwill	80,000	—
Authorised Capital			Fixed Assets	8,00,000	16,00,000
Shares of Rs. 100 each	<u>10,00,000</u>		Current Assets :		
Shares of Rs. 10 each		<u>20,00,000</u>	Bank	—	2,00,000
Issued Capital fully paid	10,00,000	8,00,000	Other	9,00,000	6,60,000
Reserve and surplus					
Capital Reserve	2,00,000	—			
General Reserve	70,000	8,00,000			
Secured Loan	—	5,00,000			
Unsecured Loan	2,00,000	—			
Current Liabilities and provisions :					
Sundry Creditors	3,10,000	3,60,000			
	<b>17,80,000</b>	<b>24,60,000</b>		<b>17,80,000</b>	<b>24,60,000</b>



It was proposed that X Ltd. should be amalgamated in Y Ltd. The following arrangement was accepted by both the Companies :

- a) Goodwill of X Ltd. is considered valueless.
- b) Arrears of depreciation in X Ltd. amounted to Rs. 40,000.
- c) The holder of every 2 shares in X Ltd. was to receive :
  - i) As fully paid at par, 10 shares in Y Ltd., and
  - ii) So much cash as is necessary to adjust the right of shareholders of both the companies in accordance with the intrinsic value of the shares as per their balance sheets subject to necessary adjustments with regard to goodwill and depreciation in X Ltd's Balance Sheet.

You are required to determine the composite of purchase consideration.

31. On 1<sup>st</sup> April, 2013, a Company issued Rs. 20,00,000 14% debentures at 5% discount repayable in five years at par. The Company reserved the right to redeem to the extent of Rs. 2,00,000 in any year by purchase in the open market. The interest was payable half yearly on 30<sup>th</sup> September and 31<sup>st</sup> March and the same was duly paid.

On 31<sup>st</sup> March, 2014 the Company purchased Rs. 2,00,000 debentures at a cost of Rs. 1,91,000.

Pass necessary journal entries in the books of the Company upto 31<sup>st</sup> March 2014 including closing entries on that date if the above redemption was out of profit.

(6×4=24 Marks)

#### SECTION – D

Answer **any two** questions not exceeding **4** pages. **Each** question carries **15** marks.

32. A Company invited the public to subscribe for 1,00,000 equity shares of Rs. 10 each at a premium of Re. 1 per share payable on allotment. Payments were to be made as follows :

On Application Rs. 3; on allotment Rs. 3; on first call Rs. 3 and on final call Rs. 2.

Applications were received for 1,30,000 shares; applications for 20,000 shares were rejected and allotment was made proportionately to the remaining applicants. Both the calls were made and all the moneys were received except the final call on 3,000 shares which were forfeited after due notice. Later 2,000 of the forfeited share were issued as fully paid at Rs. 8.50 per share.

Pass Journal entries.





33. The Balance Sheet of a firm X and Y who were sharing profits in the ratio of 5:3 respectively as on 31<sup>st</sup> March 2010 as follows :

Liabilities	Rs.	Assets	Rs.
X's Capital	2,05,000	Land and Building	1,90,000
Y's Capital	1,65,000	Plant and Machinery	85,000
Profit and Loss		Furniture	54,740
Appropriation Account	56,000	Stock	72,630
Trade creditors	27,400	Debtors	30,000
—		Cash at Bank	21,030
	<b>4,53,400</b>		<b>4,53,400</b>

On the above date Z was admitted on the following terms :

- 1) z would set  $\frac{1}{5}$  share in the profits.
- 2) z would pay Rs. 1,20,000 as Capital and Rs. 16,000 for his share of good will.
- 3) Machinery would be depreciated by 10% and building would be appreciated by 30%. A provision for bad debts @ 5% on debtors would be created. An unrecorded liability amounting to Rs. 3,000 for repairs to building would be recorded in the books of account.
- 4) Immediately after z's admission, goodwill account would be written off. Thereafter the Capital accounts of the old partners would be adjusted through the necessary current accounts in such a manner that Capital accounts of all partners would be in the profit sharing ratio.

Prepare revaluation account, Capital accounts and the initial balance sheet of the new firm.



34. P, Q and R were partners sharing profits in the ratio of 5:3:2 respectively. On 31<sup>st</sup> March 2010 their balance sheet stood as follows :

**Balance sheet as at 31<sup>st</sup> March 2010**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
P's Capital	50,000	Machinery	43,000
Q's Capital	30,000	Furniture	16,400
R's Capital	20,000	Stock	35,100
Sundry Trade Creditors	15,600	Debtors	23,500
Bank Overdraft	2,400		
	<b>1,18,000</b>		<b>1,18,000</b>

On retired as on the above mentioned date.

It was agreed that :

- 1) The firm's goodwill was worth Rs. 25,000 and Q was entitled to the credit for his share of good will.
- 2) P and R would continue to be partners but would share profits in the future in the ratio of 7:3 respectively and
- 3) The amount due to Q would be paid immediately and for this purpose P and R would bring in cash in such a manner that the total Capital of the firm was Rs. 1,00,000 and the Capital accounts of the partners were in their new profit sharing ratio.

Assuming that all the above mentioned conditions were fulfilled, pass journal entries in the books of the firm for all transactions. Also prepare Capital account of all partners.



35. The following is the Balance Sheet of X Co; Ltd. as on 31<sup>st</sup> March 2014.

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
12,000 shares of Rs. 10 each fully paid up	1,20,000	Land and Buildings	90,000
		Machinery	50,000
Sundry creditors	30,000	Stock	17,000
Bank overdraft	28,000	Sundry debtors	20,000
		Profit and Loss Account	1,000
	<b>1,78,000</b>		<b>1,78,000</b>

The Company went into voluntary liquidation and the assets were sold to Y Co. Ltd. for Rs. 1,50,000 payable as Rs. 60,000 in cash (which sufficed to discharge creditors and Bank overdraft and pay the winding up expenses of Rs. 2,000) and as to Rs. 90,000 by the allotment of Rs. 12,000 shares of Rs. 10 each of Y Co; Ltd. Rs. 7.50 per share paid up, to the shareholders of X Co., Ltd.

Draw up journal entries in the books of both the companies on the basis of amalgamation in the nature of purchase. **(2×15=30 Marks)**

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Reg. No. : .....

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**Third Semester B.Com. Degree Examination, November 2014**  
**(Career Related First Degree Programme under CBCSS)**  
**Commerce & Tax Procedure and Practice**  
**Vocational Course – IV**  
**CX 1372 : INCOME TAX LAW AND ACCOUNTS – II**  
**(2013 Admissions)**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions in **one** word to maximum **two** sentences. **Each** question carries **1** mark.

1. Define Long Term Capital Gain.
2. What is deemed income ?
3. What is set-off of losses ?
4. Distinguish between Gross Total Income and Total Income.
5. What is Indexed Cost of Acquisition ?
6. What is section 80D ?
7. What is clubbing of incomes ?
8. What is grossing up ?
9. What is Average Rate of Tax ?
10. What is CII ?

(10×1=10 Marks)

SECTION – B

Answer **any eight** questions in **one** paragraph. **Each** question carries **2** marks.

11. What are capital assets ?
12. What is cost of improvement ?
13. Explain Short Term Capital Gain.

P.T.O.



14. What is ex-interest transaction ?
15. What is bond washing transaction ?
16. What is a revocable transfer ?
17. What is meant by relinquishment of an asset ?
18. What is aggregation of income ?
19. What is the treatment of income earned by a minor child ?
20. What is meant by Intra-head adjustment ?
21. What is unabsorbed depreciation ?
22. Distinguish between standard deduction and statutory deduction. (8×2=16 Marks)

#### SECTION – C

Answer **any six** questions. Answer **not to exceed 120** words. **Each** question carries **4** marks.

23. Explain capital gains exempt from tax.
24. What is the cost of acquisition of right shares and bonus shares ?
25. Explain computation of capital gain.
26. What are the incomes of other persons chargeable in the name of the individual ?
27. X purchased a plot for Rs. 1,40,000 in 1986-87. It was sold on 15-1-2014 for Rs. 15,80,000 and he paid Rs. 1,00,000 as brokerage charges. He invested Rs. 2,00,000 in NHAI bonds on 31-3-2014 and Rs. 3,10,000 in bonds of Rural Electrification Corporation Ltd. on 1-8-2014.

Compute his taxable capital gains if CII for 1986-87 was 140 2013-14 is 939.

28. From the following, compute income from other sources of Mr. Ram for the A Y 2014-15 :
  - a) He was a director in a company from which he received Rs. 13,000 as Directors fees.
  - b) Interest received on deposits with a Co-operative bank Rs. 2,000.



- c) Dividends received from a UK company Rs. 6,000.
  - d) Received winnings from lottery Rs. 28,000.
  - e) Income from agriculture in England Rs. 78,000.
  - f) Honorarium for delivering lectures in a registered society Rs. 1,200.
29. Mr. Bhojraj received rent Rs. 90,000 from a rental property. Current year business profits were Rs. 80,000. Past year's trade losses Rs. 1,50,000 have been brought down. It included a loss of Rs. 20,000 of a business which was wound up. Unabsorbed depreciation Rs. 33,000 of 2009-10 if brought forward. Determine GTI adjusting the loss under Income Tax provisions.
30. Explain the provisions regarding deduction under Section 80 C.
31. Compute tax liability of Mr. K. N. Singh for the assessment year 2014-15 :
- a) Agricultural Income Rs. 40,000.
  - b) Non-agricultural Income Rs. 6,30,000. (6×4=24 Marks)

SECTION – D

Answer **any 2** questions in **not** exceeding **4** pages. **Each** question carries **15** marks.

32. Shri Chandra Prasad's GTI for the PY 2013-14 is Rs. 40,15,000. He demanded the following amounts by cheques :
- a) PM's National Relief Fund Rs. 1 lakh.
  - b) National Children's Fund Rs. 2 lakh
  - c) Rs. 2,00,000 for repairs of a temple of public worship so notified.
  - d) Rs. 1,00,000 to a local college for construction of class rooms.
  - e) Rs. 20,000 given as aid to a poor student.
  - f) Rs. 1 lakh to Municipality.
  - g) Rs. 50,000 to U.P. Government for family planning.
- He deposited Rs. 15,000 in PPF. Determine his Total Income for the AY 2014-15.



33. Dr. Veni is a teacher. Following information relate for AY 2014-15 :

- 1) Basic salary @ Rs. 12,000 pm.
- 2) DA 45% of salary.
- 3) Wardenship Allowance @ Rs. 400 pm.
- 4) Examinership Remuneration Rs. 3,000.
- 5) Royalty from books for schools (computed) Rs. 22,500.
- 6) Gross interest on Govt. securities Rs. 5,000.
- 7) Interest on Tax free debentures (gross) Rs. 3,000. Debentures are issued by a public sector company and are notified.
- 8) Dividend on shares of a Foreign Company Rs. 2,500.
- 9) Income from house property Rs. 10,000 (Computed).
- 10) Contribution to Statutory PF Rs. 5,000.
- 11) Contribution to PPF Rs. 12,000.
- 12) Premium paid by cheque on medical insurance policy on health of a dependent father Rs. 3,000.
- 13) Donation to an approved charitable institution Rs. 10,000.

Compute his gross total income.

34. Patel Brothers of Bijaspur submit the following particulars for computing income for the AY 2014-15 :

a) Loss from business before depreciation	20,000
b) Depreciation allowable	6,000
c) Income from House property (computed)	18,000
d) Interest on securities	1,00,000
e) Income from other sources	20,000
f) Brought forward business losses from AY 2013-14	50,000
g) Unabsorbed depreciation for AY 2013-14	80,000
h) Brought forward loss of house property from AY 2013-14	10,000

You are required to compute the gross total income for the AY 2014-15.

35. Explain various deductions available to individuals under section 80 of Income Tax Act.

**(2×15=30 Marks)**



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**Third Semester B.Com. Degree Examination, November 2014**  
**(Career Related First Degree Programme under CBCSS)**  
**Commerce & Tax Procedure and Practice**  
**Vocational Course – III**  
**CX 1371 : INCOME TAX LAW AND ACCOUNTS – I**  
**(2013 Adm.)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer all questions in one word to maximum two sentences. Each question carries 1 mark.

1. Who is a deemed assessee ?
2. What is tax evasion ?
3. Define Perquisite.
4. What is casual income ?
5. What is Annual Value ?
6. What is Composite Rent ?
7. What is MAT ?
8. What is GTI ?
9. What is a Block of Asset ?
10. What is Unabsorbed depreciation ?

**(10×1=10 Marks)**

**SECTION – B**

Answer any eight questions in one paragraph. Each question carries 2 marks.

11. Explain the tax treatment of unrecognized Provident Funds.
12. How will you value perquisites in respect of motor car ?
13. Distinguish between GTI and TI.





14. Sivakumar an Indian citizen leaves India to USA for a job on 21-09-2013. What will be his residential status for the assessment year 2014-15 if he has never left India earlier ?
15. Mr. R retires from a company on 4<sup>th</sup> January 2014 after serving 16 years. At the time of retirement his basic salary was Rs. 17,600 per month and he was also entitled to Dearness Allowance of Rs. 3,200 per month. On the retirement he received Rs. 2,40,000 as gratuity. He is covered under Gratuity Act.  
Compute taxable part of gratuity.
16. Explain residential status of Hindu Undivided Family.
17. From the following information of Nagaraj, compute the taxable HRA :
- |                    |   |                |
|--------------------|---|----------------|
| Basic salary       | : | Rs. 6,000 p.m. |
| Dearness Allowance | : | Rs. 1,000 p.m  |
| HRA                | : | Rs. 800 p.m.   |
| Actual rent paid   | : | Rs. 1,200 p.m  |
18. Explain the treatment of expenditure on scientific research while computing business income.
19. What are the allowances which are fully exempt from tax ?
20. What are the deductions from annual value ?
21. What are the items chargeable under the head 'profits and gains of business or profession' ?
22. What is the relation between Finance Tax and Income Tax Act ? **(8x2=16 Marks)**

### SECTION – C

Answer any six questions. Answer **not** to exceed **120** words. Each question carries **4** marks.

23. How will you determine residential status of individuals ?
24. Write a note on house property incomes exempt from income tax.
25. What are the various deductions under the head 'Income from salary' ?
26. Mr. Nishanth is employed in a town (population 13 lakhs). He received the following emoluments during the previous year 2013-14 :
- |              |   |  |
|--------------|---|--|
| Basic salary | : | Rs. 8,000 p.m.                                       |
| DA           | : | Rs. 2,000 p.m. (40% enters into retirement benefits) |
| Bonus        | : | Rs. 8,000 p.a.                                       |
| Commission   | : | Rs. 4,500 p.a.                                       |
| EA           | : | Rs. 500 p.m.   |
- The Fair Rental Value of the rent-free house provided by the employer Rs. 40,000 pa, value of furniture provided Rs. 20,000.  
Compute the value of rent free house.

27. Compute taxable income from house property from the following particulars.

Fair Market Rent	:	Rs. 80,000
Actual Rent	:	Rs. 72,000
Municipal valuation	:	Rs. 50,000
Standard Rent	:	Rs. 60,000
Municipal Taxes	:	Rs. 20%
Interest paid	:	Rs. 18,000

28. X retires from service on 30<sup>th</sup> November, 2013 and he is in receipt of Rs. 9,000 pm as pension up to 31<sup>st</sup> January, 2014 payable on the last day of each month. On 1<sup>st</sup> February 2014, he gets two-third of his pension commuted for Rs. 4,80,000. Determine the chargeable pension in case he is a former employee of

- Central Government
- Punjab Government
- ABC Ltd. assuming he is not in receipt of gratuity.

29. Mr. Hayens, a West Indian came to India for the first time on 10-01-2010 and left for Australia on 15-09-2010. He again came to India on 01-05-2013 to leave for South Africa on 15-07-2013. Determine his residential status for the PY 2013-14.

30. Mr. M started the construction of his house on 01-06-2006 and for this he took a loan of Rs. 2,00,000 @ 13.5% p.a from Bank. He took another loan of Rs. 6,00,000 on 01-04-2009 to complete the house. The construction was completed on 30-11-2009 and was self-occupied from 01-12-2009.

Compute his income under the head house property for the AY 2014-15.

31. Write an essay on tax free perquisites.

(6×4= 24 Marks)

#### SECTION – D

Answer any two questions. Answer not to exceed four pages. Each question carries 15 marks.

32. From the following informations, compute the salary income of Mr. Haridas for the AY 2014-15 :

Salary	:	Rs. 5,500 pm
HRA	:	Rs. 2,400 pm
Dearness allowance	:	Rs. 5,000 pm
Entertainment allowance	:	Rs. 1,200 pm

Mr. Haridas and his employer contribute to Recognized PF 14% of salary.

One small car is allowed to him by his employer both for private and official use. Expenses of car are borne by the employer. He lives in a rented house; monthly rent being Rs. 3,000. Mr. Haridas is working at Meerut.