

PGIII S - O 1767 B-14
M.F.A. IIIrd Semester Degree Examination
Commerce
Corporate Taxation - II
Paper : 302
(Old)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates: Attempt all sections.

SECTION - A

1. Answer All sub - questions. Each sub - question carries 2 marks. (5 × 2 = 10)
- a) What do you mean by excisable goods?
 - b) What is branch transfer?
 - c) Define baggage.
 - d) State the significance of indirect taxes.
 - e) Define inter - state sale.

SECTION - B

Answer any Three questions. Each question carries Five marks. (3 × 5 = 15)

2. Explain the revenue trends of major indirect taxes for the last five years.
3. Explain in brief meaning and features of anti - dumping duty.
4. Write in brief note on Karnataka State VAT.
5. X Company Ltd. Sold certain goods to Y company Ltd. In inter - state sale. The sale price is Rs. 5,00,000 (exclusive CST). The sale price includes: Excise duty - Rs. 42,000. Selling and warranty expenses - Rs. 6,000 and profit margin of Rs. 8,000. Compute the CST liability if the tax application is 2%.
6. MN Ltd. Provider of certain taxable services receives from X Ltd. Rs. 8,00,000 for services to be provided. The Company (MN Ltd) provides service to Y Ltd. and raises an invoice for Rs. 5,00,000 (inclusive of service tax) which is not yet received. Is there any service tax liability? If yes, how much?

SECTION - C

Answer any **Three** questions. Each question carries **Fifteen** marks. (3 × 15 = 45)

7. What do you mean by cenvat credit? What are the components of cenvat credit pool? How the credit can be utilized? Explain.
8. Explain the method of valuation adopted for customs duty purpose.
9. Discuss in detail the system of payment of tax and procedure of assessment as applicable to dealers under CST in Karnataka.
10. A Ltd. imported certain manufactured goods from UK and POB value of 3000 UK Pounds. Other expenses incurred are:
 - a) Design and development charges - 600 UK Pounds.
 - b) Commission to local agent of seller - Rs. 2,400
 - c) Air freight - 400 UK Pounds.
 - d) Insurance - 60 UK Pounds.
 - e) Exchange rate - 1 Pound = Rs. 75
 - f) Basic customs 10%, CVD - 10%, Sp.CVD - 4%

Find out the customs duty payable by the company. If the importer is a manufacturer, what would be the cenvat credit available to importer?

11. X Ltd. Sold a machinery to Y Ltd. At a contracted price of Rs. 9,00,000, for delivery at buyer, premises.

The contracted sale price includes the following elements of cost:

- a) Cost of design - Rs. 40,000
- b) Primary packing costs - Rs. 10,000
- c) Excise Duty - Rs. 1,11,200
- d) VAT (Sales tax) - Rs. 37,000
- e) Octroi - Rs. 10,000
- f) Freight and insurance from place of removal to buyer's premises Rs. 40,000. Find out the assessable value for the purpose of excise.

SECTION - D

Compulsory

(1 × 10 = 10)

12. Analyze the following case and find the solution:

XYZ Ltd. Is a producer of certain excisable goods. For the month of February 2013 it has the following transactions:

- a) Purchase of capital good worth Rs. 54,00,000 (excise duty paid Rs. 4,10,000+Education cess)
- b) Purchase of input goods. Rs. 81,00,000 (excise duty paid Rs. 8,25,000+ Education cess)
- c) Service tax paid on input services Rs. 19,000 + Education cess.
- d) Finished goods removed assessable value - Rs. 1,52,84,000. Excise duty is @ 10% and Education cess @ 3%.

Find out the excise duty to be paid by the company through challan.

PGIII S - O 1768 B-14
M.F.A. IIIrd Semester Degree Examination
Commerce
Accounting Systems and Control
Paper : 303
(Old Syllabus)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates: Attempt all sections.

SECTION - A

1. Answer All sub - questions. Each sub - question carries 2 marks. (5 × 2 = 10)
- a) Define account.
 - b) What is meant by going current concept?
 - c) State few accounting conventions.
 - d) What is reserve for Doubtful Debts?
 - e) What is revenue recognition?

SECTION - B

Answer any **Three** questions. Each question carries **Five** marks. (3 × 5 = 15)

2. Explain the uses of accounting data.
3. Distinguish between accrual principle and cash basis of accounting.
4. Explain the merits and demerits of standard costing.
5. What are the methods of accounting for price level changes?
6. Discuss the various principles of accounting.

SECTION - C

Answer any **Three** questions. Each question carries **Fifteen** marks. (3 × 15 = 45)

7. Explain the various types of budgets prepared by a manufacturing concern.
8. From the following calculate Labour variances of the department A and B.

	Department - A	Department - B
	Rs.	Rs.
Actual direct wages	1,000	900
Standard hours produced	4,000	3,000
Standard rate per hour	30 paise	35 paise
Actual hours worked	4,100	2,900

9. A firm which depreciates its machine @ 10% p.a. according to Diminishing Balance Method, had on 1st January 2004, Rs. 4,86,000 balance in its Machining A/C. During the year ended 31st December 2004, the machinery purchased on 1st Jan 2001 for Rs. 60,000 was sold for Rs. 40,000 on 1st July 2003 and new machinery costing Rs. 70,000 was purchased and installed on the same date, installation charges Rs. 5,000.

The firm wants change its method of depreciation from WDV to straight line method w.i.e. 1st January 2005 and adjust the difference before 31st December 2004, the rate of depreciation remaining the same as before.

Show machinery account for the year ended 31st December 2004.

SECTION - D

Compulsory

(1 × 10 = 10)

10. The expenses for budgeted production of 10,000 units in a factory are furnished below:

	Per Unit
	Rs.
Materials	10
Labour	25
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Variable expenses direct	5
Selling expenses 10% fixed	13
Distribution expenses 20% fixed	7

Administrative expenses Rs. 50,000	5
Total cost per unit to make and sell	155

Prepare a budget for production of

- 8,000 units and
- 6,000 units
- Indicated cost per unit at both the level

Assume that administration expenses are fixed for all levels of production.

PGIIS O 1769 B-14
M.F.A. IIIrd Semester Degree Examination
Commerce
Investment Management
Paper : 304
(Old)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates: Attempt sections.

SECTION - A

1. Answer **All** sub - questions. Each sub - question carries 2 marks. (5 × 2 = 10)
- a) What is Investment Management?
 - b) What is Security Market Line?
 - c) Mention the Portfolio Theories.
 - d) What is a future?
 - e) Define Securities

SECTION - B

Answer any **Three** questions. Each question carries **Five** marks. (3 × 5 = 15)

- 2. Explain the nature and scope of investment management.
- 3. Explain the relevance of security analysis.
- 4. Write the assumption of CAPM.
- 5. Explain the factors to be considered in economic analysis.
- 6. What is the investor's object in investing his funds in the stock market?

SECTION - C

Answer any **Three** questions. Each question carries **Fifteen** marks. (3 × 15 = 45)

- 7. "Investment and speculation are somewhat different and yet similar in certain respect." Explain.
- 8. What are corporate securities? Explain the different kinds of corporate securities and their features.

9. What do you mean by technical analysis? Explain the various tools of technical analysis?
10. Investors assessment of return on a share of Xylene Corporation under three different scenarios is as follows:

Scenarios	Chance	Return (%)
1	0.25	36
2	0.50	26
3	0.25	12

How investors make an overall assessment about the return on the share based on the above anticipated return under different scenarios?

11. An investor wants to build a portfolio with the following four stocks. With the given details, find out his portfolio return and portfolio variance. The investment is spread equally over the stocks.

Company	A	B	Residual variance
Sneha	0.17	0.93	45.15
Neha	2.48	1.37	132.25
Asha	1.47	1.73	196.28
Priya	2.52	1.17	81.98

SECTION - D

12. Compulsory

(1 × 10 = 10)

The current market price of Durable Tyres Ltd. and Hi-tech Systems are Rs. 50 and Rs. 100 respectively. It is expected that they will pay a dividend of Rs. 1 and Rs. 4 for the next year on projected earnings of Rs. 2.50 and Rs. 6.00 respectively. The earnings and dividends for these two companies are expected to grow at the rate of 15% and 12% per annum respectively. Analysts estimated that it is equally likely that price of Durable's stock would be Rs. 55 or Rs. 60 and that of Hi-tech would be Rs. 108 or Rs. 116 at the end of one year.

- Examine the returns on both of these select a stock for an investment period of one year.
- If you have to invest on a long term basis, which stock do you find more undervalued?

Explain the required rate of return at 16% on both these stocks.

PGIIS-O 1770 B-14
M.F.A. IIIrd Semester Degree Examination
Commerce
(Risk Management)
Paper - 305
(Old)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates :

Attempt all sections

Section - A

1. Answer **all** sub-questions in one or **two** sentences. Each sub-question carries **2** marks. **(5×2=10)**
- a) What is risk in investment?
 - b) What do you mean by marking to market?
 - c) Define the term swaps
 - d) What is limit order?
 - e) Name any two Indian commodity exchanges and two Indian financial derivatives exchanges.

Section - B

Answer any **three** questions. Each question carries **5** marks. **(3×5=15)**

2. What is the need for risk management? Explain various sources of risk.
3. Define the term 'Option'. Explain its features.
4. Write a note on straddle.
5. What is Var? Examine its significance.
6. An investor wishes to buy one share of TISCD after six months. The current price of a TISCD share is Rs. 500 and the expected dividend payment, after three months, on each share is Rs.10. The three-month risk-free rate of interest is 5% (continuously compounded) and the same becomes 6% for six-month period. Determine the forward price.

Section - C

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

(3×15=45)

7. "Forwards are customised products where as futures are standardised products". Do you agree? Justify.
8. Discuss the functions of derivatives market.
9. Enumerate and explain the principles of option pricing with suitable illustrations.
10. The following information is available on call option involving 800 shares each, with two months expiration dates, on a stock.

Call	Exercise Price (Rs.)	Call Price (Rs.)
1	50	8.00
2	55	4.50
3	60	2.00

Explain how these options can be used to create butterfly spreads. Construct a table to show how profit would vary with stock price for the spread and determine the profit or loss when the price is

i) Rs. 67 ii) Rs. 58 iii) Rs. 46 and iv) Rs.54

11. An option on a certain share is made between two investors. X and Y, who take, respectively, the short and long positions. The other details are given below:

Exercise Price = Rs. 120

Expiration month = August 2012

Date of entering into contract = June 5, 2012

Size of contract = 100 shares

Price of a share on the dates of contract = Rs. 124

Price of option on the date of contract = Rs. 10

The possible prices are given :

Price (Rs): 90,100,110,120,130,140,150, and 160

Prepare a statement showing pay off profile of holder and writer of the option.

Section - D

(Compulsory)

(1×10=10)

12. On November is ABC Ltd. established a long position, in 200 shares of TISCD, on futures at a price of Rs. 600 per share. Initial margin is Rs. 30,000 and maintenance margin is Rs. 20,000. Draw a margin account for ABC Ltd with the following information.

Date	Price (Rs.)
November 15	600
November 16	550
November 17	650
November 18	600
November 19	605
November 21	590
November 22	580
November 23	600
November 24	620
November 25	630
November 27	640
November 28	660
November 29	690