



QP CODE: 23004351



23004351

Reg No :

Name :

M.Com DEGREE (CSS) EXAMINATION, JUNE 2023

Fourth Semester

Core - CM010401 - ADVANCED COST AND MANAGEMENT ACCOUNTING

M.Com FINANCE AND TAXATION, M.Com FINANCE AND TAXATION (SF), M.Com MARKETING AND INTERNATIONAL BUSINESS (SF), M.Com MANAGEMENT AND INFORMATION TECHNOLOGY (SF)

2019 ADMISSION ONWARDS

24446D20

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. Write a short note on Cost Object.

2.

A company manufactures and sells packaging machines. The company recently introduced activity -based costing to refine its existing system. Each packaging machine requires direct materials costing Rs. 60,000; 60 equipment parts; 13 machine hours; 14 assembly line hours and 5 inspection hours. The details about the cost pools, allocation basis and allocation rate are given below:

Indirect Cost Pool	Cost allocation Basis	Budgeted Allocation rate
Material handling	No. of component parts	Rs. 8 per part
Machining	Machine hours	Rs. 70 per machine hour
Assembly	Assembly line hours	Rs. 80 per assembly hours
Inspection	Inspection hours	Rs. 100 per inspection hour

The company has received an order for 50 can -packaging machines from a customer. Using activity -based costing, what will be the indirect costs allocated to the order of the customer.

3. State various benefits of Activity Based Cost Management.

4. What is angle of incidence?





5. You are given the following data:

	Sales	Profit
Year 2020	1,10,000	9,000
Year 2021	1,40,000	13,000

Find out :

1. P/V ratio
2. BEP

6. The following data relate to HK Ltd for the year ending 2020:

Sales- 24,000 units @ Rs. 200 per unit, P/V ratio 25%, Break Even Point 50% of sales.

You are required to calculate selling price per unit assuming a) P/V ratio remains the same and b) variable cost proportion is constant if break even point is to be brought down by 4,000 units.

7. Enumerate the circumstances which are favourable for the adoption of a penetrating pricing policy.

8. Calculate Material Cost Variance

The standard and actual figures of product 'z' are as under:

	Standard	Actual
Material quantity	50 units	45 units
Material price per unit	Rs. 1.00	Rs.0.80

9. What is labour yield variance?

10. What are the goals of a 'transfer pricing system' in an organisation?

(8×1=8 weightage)

Part B (Short Essay/Problems)

Answer any **six** questions.

Weight 2 each.

11. Explain the applications of activity based management in business.

12. Summarise various processes in Activity Based Budgeting .

13. Your company has a production capacity of 2,00,000 units per year. Normal capacity utilization is reckoned as 90%. Standard variable production cost are Rs 11 per unit. The fixed cost are Rs 3,60,000 per year. Variable selling cost are Rs 3 per unit and fixed selling cost are Rs 2,70,000 per year. The unit selling price is Rs 20. In the year just ended on 30th June 2005, the production was 1,60,000 units and sales were 1,50,000 units. The closing inventory on 30th June was 20,000 units. The actual variable production cost for the year were Rs 35,000 higher than the standard.

1. Calculate the profit for the year by absorption costing method and marginal costing method.
2. Explain the difference in the profits.





14. A company wants to buy a new machine to replace to replace one which is having frequent break downs. It received orders for two models M1 and M2. Further details regarding these models are given

Details	M1	M2
Installed Capacity	10,000	10,000
Fixed overheads per annum	2,40,000	1,00,000
Estimated profit at the above capacity	1,60,000	1,00,000

The product manufactured using this type of machine (M1 and M2) is sold at Rs 100 per unit. You are required to determine

1. Break-even level of sales for each model.
 2. The level of sales at which both the models will earn the same profit.
 3. The model suitable for different levels of demand for the product.
15. What is price discrimination ? Under what circumstances it is possible?
16. Explain the objectives of the concept of administered prices.
17. Explain the preliminaries for establishing standard costing system.
18. A company is organized into two divisions, namely X and Y and produces three products A, B and C. Data per unit are:

	A	B	C
Market price (Rs)	240	230	200
Variable cost (Rs)	168	120	140
Direct Labor(hrs)	4	5	3
Maximum sales potential (units)	1600	1000	600

Division Y has a demand for 600 units of product B for its use. If division X cannot supply the requirement, division Y can buy a similar product from market at Rs.224/unit.

What should be the transfer price of 600 units of B for division Y, if the total direct labor hours available in division X are restricted to 15,000?

(6×2=12 weightage)

Part C (Essay Type Questions)

Answer any **two** questions.

Weight 5 each.

19. What is activity based costing ?What are its Characteristics ?How it differ from traditional Absorption Costing?





20. A Co. currently operating at 80% capacity has the following; profitability particulars:

Sales: Rs.12,80,000

Costs:

Direct Materials: Rs.4,00,000

Direct labour: Rs.1,60,000

Variable Overheads: Rs.80,000

Fixed Overheads: Rs.5,20,000

An export order has been received that would utilise half the capacity of the factory. The order has either to be taken in full and executed at 10% below the normal domestic prices, or rejected totally. The alternatives available to the management are given below:

- a) Reject order and Continue with the domestic sales only, as at present;
- b) Accept; order, split capacity equally between overseas and domestic sales and turn away excess domestic demand;
- c) Increase capacity so as to accept the export order and maintain the present domestic sales by:
 - (i) buying an equipment that will increase capacity by 10% and fixed cost by Rs. 40,000 and
 - (ii) Work overtime at one and a half the normal rate to meet balance of required capacity.

Prepare comparative statements of profitability and suggest the best.

21. A factory manufactures a chemical product with three ingredient chemicals A, B and C as per standard data given below;

Chemical	Percentage of Input	Cost per Kg
A	50%	Rs. 40
B	30%	Rs. 60
C	20%	Rs. 95

There is processing loss of 5 % .

The management gives the following details for a certain week;

Chemical Consumed	Qty Purchased and Issued	Actual Cost
A	5,200 kgs	2,34,000
B	3,600 kgs	2,19,600
C	1,700 kgs	1,58,100

Output of finished product: 10,200 kg.

Calculate all relevant variances.

22. A company is a multidivisional company and its managers have been delegated full profit responsibility and complex autonomy to accept or reject transfers from other divisions. Division A produces a sub-assembly with a ready competitive market. This sub-assembly is currently used by Division B for a final product that is sold outside at Rs. 1200.Division A charges, Division B market price for the sub-assembly which is Rs. 700 /unit. Variable costs are Rs. 520 and Rs. 600 for Divisions A and B respectively.

The managers of Division B feels that Division A should transfer the sub-assembly, at a lower price than market because at this price, Division B is unable to make a profit.

Required:





1. Compute Division B's profit contribution if transfers are made at the market price and also the total contribution to profit for the company.
2. Assume that Division A can sell all its production in the open market. Should Division A transfer, goods to Division B? if so at what price?
3. Assume that Division A can sell in the open market only 500 units at Rs.700/unit out of 1000 units that it can produce every month and that a 20% reduction in price is necessary to sell full capacity. Should transfer be made if so how many unit should it transfer and at what prices?

(2×5=10 weightage)



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M.Com. DEGREE (C.S.S.) EXAMINATION, JUNE 2023

Fourth Semester

Faculty of Commerce

CM 010 402—INCOME TAX : ASSESSMENT AND PROCEDURE

(2019 Admission onwards)

Time : Three Hours

Maximum Weight : 30

Part A (Short Answer Questions)

*Answer any **eight** questions.
Weight 1 each.*

1. What you mean by TCS ?
2. What you mean by PAYE ?
3. From the following calculate the tax payable by Mr. A for the Assessment Year 2022-23 :

		Rs.
Agricultural income	...	10,000
Non-Agricultural income	...	6,20,000
Contribution to Public Provident Fund	...	10,000

4. The following details have been supplied by the Karta of HUF. Compute the total income of the family for the Assessment Year 2022-23 :

		Rs.
(a) Business profits	...	3,52,000
(b) Rent received from house property	...	42,000
(c) Local taxes on the above property paid	...	3,600
(d) Donation to an approved school by cheque	...	10,000

5. What is Defective return of Income ?
6. For the previous year 2021-22 of A is calculated as follows :

	Rs.
Net profit as per Profit and Loss Account	... 68,00,000
Less : Deduction u/s 10AA (Income of unit in special economic zone)	... <u>63,00,000</u>
Profits and gains from business (Total Income)	5,00,000

Turn over





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Calculate the tax liability of Mr. A for the Assessment Year 2022-23, keeping in view the provisions of Alternate Minimum Tax.

7. From the following data for the AY 2022-23, you are required to find out the total income and tax liability on self-assessment by Mr A, a person above 60 years.

Pension 1,95,000 Interest on Company Deposits 75,000 Long term Capital Gains 83,000 Investment in National Savings Certificate VIII series 10,000.

8. What do you mean by Tax avoidance ?
9. What do you mean by Book Profit ?
10. Define Trust.

(8 × 1 = 8)

Part B (Short Essay/Problems)

*Answer any six questions.
Weight 2 each.*

11. From the following information compute total income and net tax liability of Mrs.A for the Assessment Year 2022-23 :

	Rs.
1. Income from House property (computed) ...	95,000
2. Interest on Government Securities ...	75,000
3. Winning from Lottery ...	1,00,000
4. Donation to P.M. National relief Fund by cheque ...	50,000
5. Salary income (Computed) ...	3,00,000

12. The Karta of H.U.F. furnishes the following particulars of the income of the HUF for the Assessment Year 2022-23 :

	Rs.
1 Income from House Property ...	3,52,000
2 Long term capital gains ...	31,000
3 Interest on Govt securities ...	9,000
4 Interest on other securities ...	1,000

The family donated 30,000 for charitable purpose by cheque. Compute the tax liability of the HUF for the Assessment Year 2022-23.





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13. A, B and C are partners in a firm with equal shares. The Profit and Loss Account of the firm for the year ended 31st March 2022 is as under:

<i>Particulars</i>	<i>Amount Rs.</i>	<i>Particulars</i>	<i>Amount Rs.</i>
Interest on Capital @ 12 %		Gross Profit	9,000
A 8,000		Loss :	
B 7,000		A 1,25,000	
C 9,000	24,000	B 1,25,000	3,75,000
Salary		C 1,25,000	
A 1,20,000			
B 1,20,000			
C 1,20,000	3,60,000		
	3,84,000		3,84,000

Compute book profit and the total income of the firm for the Assessment Year 2022-23. The firm fulfills the conditions of Sec 184.

14. An association of Persons has 3 members who share profits and losses equally. The profit of the AOP as per its Profit and Loss Account is 3,90,000 after debiting the following to its Profit Loss Account.
1. Remuneration to members of AOP—62,000.
 2. Interest on Capital to members—70,000
 3. Depreciation on Assets—60,000

Depreciation allowable is only 50,000. Compute the tax payable by AOP, if none of the members of AOP has income exceeding the non-taxable limits.

15. What is Voluntary Return of Income ?
16. Explain Best Judgment Assessment.
17. Explain the residential status of a company.
18. Differentiate between Tax Planning and Tax Avoidance.

(6 × 2 = 12)

Turn over





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Part C (Essay Type Questions)

Answer any two questions.

Weight 5 each.

19. From the following particulars of Mr. A calculate his gross tax liability for the Assessment Year 2022-23 :

	Rs.
Salary	... 1,89,000
Business Income	... 4,70,000
Royalty on books for colleges	... 30,000
Rent from House Property	... 20,000
Dividend Income	... 15,200
Interest on Govt. Securities	... 8,800
Income of a Minor Son	... 15,000
Long -Term Capital Gains	... 30,000
Contribution to P.P. F	... 30,000
Life Insurance Premium Paid	... 10,000
Health Insurance Premium Paid by cheque	... 8,000
Donation to National Defence Fund by cheque	... 5,000

20. From the following information for the PY 2020-21 , compute the total income of Rural Co-operative society and Tax liability. Interest on securities Rs. 5,000. Income from HP Computed Rs, 7,000. Income from Lottery Rs. 3,000. Income from cycle business Rs. 8,000. Divident from another Co-operative society Rs. 1,500.
21. Explain Assessment Procedures.
22. Explain Tax Planning for Individuals ?

(2 × 5 = 10)





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M.Com DEGREE (CSS) EXAMINATION, JUNE 2023

Fourth Semester

Elective - CM800401 - DERIVATIVES AND RISK MANAGEMENT

M.Com FINANCE AND TAXATION, M.Com FINANCE AND TAXATION (SF)

2019 ADMISSION ONWARDS

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Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. If you deposit Rs.1,00,000 at 10.25% continuously compounded, what will be the future value after 5 years.
2. What is meant by settlement risk in currency market?
3. What do you know about spot rate and forward rate?
4. What is forward discount?
5. Distinguish between long hedges and short hedges.
6. Who are the traders allowed in F&O segments of exchanges?
7. Write a note on MCX.
8. What are Tunnels in Options trading?
9. Differentiate between long straddle and short straddle strategies.
10. What is the role of Swap facilitator in a Swap transaction?

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

Weight 2 each.

11. Discuss the limitations of derivatives.
12. Explain Value at Risk and different methods of estimation of Value at Risk.
13. What are the classifications of forward contracts ?





14. Suppose the spot price of Gold (10gms) is Rs.40,000 and the interest rate of borrowing and lending is 10% p.a. If the transaction cost is 3% of transaction amount, calculate the futures price of 6 months Gold futures in perfect market and imperfect market.
15. Explain the concept of Normal Backwardation model.
16. Shares of TCS are currently selling at Rs.3,303. An investor buys a 3 months call option with an exercise price of Rs.3,320 for a premium of Rs. 43. Prepare a pay-off table showing the net profit/loss made by the option holder as well as the writer, if on the expiration date, TCS is selling at Rs.3,300, Rs. 3,310, Rs.3,320, Rs.3,350, Rs.3,380, Rs.3,400 and Rs.3,450.
17. Discuss the put-call parity relationship.
18. Explain different types of Interest Rate Swaps.

(6×2=12 weightage)

Part C (Essay Type Questions)

*Answer any **two** questions.*

Weight 5 each.

19. Give a brief description about derivatives trading in India. Discuss the economic benefits of derivatives.
20. Discuss the advantages and disadvantages of forward contracts.
21. Distinguish between stock futures and index futures. Discuss the various strategies for hedging with stock index futures.
22. The current market price of a stock of JK Ltd. is Rs.250. The stock has a volatility of 40%. The risk-free interest rate is 10% per annum. Using the binomial tree with monthly intervals .calculate
(a) the three possible prices for the stock after two periods.
(b)The value of a European call option on the stock with an exercise price of Rs.260.

(2×5=10 weightage)





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M.Com DEGREE (CSS) EXAMINATION, JUNE 2023

Fourth Semester

Elective - CM800402 - PERSONAL INVESTMENT AND BEHAVIOURAL FINANCE

M.Com FINANCE AND TAXATION, M.Com FINANCE AND TAXATION (SF)

2019 ADMISSION ONWARDS

89C746CC

Time: 3 Hours

Weightage: 30

Part A (Short Answer Questions)

*Answer any **eight** questions.*

Weight 1 each.

1. Explain the factors influencing financial destiny.
2. What is the effect of decline in household savings in Indian Economy?
3. What is solvency ratio?
4. What do you mean by financial advisory services?
5. Explain the term financial avoidance.
6. Define non programmed decision?
7. What do you mean by nudge in behavioural finance? Give an example.
8. What is Egocentrism?
9. What is Cognitive Bias?
10. Briefly explain the effect of bias on the risk tolerance of investors.

(8×1=8 weightage)

Part B (Short Essay/Problems)

*Answer any **six** questions.*

Weight 2 each.

11. As a research area, how financial literacy of individuals can be assessed?
12. Explain the Core competency components of financial literacy.
13. Explain the various types of investors.





14. State the process of budgeting.
15. Explain eight step approach to be followed by an investor while making financial decisions?
16. Briefly explain the concept of Loss Aversion.
17. Write Short Notes on :i) Groupthink bias (ii) House-Money Effect
18. Explain interaction between biases.

(6×2=12 weightage)

Part C (Essay Type Questions)

*Answer any **two** questions.*

Weight 5 each.

19. Explain the relevance of family financial socialization on financial capability and competency with suitable examples.
20. Enumerate the Psychographic Models used in Behavioural Finance.
21. Write a note on Behavioural Models.
22. Write short note : a) Thought Contagion and overreaction b) Gambler's Fallacy c) Hot-Hand Bias d) Procrastination e) Conservatism and superstitions

(2×5=10 weightage)

