PERIYAR UNIVERSITY
Salem – 636 011.

Periyar Institute of Distance Education
(PRIDE)

DEGREE OF
BACHELOR OF COMMERCE
(NON – SEMESTER)

SYLLABUS

REGULATIONS

I. ELIGIBILITY FOR ADMISSION:

Candidates for admission to the first year of the Degree of Bachelor of Commerce course shall be required to have passed the Higher Secondary Examination (Academic or Vocational Stream) conducted by the Government of Tamil Nadu, or an Examination accepted as equivalent thereto by the Syndicate, subject to such conditions as may be prescribed thereto.
II. ELIGIBILITY FOR THE AWARD OF DEGREE:

A candidate shall be eligible for the award of the Degree only if she/he has undergone the prescribed course of study in Periyar Institute of Distance Education for a period of not less than three academic years and passed the examinations prescribed and fulfilled such conditions as have been prescribed therefore.

III. COURSE OF STUDY:

a) Objectives of the Course:

i) To provide the basic and essential knowledge regarding various activities undertaken and necessary to run socially responsible business organization.

ii) To impart certain basic skill and aptitude which will be useful in taking up any particular activity in a business

iii) To provide a global view of the several financial and other institutions and their function which support the business system.

iv) To develop the personality so as to become a responsible citizen with greater awareness about the Indian society and its culture.

b) The course of study for the B.Com Degree shall consist of the following subjects:

1. Foundation courses consisting of:

   a) Tamil or Hindi at the option of the candidate, according to the syllabi and text books prescribed from time to time.

   b) English

IV. PASSING MINIMUM:

A candidate shall be declared to have passed in each paper if he/she secures not less than 40% of the marks prescribed for the examination. He/she shall be declared to have passed the whole examination, if he/she passes in all the papers as per the scheme of examination.

V. CLASSIFICATION OF SUCCESSFUL CANDIDATES:

Successful candidates passing the examination securing the marks (i) 60% and above and (ii) 50% and above but below 60% in the aggregate of the marks prescribed for the core courses including. Allied subjects together shall be declared to have passed the examination in the First and Second class respectively. All other successful candidates shall be declared to have passed the examination in the Third Class.
<table>
<thead>
<tr>
<th>Year</th>
<th>Subject</th>
<th>Duration (Hrs)</th>
<th>Max Marks</th>
<th>Min Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>I year (Foundation courses)</td>
<td>Part-I</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper I</td>
<td>Language</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Part-II</td>
<td>English</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Part-III (Core Course)</td>
<td>Financial Accounting</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper III</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper IV</td>
<td>Business Communication Management</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper V</td>
<td>Allied-Business Economics &amp; Indian Economy</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>II Year Part-III (Core Courses)</td>
<td>Corporate Accounting</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper VI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper VII</td>
<td>Banking Theory Law and Practice</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper VIII</td>
<td>Business Law and Company Law</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper IX</td>
<td>Business Environment and Entrepreneurship</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper X</td>
<td>Allied – Business Statistics</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>III Year Part-III (Core Courses)</td>
<td>Cost and Management Accounting</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper XI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper XII</td>
<td>Practical Auditing</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper XIII</td>
<td>Principles of Marketing</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper XIV</td>
<td>Computer Application in Business (Theory only)</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>Paper XV</td>
<td>Income Tax Law and Practice</td>
<td>3</td>
<td>100</td>
<td>40</td>
</tr>
</tbody>
</table>
UNIT – I

UNIT – II
Preparation of Receipts and payments Account, Income and expenditure account and Balance sheet of non trading concerns (Simple problems).

Average Due Date – Account current – Insurance claim (Loss of stock only).

UNIT – III


UNIT – IV
Branch Accounts (Foreign Branch excluded) hire purchase and instalments.

UNIT - V

TEXT BOOKS :

REFERENCES BOOKS :
2. Dr. S. Ganesan and Kalavathy - Financial Accounting Tirumala Nagercoil.
Part – A  
(10 x 2 = 20 Marks)

Answer all Questions

1. Explain Entity concept

2. Define Book keeping

3. Differentiate between Trial Balance and Balance sheet

4. What is Red ink interest?

5. What are the features of Depreciation?

6. How Branches are classified?

7. Journalise the following:
   (a) Purchased from Manjith Singh goods for Rs.10,000 who allowed a Trade discount of 2%.
   (b) Sold goods to Ranjith Singh for Rs.20,000 and allowed him a Trade discount of 3%.

8. Calculate the profit or loss from the following data: Withdrawals by the proprietor during the year Rs.1,500. Capital in the beginning of the year Rs.9,000. Capital at the end of the year Rs.10,000. Capital brought in by proprietor during the year Rs.2,500.

8. Record the following in the Books of a Head office.
   (a) Cash remitted by a branch Rs.10,000 at the end of accounting year did not reach the H.O. on the date of closing of accounts.
   (b) Goods Rs.20,000 sent by Bangalore Branch to Hyderabad Branch under instruction from Head Office.
(c) A and B are partners sharing profits in the ratio of 7:3. C was admitted as a partner. A surrendered \( \frac{1}{7} \)th of his share and B \( \frac{1}{3} \)rd of his share in favour of C. Calculate new ratio.

Part – B (5 x 4 = 20 Marks)

Answer all Questions

(d) (a) What are the objects of preparation of a Trial Balance

(or)

(b) What are the adjustment entries for the following:

a) Depreciation in building  
b) Provision for doubtful debts to be provided  
c) Salary outstanding  
d) Insurance premium prepaid  
e) Interest received in advance

(e) (a) Distinguish between receipts and payments account and income and expenditure account.

(or)

(b) Calculate insurance claim from the following facts assuming that the insurers met their liability under the policy on ‘average basis’.
A trader’s stock valued at Rs.40,000 was totally destroyed. The stock in the godown was insured for Rs.30,000 subject to average clause. The balance of stock, left after fire, appeared in the books at Rs.24,000.

(f) (a) What is single entry system? Discus its demerits?

(or)

(b) A company whose accounting year is the calendar year purchased on 1-4-98 machinery costing Rs.30,000. It purchased further machinery on 1-10-98 costing Rs.20,000 and on 1st July 1999 costing Rs.10,000. On 1st January 2000, one-third of the machinery which was installed on 1-4-1998 became obsolete and sold for Rs.3,000. Show how machinery
account would in the books of the company assuming depreciation was 
charged @ 10% p.a. on W.D.V

(g) Subramanian & Co. of Chennai sends goods to branch at Tanjore to 
Cost plus 25%. All cash received by branch is remitted to the Head 
Office. All expenses are paid from Chennai. From the following 
particulars. Show how the branch account will appear in the books of 
head office:

<table>
<thead>
<tr>
<th></th>
<th>Rs.</th>
<th>Remittance to Chennai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Stock (invoice price)</td>
<td>12,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>Closing Stock (invoice price)</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>29,000</td>
<td></td>
</tr>
<tr>
<td>Opening Debtors</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,400</td>
<td></td>
</tr>
<tr>
<td>Closing Debtors</td>
<td>32,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,000</td>
<td></td>
</tr>
<tr>
<td>Wages &amp; Salaries</td>
<td>510</td>
<td></td>
</tr>
</tbody>
</table>

(Or)

(b) X purchased a machinery under Hire-purchase agreement from Y. The 
Cash Price of the machinery was Rs.15,000. The payment was to be made as 
follows: Down payment rs.3,000 First year end Rs.5,000 Second year end 
Rs.5,000. Third year end Rs. 5,000 Calculate Interest for each year.

(h) (a) A, B and C are partners sharing profits and losses in the proportion 
of 3:2:1. B dies and his legal representative is appointed. Calculate has
value of goodwill according to this share of profit to be calculated by taking twice the amount of the average profit of the last three years. The profits of the three years were – 1989 Rs.7,800; 1990 Rs.9,000; 1991 Rs.9,600. Pass journal entry for the amount of goodwill to be transferred to Rs.7,800; 1990; 1991 Rs.9,600. Pass journal entry for the amount of goodwill to be transferred to continuing and Deceased partner account.

(or)

(b) Following is the Balance sheet of Anna and Thambi as on January 1, 2002:

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anna’s Capital</td>
<td>5,000</td>
<td>Sundry Assets</td>
<td>8,000</td>
</tr>
<tr>
<td>Thambi’s Capital</td>
<td>4,000</td>
<td>Bank</td>
<td>1,000</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>2,000</td>
<td>Goodwill</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>11,000</td>
<td></td>
<td>11,000</td>
</tr>
</tbody>
</table>

PART – C (5 x 12 = 60 Marks)

Answer all Questions

(i) (a) The following balances were extracted from the ledgers of a business organisation on 31-3-2004. Prepare a Trail Balance as on that date.

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Drawings</td>
<td>12,000</td>
<td>Capital</td>
<td>48,000</td>
</tr>
<tr>
<td>Creditors</td>
<td>86,000</td>
<td>Bills Payable</td>
<td>8,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>1,00,000</td>
<td>Bills Receivable</td>
<td>10,400</td>
</tr>
<tr>
<td>Loan from Kumar</td>
<td>20,000</td>
<td>Furniture</td>
<td>9,000</td>
</tr>
<tr>
<td>Opening Stock</td>
<td>94,000</td>
<td>Cash in Hand</td>
<td>1,800</td>
</tr>
<tr>
<td>Bank Balance</td>
<td>25,000</td>
<td>Taxes</td>
<td>7,000</td>
</tr>
<tr>
<td>Sales</td>
<td>2,56,000</td>
<td>Salaries</td>
<td>19,000</td>
</tr>
<tr>
<td>Sales Returns</td>
<td>2,000</td>
<td>Purchases Returns</td>
<td>2,200</td>
</tr>
<tr>
<td>Travelling Expenses</td>
<td>9,200</td>
<td>Commission Paid</td>
<td>8,000</td>
</tr>
</tbody>
</table>
Rent 4,000 Discount Earned 12,000

Purchases 1,41,600

(b) Prepare Trading and Profit and Loss Account for the year ended 31-3-1999 and Balance Sheet as on that date:

<table>
<thead>
<tr>
<th></th>
<th>Rs</th>
<th></th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>80,000</td>
<td>Drawing</td>
<td>6,000</td>
</tr>
<tr>
<td>Opening Stock (1-4-1998)</td>
<td>45,000</td>
<td>Purchases</td>
<td>2,50,000</td>
</tr>
<tr>
<td>Sales</td>
<td>3,10,000</td>
<td>Furniture</td>
<td>10,000</td>
</tr>
<tr>
<td>Debtors</td>
<td>40,000</td>
<td>Freight and octrol</td>
<td>4,800</td>
</tr>
<tr>
<td>Trade expenses</td>
<td>500</td>
<td>Salary</td>
<td>5,500</td>
</tr>
<tr>
<td>Rent</td>
<td>2,400</td>
<td>Advertisement</td>
<td>5,000</td>
</tr>
<tr>
<td>Insurance premium</td>
<td>400</td>
<td>Commission earned</td>
<td>1,300</td>
</tr>
<tr>
<td>Discount allowed</td>
<td>200</td>
<td>Bad debts</td>
<td>1,800</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>900</td>
<td>Creditors</td>
<td>20,000</td>
</tr>
<tr>
<td>Cash</td>
<td>5,200</td>
<td>Bank</td>
<td>5,800</td>
</tr>
<tr>
<td>Goodwill</td>
<td>20,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adjustments:

(a) Closing Stock Rs. 53,000.

(b) Salaries have been paid for 11 months only.

(c) Prepaid insurance premium Rs.100

(d) Commission earned but not received Rs.122

(e) Create 3% provision for bad debts on debtors.

(f) Charge 10% depreciation on future

(g) ¼ of advertisement is to be written

(j) (a) The following are the transaction that took place between X and Y during the period from 01-02-99 to 30-06-99:
Jan. 01 Balance due to X by Y 12,040
Jan. 07 Goods sold by X to Y 17,680
Feb. 16 Goods sold by Y to X (due date 1\textsuperscript{st} April) 25,920
Feb. 18 Goods returned by X to Y (out of goods purchased on 16\textsuperscript{th} Feb.) 2,240
March 24 Goods sold by Y to X (due date May 1) 14,240
April 22 Bill Receivable drawn by Y to X (at 3 month and accepted by X) 6,000
April 29 Cash paid by X to Y 10,000
May 17 Goods sold by X to Y (due date June 1) 10,840
June 22 Goods sold by Y to X (due date Aug. 1) 9,120

Required: Draw up an Account Current upto 30\textsuperscript{th} June 1999, to be rendered by X to Y charging interest at 18\% p.a.

(b) A owes S the following sums of money due on the dates stated:
Rs.400 due on 5\textsuperscript{th} January, 1990 : Rs.200 due on 20\textsuperscript{th} January, 1990
Rs.800 due on 4\textsuperscript{th} February, 1990 : Rs.100 due on 26\textsuperscript{th} February, 1990.
Rs.50 due on 10\textsuperscript{th} March, 1990. Calculate the average due date.

(k) (a)The cost of machinery in use with a firm on 1-4-2000 was Rs.2,50,000 against which the depreciation provision stood at Rs.1,05,000 on that date. The firm provided depreciation at 10\% diminishing balance.
On 31-12-2000, two machines costing Rs.15,000 and Rs.12,000 respectively. Both purchased on 1-10-97 had to be discarded because of damage and had to be replaced by two new machines costing Rs.20,000 and Rs.15,000 respectively. One of the discarded machines was sold for Rs.8,000 against the other it was expected that Rs.3,000 would be realizable.
(b) Ravi keeps his books by single entry on 1.1.99 his capital was Rs.6,900.

An analysis of his cash book for 1999 gives the following particulars.

- Received from debtors 6,000
- Paid in on capital account 500
- Due to bank 1.1.1999 740
- Payment to creditors 2,500
- General expenses of business 1,000
- Wages 1,550
- Drawings 300
- Balance at Bank on 31.12.1999 400
- Balance in hand 10

His Assets and Liabilities were:

<table>
<thead>
<tr>
<th>Assets and Liabilities</th>
<th>5,300</th>
<th>8,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors</td>
<td>1,500</td>
<td>1,950</td>
</tr>
<tr>
<td>Stock</td>
<td>1,700</td>
<td>1,900</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>140</td>
<td>140</td>
</tr>
</tbody>
</table>

From the above information, prepare the trading and profit and loss account for the ended 31.12.1999 and a Balance Sheet as on that date, after providing 5% interest on capital (ignoring payments in and drawings), 10% depreciation on plant, 5% depreciation on furniture and a reserve of 5% on sundry debtors.

(l) (a) A Head office sends goods to its branch at 25% less than the list price. Goods are sold to customers at Cost plus 60%. From the following particulars, ascertain the profit made by the head office and by the branch:

**Head Office**  **Branch**

<table>
<thead>
<tr>
<th>Opening stock at Cost</th>
<th></th>
</tr>
</thead>
</table>
(at invoice price in case of branch) 50,000 30,000

Purchases 1,50,000 -
Goods sent to branch 1,08,000 -
Sales 1,60,000 80,000
Expenses 10,000 6,000

(or)

(b) X Ltd. purchased a machinery on 1-1-2000 on hire-purchase system. Cash price of the machinery was Rs.29,800. Terms of payment were Rs.8,000 half-yearly over two years. The first payment to be made on 30th June 2000. Rate of interest 6% p.a. X Ltd. written off 10% depreciation under W.D.V. and closed its books on 30th June every year. It could not pay the installments due on 30th June 2002 and as a consequence, the hire vendor took possession of the machinery. Prepare Machinery account and show the loss suffered by X Ltd.

(m) (a) Atul and Asha are partners in partnership sharing profits and losses in the ratio of 1:1. Their Balance sheet as on 31-12-1996 was as under

**BALANCE SHEET**

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitals:</td>
<td></td>
<td>Land and buildings</td>
<td></td>
</tr>
<tr>
<td>Atul</td>
<td>60,000</td>
<td>Furniture</td>
<td>60,000</td>
</tr>
<tr>
<td>Asha</td>
<td>40,000</td>
<td>Stock</td>
<td>10,000</td>
</tr>
<tr>
<td>General Reserve</td>
<td>10,000</td>
<td>Debtors</td>
<td>10,000</td>
</tr>
<tr>
<td>Sundry Creditors</td>
<td>30,000</td>
<td>Less: Bad Debts Provision 500</td>
<td>9,500</td>
</tr>
<tr>
<td>Bank A/c</td>
<td>5,000</td>
<td>Cash</td>
<td>50,500</td>
</tr>
<tr>
<td></td>
<td>1,45,000</td>
<td></td>
<td>1,45,000</td>
</tr>
</tbody>
</table>
On 1-1-97, Arjun was admitted as a partner with $1/5^{th}$ share in future profits.

Following were the terms for his admission:

a) Land and buildings to be valued at Rs.80,000.

b) Value of furniture and stocks to be reduced by 10%.

c) Arjun to bring Rs. 10,000 for goodwill in cash

d) He has to introduce Rs.20,000 as his capital which he brought in.

e) Increase the provision for bad debts to Rs.1,000.

Prepare necessary ledger accounts and Balance Sheet of the new firm.

(or)

(b) King, Queen and Jack are partners sharing in 3:2:3. Their balance sheet on the date of dissolution was as follows:

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs.</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>34,000</td>
<td>Cash</td>
<td>2,500</td>
</tr>
<tr>
<td>King’s Capital</td>
<td>26,000</td>
<td>Debtors</td>
<td>30,000</td>
</tr>
<tr>
<td>Jack’s Capital</td>
<td>15,500</td>
<td>Stock</td>
<td>23,100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Land &amp; Buildings</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Queen’s Capital</td>
<td>4,900</td>
</tr>
<tr>
<td></td>
<td>75,500</td>
<td></td>
<td>75,500</td>
</tr>
</tbody>
</table>

The assets realised Rs.26,100. The creditors were paid Rs.25,500 in full settlement. Expenses of dissolution were Rs.200. Queen became insolvent and 50% was received from his private estate. Prepare necessary Ledger accounts to close the books of the firm in accordance with the decision in Garner Vs. Murray case.
UNIT – I

UNIT – II

UNIT – III

UNIT – IV

UNIT – V
Nature and Purpose of Staffing – Manpower Planning – Recruitments, Selection, Placement and Induction, Benefits, Scope, Types and Methods of Training.

TEXT BOOKS :
1. Pattan Chetty, cc. and Ramesh, M.S. Effective Business English and Correspondence.
2. Dinkar Pagare - Business Management

REFERENCE BOOKS:
1. R.S.N. Pillai and Bagavathi. - Commercial Correspondence
2. Chappel - Text book of Business Communication
3. Y.K. Bhushan – Business Organization and Management
MODEL QUESTION PAPER
PAPER – IV
BUSINESS COMMUNICATION AND MANAGEMENT

Max. Marks : 100                  Time : 3 hrs

Part – A                   10 x 2 = 20
Answer all questions

1. Define the word communication?
2. Define the term layout?
3. Name any four types of business letters?
4. What is meant by company?
5. What is meant by business?
6. Define the term management?
7. Define the word planning?
8. What are types of Organization?
9. What are control techniques?
10. Walk in interview - Explain.

Part - B                   5 x 4 = 20
Answer all questions

11. What are the various objectives of communication?
   (or)
   Give the various kinds of business letter?
12. What is enquiry? Give types of enquiry?
   (or)
   Under what circumstances circular letter is made?
13. Explain the significance of management in the present world?
   (or)
   State why management is regarded as profession?
14. What are the characteristics of planning?
   (or)
   What do you mean by decision making? Explain the characteristics ships of good decision making?

15. Explain the importance of organization?
   (or)
   What do you meant by span of control?

Part – C                   5 x 12 = 60
Answer all questions.

16. Explain the nature and functions of management?
Discuss the contribution of F.W Taylor in management thought?

17. What are the various steps involved in planning?

(or)
What is a decision? Explain the various steps involved in decision making?

18. Discuss the steps involved in the process of selection of staff?

(or)
Define training. Explain the advantages of training to the employers and the organization?


(or)
Describe the essential functions of a business letter?

20. Draft a sales letter introducing a new model scooter?

(or)
Write a letter to your supplier cancelling an order placed by you due to undue delay in the execution of your order.
UNIT – I
Issue of shares, forfeiture and Re-issue of forfeited shares – Issue of debentures - Redemption of preference shares and debentures,

UNIT – II
Final accounts of a company with adjustments – profit prior to incorporation

UNIT – III
Amalgamation, Absorption and external reconstruction – Internal reconstruction different methods of purchase consideration – liquidation of a company – liquidators final statement of account only.

UNIT – IV
Accounts of banking company (New format) Accounts of Insurance company – Fire and marine insurance only.

UNIT – V
Accounts of Holding company – preparation of consolidated balance sheet (Excluding inter company holdings).

NOTE :
Problem 80% and Theory 20%

TEXT BOOKS :
2. Dr. S. Ganesan & S.R. Kalavathi - Corporate Accounting, Thirumalai Publications, Nagercoil.

REFERNCE BOOKS:
2. S.N. Maheswari - Corporate Accounting, Vikas Publication Home, Delhi.
Define debenture.

When can the shares be forfeited?

What is profit prior to incorporation?

What do you mean by purchase consideration?

What is bonus in reduction of premium?

What is minority interest?

Anil was holding 30 shares of Rs.10 each of X Ltd. Issued at 10% discount. He paid Rs.2 on application but could not pay the allotment money of Rs.3 and his shares were forfeited. Make journal entry for the forfeiture of shares.

How many debentures will a company be required to issue for satisfying the purchase consideration of Rs.28,80,000 if the debenture is of Rs.80 and is issued at a premium of Rs.10 per debenture?

The liquidator of a company is entitled to a remuneration of 2% on assets realized and 3% on the amount distributed to unsecured creditors. The assets realized Rs.1,00,000 including cash balance of Rs.3,000. The amount of creditors stood at Rs.80,000 amount available for distribution to unsecured creditors before paying liquidator’s remuneration was Rs.46,350. Calculate liquidator’s remuneration.

The trial balance of National bank Ltd as on 31.03.99 showed the following balances. Interest and discount received Rs.45,40,600. Rebate on bills on discounted 1.04.98 Rs.4,750. Bills discounted and purchased Rs.3,37,400. The amount of unexpired discount as on 31.03.99 was Rs.5,560 Write necessary adjusting entries and calculate the amount of interest and discount to be credited to the P & L a/c.

a) Explain the conditions for issue of shares at a discount?

(or)

b) Firth Limited issued 2,00,000 equity shares of Rs.10 each at Rs.12 per shares. Terms fo payment being Rs.2 on application, Rs.5 on allotment, including
premium. Rs. 3 on first call and Rs.2 on second and final call. Make journal entries upto allotment money received.

12. a) What are the basis for allocation of expenses in case of profit prior to incorporation.

(or)

b) X Ltd issued 5,000, 7% debentures of Rs.1000 each give journal entries when debentures are issued at per, at a discount of Rs.105 and at a premium of Rs.105.

13. a) Explain different methods for the calculation of purchase consideration.

(or)

b) A company has 8,000 redeemable preference shares of Rs.100 each fully paid. The company decides to redeem the shares on 30th September 1971 at a premium of 7%. The company has sufficient profits but in order to arrangement liquid funds the following issues are made (i) 3,000, 6% debentures of Rs.100 each at Rs.106, (ii) 2,000 equity shares of Rs.100 each at Rs.111. The issues were fully subscribed and all the amounts were received. The redemption was fully carried out. Give journal exterior. Also explain what you understand by sufficient profits in this regard.

14. a) A public limited company passed to necessary resolution and received sanction of the court for the reduction of its share capital by Rs.5,00,000 for the purposes enumerated here under: (a) To write off the debit balance of profit and loss account Rs.2,10,000. (b) To reduce the value of plant and machinery by Rs.90,000 and of goodwill by Rs.40,000. c) To reduce the value of investment to market value by writing off Rs.80,000. The reduction was made by converting Rs.50,000 preference shares of Rs.20 each fully paid to the same member of preference shares of Rs.15 each fully paid, and by converting 50,000 ordinary shares of Rs.10 each fully paid, Give journal entries necessary in relation to the reduction of share capital and show how you would deal with the balance of the reduction of share capital account.

(or)

b) A, B Co.Ltd went into liquidation with the following liabilities: a) Secured creditors Rs.20,000 (securities realized Rs.25,000). b) Preference creditors Rs.600. c) Unsecured creditors amounted to Rs.252. The liquidator is entitled to a remuneration of 3% on the amounts realized (including securities in the hands of secured creditors) and 1 ½ % on the amount distributed to unsecured creditors. The various assets (excluding securities in the hands of secured creditors) realized Rs.26,000 prepare the liquidations account showing the composition given to unsecured creditors.
15. a) The following balances are extracted from the trial balance as on 31.12.77.
   Interest and discount Cr. Rs. 98,00,000
   Rebate for bills discounted Cr. Rs. 20,000
   Bills discounted and purchased Dr. Rs. 4,00,000
   It is ascertained that the proportionate discounts not yet earned for bills to
   mature in 1978 amount to Rs.14,000. prepare ledger accounts.

   (or)

b) Consolidate the following balance sheets.

<table>
<thead>
<tr>
<th></th>
<th>H</th>
<th>S</th>
<th></th>
<th>H</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs.</td>
<td>Rs.</td>
<td></td>
<td>Rs.</td>
<td>Rs.</td>
<td></td>
</tr>
<tr>
<td>Capital Re.1 shares</td>
<td>1,400</td>
<td>1,000</td>
<td>900 shares in ‘S’ at cost</td>
<td>1,200</td>
<td>-</td>
</tr>
<tr>
<td>Creditors</td>
<td>-</td>
<td>500</td>
<td>Sundry assets</td>
<td>200</td>
<td>1,800</td>
</tr>
<tr>
<td>Profit and loss account</td>
<td>-</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,400</td>
<td>1,800</td>
<td></td>
<td>1,400</td>
<td>1,800</td>
</tr>
</tbody>
</table>

When H. Ltd acquired the shares in S. Ltd., the profit and loss account in the latter had a credit balance of Rs200.

Part – C  
5 x 12 = 60

Answer all the Questions

16. a) Distinguish between amalgamation, absorption and reconstruction.

   (or)

b) Give the format of profit and loss a/c and balance sheet of banking company.
17. The following was the balance sheet of Tin Toys Ltd as on 31st December 1990

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Rs</th>
<th>Assets</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized capital 20,000 ordinary shares of Rs. 10 each</td>
<td>2,00,000</td>
<td>Good will</td>
<td>10,000</td>
</tr>
<tr>
<td>Issued subscribed and paid up:</td>
<td></td>
<td>Buildings</td>
<td>20,500</td>
</tr>
<tr>
<td>12000 shares of Rs.10 each</td>
<td>1,20,000</td>
<td>Machinery</td>
<td>50,800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Preliminary expenses</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stock</td>
<td>10,275</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calls in arrear Rs.3 per share on 3,000 shares</td>
<td>9,000</td>
<td>Book debts</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td>1,11,000</td>
<td>Cash at bank</td>
<td>1,500</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>15,425</td>
<td>Profit and loss account</td>
<td>20,800</td>
</tr>
<tr>
<td>Provision for taxes</td>
<td>4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,30,425</td>
</tr>
</tbody>
</table>

The directors find that the machinery is over valued by Rs.10,000. It is now proposed to write down this asset to its true value and extinguish goodwill account, profit and loss and preliminary expenses account by adopting the following scheme: a) Forfeit the shares on which the calls are outstanding, b) Reduce the paid up capital by Rs.3 per share, c) Reissue the forfeited shares at Rs.5 per share, d) utilize the provision for taxes, if necessary, draft the journal entries necessary for giving effect to the above scheme and prepare the reconstructed balance sheet of the company.

or

b) On 1st January, 1960 the Asian Trading Co.Ltd. issued debentures for Rs.5,00,000 redeemable at par on 1st January 1965. It was decided to establish a sinking fund for the purpose of redemption. Show the ledger accounts for 5 years, assuming the annually invested amount earns 5% interest. Sinking fund table shows that 0.1809748 amount to Re.1 at 5% in 5 years. Calculate what amount will be set aside if the company has agreed to pay off debentures at a premium of 10% the rate of interest on sinking fund investment and period of redemption remaining the same.

18. a) The following is the trial balance on June 30, 1960 of the Modern manufacturing company Ltd.

<table>
<thead>
<tr>
<th>Stock 30th June, 1999</th>
<th>Rs</th>
<th>Dividend paid August, 1999</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>35,000</td>
<td>Interim dividend paid</td>
<td>400</td>
</tr>
<tr>
<td>Purchases</td>
<td>5,000</td>
<td>Capital -10000 Re.1 shares</td>
<td>10,000</td>
</tr>
<tr>
<td>Discounts Dr.</td>
<td>700</td>
<td>Debtors</td>
<td>3,750</td>
</tr>
</tbody>
</table>
Discounts Cr. 500  Creditors 1,750
Salaries 750  Plant and machinery 2,900
Rent 495  Cash in hand and at bank 1,620
General expenses 1,705  Reserve 1,550
Account, 30th June 1999. Cr 1,503  Loan to managing director 325
  Bad debts 158

Stock on 30th June, 2000 Rs.8,200. You are required to make out the trading account, and profit and loss account for the year ended 30th June 2000 and the balance sheet as on that date. You are also to make provision in respect of the following: (i) Depreciation machinery at 10% per annum, (ii) Reserve 5% discount on debtors. (iii) Allow 2 ½ percent discount on creditors. (iv) Provide managing director’s commission 15% on the net profit before deducting his commission, (v) One month’s rent Rs.45 per month was due on 30th June, and (vi) Six month’s insurance included in general expenses was unexpired at Rs.75 per annum.

(or)

b) Ganesh Ltd. Was incorporated on 1st August, 1991. it took over the business of M/s. Shankar and Siva with effect from 1st April 1991. From the following figures relating to the year ending 31st March 1992. As certain profit prior to incorporation and profit after incorporation. (i) Sales for the year were Rs.60,00,000 out of which sales up to 1st August 1991 were Rs.25,00,000. (ii) Gross profit for the year was Rs.18,00,000. (iii) The expenses debited to profit and loss account were as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>90,000</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Director’s fees</td>
<td>38,000</td>
</tr>
<tr>
<td>Interest on debentures</td>
<td>60,000</td>
</tr>
<tr>
<td>Audit fees</td>
<td>15,000</td>
</tr>
<tr>
<td>Discount on sales</td>
<td>36,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,40,000</td>
</tr>
<tr>
<td>General expenses</td>
<td>48,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,80,000</td>
</tr>
<tr>
<td>Stationary and printing</td>
<td>36,000</td>
</tr>
<tr>
<td>Commission on sales</td>
<td>60,000</td>
</tr>
<tr>
<td>Interest to vendors on purchase consideration</td>
<td>30,000</td>
</tr>
<tr>
<td>upto 1st October 1991</td>
<td></td>
</tr>
<tr>
<td>Bad debts</td>
<td>15,000</td>
</tr>
</tbody>
</table>

Rs. 5,000 of bad debts mentioned above rebate to debts created prior to incorporation.

19. a) White Ltd agreed to acquire the business of Green Ltd as on December 31, 1984 on which date the balance sheet of Green Ltd was summarized as follows.
Liabilities | Rs | Assets | Rs.
---|---|---|---
Capital (in fully paid shares of Rs.10 each) | 6,00,000 | Good will | 1,00,000
General Reserve | 1,70,000 | Buildings | 3,00,000
Profit and Loss A/c | 1,10,000 | Plant | 3,40,000
6% debentures | 1,00,000 | Stock | 1,68,000
Creditors | 20,000 | Debtors | 56,000

| Rs. | 10,00,000 | Rs. | 10,00,000 |

The consideration payable by White Ltd was (i) A cash payment of Rs. 2.50 for every share in Green Ltd, (ii) the issue of 90,000 Rs.10 shares at an agreed value of Rs.12.50 per share and (iii) the issue of such on amount fully paid 5% debenture in White Ltd at 96% as is sufficient to discharge the 6% debentures in Green Ltd at a premium of 20%

The directors of White Ltd, valued land and buildings at Rs.4,00,000 and plant at Rs.4,50,000 and created a provision of 5% on debtors against doubtful debts. The expenses of liquidation Rs.6,000 were paid by White Ltd. Give journal entries to close the books of Green Ltd and to record the acquisition of business in the books of White Ltd.

(or)

b) LT limited went into liquidation with the following liabilities.

- Secured creditors - Rs. 40,000 (Securities realized Rs.50,000)
- Preferential creditors - Rs. 1,200
- Unsecured creditors - Rs. 61,000
- Liquidation expenses - Rs. 500

The liquidator is entitled to a remuneration of 3% on the amounts realized (including securities in the hands of secured creditors) and 1.5% on the amount distributed to the unsecured creditors. The various assets (excluding the securities in the hands of the secured creditors) realized Rs.52,000. Prepare the liquidators statement of account showing the payment made to unsecured creditors.

20. a) From the following balance as on 31st March 1993, prepare final accounts of Latha bank Limited.

<table>
<thead>
<tr>
<th>Rs. in 000</th>
<th>Dr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Advances</td>
<td>800</td>
</tr>
<tr>
<td>Interest from investments</td>
<td>125</td>
</tr>
</tbody>
</table>
Commission, exchange & brokerage 200
Project on sales of investments 20
Other revenue receipts 80
Share capital 2,000
Statutory reserve 900
Profit & Loss account 650
Fixed deposits 275
Savings deposits 325
Current accounts 125
Borrowings from other banks 300
Borrowings from RBI 100
Bills payable (Net) 25
Interest accrued 75
Cash balance 200
Balance with other banks 400
Cash with RBI 100
Interest in Govt. Securities 300
Other approved securities 100
Bills purchased and discounted 250
Cash credits over drafts and demand loans 1,425
Term loans 1,275
Premises (net) 1,375
Furniture 250
Interest paid 120
Salary 75
Printing and stationary 35
Postages & telegram 20
Repair 25
Interest occurred 50

<table>
<thead>
<tr>
<th>Bills for collection</th>
<th>6,000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>235</td>
</tr>
</tbody>
</table>

Additional information:

Advances made have been classified as under

<table>
<thead>
<tr>
<th></th>
<th>Cash credits over drafts etc</th>
<th>Term loans</th>
<th>Bills purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard assets</td>
<td>1,000</td>
<td>975</td>
<td>225</td>
</tr>
<tr>
<td>Sub standard assets</td>
<td>125</td>
<td>100</td>
<td>25</td>
</tr>
<tr>
<td>Doubtful upto one year</td>
<td>100</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Time Period</td>
<td>One to three years</td>
<td>More than three years</td>
<td>Loss assets</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------</td>
<td>-----------------------</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>120</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>50</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,425</td>
<td>1,275</td>
<td>250</td>
</tr>
</tbody>
</table>

No provision has been made so far against these assets. Doubtful assets are secured to the extent of 50% of the dues.

(or)

b) On December 31, 1997 the books of the Good Luck Insurance Co.Ltd. contained the following particulars in respect of the Fire Insurance.

<table>
<thead>
<tr>
<th></th>
<th>Rs.</th>
<th>Reinsurance Recoveries</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for unexpired risk on Dec. 31, 1996</td>
<td>5,00,000</td>
<td>Premiums</td>
<td>20,000</td>
</tr>
<tr>
<td>Additional reserve on Dec 31, 1966</td>
<td>1,00,000</td>
<td>Interest and dividend</td>
<td>11,20,000</td>
</tr>
<tr>
<td>Claims paid</td>
<td>6,40,000</td>
<td>Income tax on above</td>
<td>64,520</td>
</tr>
<tr>
<td>Expenses of management (including Rs.3,000 legal expenses paid in connection with claims)</td>
<td>2,80,000</td>
<td>Profit on sale of investments</td>
<td>6,520</td>
</tr>
<tr>
<td>Re insurance premium</td>
<td>75,000</td>
<td>Commission</td>
<td>11,000</td>
</tr>
<tr>
<td>estimated liability in respect of outstanding claims</td>
<td>65,000</td>
<td>On Dec31, 1996</td>
<td>1,52,000</td>
</tr>
<tr>
<td></td>
<td>90,000</td>
<td>On Dec31, 1997</td>
<td></td>
</tr>
</tbody>
</table>

Prepare the fire insurance revenue accounts for the year 1997 reserving 50% of the premiums for unexpired risks and keeping an additional reserve of Rs.1,00,000.
UNIT – I
Banking- Meaning – Definition and functions of commercial bank – Role of banking in the economic development of a country – classification of banks - unit banking, branch banking, mixed banking – Merits and demerits – Co-operative banks.

UNIT – II
Investment policy of commercial bank – credit creation of commercial bank - SBI – Function and its role.

UNIT – III

UNIT – IV

UNIT - VI

TEXT BOOKS:

REFERENCE BOOKS:
1. M.L. Tandon - Banking Theory, Law and Practice
2. S.N. Maheswari - Banking Law and Practice.
Model Question
Banking Theory Law

Part – A

(10x2=20)

Answer All Question

1. Define Banking.

2. What do you mean by unit Banking?

3. What is central Bank?

4. Define ‘Cheque’

5. What is an Endorsement?

6. What are the two objectives of NABARD?

7. State any two objectives of IFCI.

8. Explain the significance of crossing of a cheque.

9. What is payment in due course?

10. What do you mean by ‘pledge’ and “mortgage”?

Part – B

(5x4=20)

Answer All Question

11. a) What are the functions of commercial banks?

(or)

b) Explain the general principles of Co-operative Bank

12. (a) What are the functions of a central Bank?

(or)

(b) What are the different types of selective credit methods?

13. (a) What are the functions of IFC?

(or)

(b) Distinguish between a cheque and a Bill of Exchange

14. (a) Explain the General Relationship between the Banker and customers.

(or)
(b). What are essential requisites of a cheque?

15. (a) What constitutes the negligence of a collecting Banker?

(or)

(b) State the statutory protection available to the paying Banker

Part – C

(5x12=60)

Answer All Question

16. (a) Explain the role of commercial Bank in the economic development of the country.

(or)

(b) Distinguish between Branch banking, Unit banking and Mixed Banking

17. a) How does a bank Create Credit.? What are the limitations of credit creation of commercial banks?

(or)

(b) Explain the Role of SBI in the economic growth of India.

18. (a) What are the objectives, functions and workings of IDBI?

(or)

(b) Explain the functions of NABARD briefly.

19. (a) In What circumstances can a banker disclose secrecy of customers account.

(or)

b) What are the different kinds of an Endorsement

20. (a) When can a banker refuse to make payment of a cheque?

(or)

(b) What are the precautions to be taken by the banker while giving loans against Life Insurance policy?
UNIT – I

UNIT – II

UNIT-III

UNIT – IV

UNIT – V
Kinds of meetings – Types of resolutions – Winding up of a company, types of winding up – Consequences of winding up.

Text Book:
1. N.D. Kapoor – Commercial Law - Sultan Chand & Sons, New Delhi
2. R.S.N, Pillai and Bagavathi - Business Law - S.Chand & Co, New Delhi

Reference Books:
2. N.C.Shukla and S.S.Ghulsan - Principles of Company Law
1. What do you mean by contractual capacity?
2. Explain the concept of void agreement.
3. What do you mean by indemnity?
4. What is lien?
5. Define a contract of sale.
6. Who is an unpaid seller?
7. What is a prospectus?
8. What do you mean by incorporation?
9. Mention different types of Debentures.
10. Define winding up.

11. (a) “All agreements are not contracts but all contracts are agreements” – Discuss
    (or)
    (b) What is meant by “free consent”? When is there said to be a flaw in consent?

12. (a) Differentiate indemnity from guarantee.
    (or)
    (b) Explain the right of an agent towards his principal.

13. (a) Distinguish between a sale and an agreement to sell.
    (or)
    (b) Discuss the rules relating to auction sales.

14. (a) State the features of a Joint Stock Company
    (or)
    (b) What are the contents of the Memorandum of Association of a Joint Stock Company.

15. (a) Explain the various types of preference shares. State its advantages and disadvantages.
    (or)
    (b) Analyze the significance of a statutory meeting?
PART – C

(5x12 = 60)

Answer all questions

16. (a) What are the various methods by which a contract may be discharged?

(or)

(b) What is an offer? State the rules of a valid offer.

17. (a) What are the requisites of bailment?

(or)

(b) Explain the various ways of terminating an agency.

18. (a) Describe the right of an unpaid seller.

(or)

(b) Define the term delivery. Discuss the rules relating to delivery in Sale of Goods act.

19. (a) Examine the procedure for alternation of Memorandum of Association.

(or)

(b) Discuss in detail the contents and form of a prospectus.

20. (a) Enumerate the secretary’s duties relating to Annual General Meeting.

(or)

(b) Describe the procedure for members Voluntary winding up.
BUSINESS ENVIRONMENT AND ENTREPRENEURSHIP

UNIT – I

UNIT – II

UNIT – III
Trends in world trade and problems of developing countries: International economic groupings - international economic institutions – GATT, WTO, UNCTAD, WORLD BANK, IMF, GSP, GSTP, Counter trade.

UNIT – V

UNIT – V

TEXT BOOKS:


REFERENCE BOOKS:


MODEL QUESTION PAPER
BUSINESS ENVIRONMENT and ENTREPRENEURSHIP

Time : 3 hrs
Max. Mark : 100

PART – A
10 x 2 = 20
Answer the all questions

1. Define the term business?
2. What are the objectives of business?
3. What is meant by economic development?
4. Define industry?
5. Define the term National Income?
6. State the aims of WTO
7. Explain the concept of entrepreneurship?
8. What is motivation ?
9. Name the institutions of EDP
10. What do you understand by project identification?

PART – B
5 x 4 = 20
Answer the all questions

11. Explain the social responsibilities of business?
   (or)
   What are the basic environment need for the business?
12. a) Trace the growth of savings and investment in India ?
   (or)
   b) What are the essential elements of regulating foreign investment?
13. a) What are the procedure for exporting, commodity?
   (or)
   b) Explain the role played by IMF in International Trade?
14. a) Distinguish between an entrepreneur and manager?
   (or)
   b) Examine the various types of entrepreneur?
15. a) Describe the role of government in organizing EDP?
   (or)
   b) List out the problems faced by EDPS.

PART – C
5 X 12 = 60
Answer all questions.

16. Examine the various components of Indian business environment
   (or)
What are the basic concepts of business environment?

       (or)

       b) What are the problems Import and Export Policy?

18. Discuss the role of GATT in International Trade
       (or)

       b) Describe the achievements of UNCTAD.

19. a) Define an entrepreneur and explain characteristics of an entrepreneur?
       (or)

       b) Examine Maslow’s theory of motivation.

20. a) Discuss the steps involved in the identification and selection of a project?
       (or)

       b) How is a project formulated?
UNIT – I


UNIT - II


UNIT – III

Index number – definition – uses – problems in the construction of index numbers – analysis of time series – method of simple average only.


UNIT - IV

Sequence and series – arithmetic progression and geometric progression – probability – definition – addition and multiplication theorems – (Simple problems only) Linear programming – formation and solution to LPP – Graphical and simplex method.

UNIT – V


NOTE :

Problem 80% and Theory 20%

TEXT BOOKS:

1. P.A. Navaneethan - Business statistics

REFERENCE BOOKS:

1. S.P. Gupta - Statistical methods
2. D.C. Sanchati & V.K. Kapoor - Statistics
3. Vittal - Business mathematics
MODEL QUESTION PAPER
PAPER – X
BUSINESS STATISTICS

PART – A 10 x 2 = 20
Answer the all questions

1. Explain the terms – Primary data and Secondary data.
2. Define Quartiles of a deviation
3. What do you mean by positive and negative correlation?
4. How many regression lines are there? What are its uses?
5. What in an index number? What are its uses?
6. Describes a linear programming problem?
7. Mention any three uses of Transportation problem?
8. What is an unbalanced assignment problem?
9. Define probability of an event?
10. Explain the term ‘Matrix’.

PART – B
Answer the all questions 5 x 4 = 20

11. a) A contractor employs three types of workers, male, female and children. He pays Rs.10 per day to a male worker, Rs.8 to a female worker and Rs.3 to a child labour. If the number of male, female and child workers employed are 20,15 and 5 respectively, what is the average wage per day?

(b) In a distribution, mean = 65; median = 70 and co-efficient of skewness is (-) 0.6. Find (i) mode and (ii) co-efficient of variation.

12. a) Find the co-efficient of correlation for the following data:

<table>
<thead>
<tr>
<th>n</th>
<th>10</th>
<th>Σx = 50</th>
<th>Σy = (-) 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Σy²</td>
<td>300</td>
<td>Σx² = 290</td>
<td>Σxy = (-) 115</td>
</tr>
</tbody>
</table>

(b) Two variables gave the following data:

\[
\bar{x} = 20 \quad \bar{y} = 15 \quad r = +0.7 \quad \sigma_x = 4, \quad \sigma_y = 3
\]

obtain the regression equitation and find the most likely value of y when x = 24.

13. a) In calculating a certain cost of living index number, the following weights were used : Food 15, clothing 3, rent 4, fuel 2, miscellaneous 1.

Calculate the index for the data when the average percentage increases in prices of items in the various groups over the base period were 32, 54, 47, 78 and 58 respectively.

(b) Write the products AB and BA of two matrices A and B where,
A = \begin{bmatrix} 1 & 2 & 3 & 4 \end{bmatrix} \text{ and } B = \begin{bmatrix} 1 \\ 2 \\ 3 \\ 4 \end{bmatrix}

14. a) Four coins are tossed. Find the probability of getting 2 heads and 2 tails.

(or)

b) A dietician wishes to mix two types of food in such a way that the vitamin contents of the mixture contains at least 8 units of vitamin A and 10 units of vitamin B. Food I contains 2 units per Kg of vitamin A and 1 unit of vitamin B while the Food II contains 1 unit per Kg of Vitamin A and 2 units per Kg of Vitamin B. It costs Rs.5 per Kg to purchase food I and Rs.8 per Kg to purchase food II. Prepare a mathematical model of the problem.

15. a) Find the optimal solution for the assignment problem with the following cost matrix.

<table>
<thead>
<tr>
<th>Salesman</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>W 11</td>
</tr>
<tr>
<td>B</td>
<td>9</td>
</tr>
<tr>
<td>C</td>
<td>13</td>
</tr>
<tr>
<td>D</td>
<td>14</td>
</tr>
</tbody>
</table>

(or)

b) Determine an initial basic feasible solution to the following transportation problem using the North –West Corner Rule.

<table>
<thead>
<tr>
<th></th>
<th>D1</th>
<th>D2</th>
<th>D3</th>
<th>D4</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>O1</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>O2</td>
<td>8</td>
<td>9</td>
<td>2</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>O3</td>
<td>4</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Requirement</td>
<td>6</td>
<td>10</td>
<td>15</td>
<td>4</td>
<td>55</td>
</tr>
</tbody>
</table>

**PART – C**

5 x 12 = 60

Answer the all questions

16. a) The following are the marks of students obtained in a test. Find out the median marks.

<table>
<thead>
<tr>
<th>Marks</th>
<th>No. of students</th>
<th>Marks</th>
<th>No. of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10</td>
<td>4</td>
<td>Less than 50</td>
<td>96</td>
</tr>
<tr>
<td>Less than 20</td>
<td>16</td>
<td>Less than 60</td>
<td>112</td>
</tr>
<tr>
<td>Less than 30</td>
<td>40</td>
<td>Less than 70</td>
<td>120</td>
</tr>
<tr>
<td>Less than 40</td>
<td>76</td>
<td>Less than 80</td>
<td>125</td>
</tr>
</tbody>
</table>

(or)

b) Find the standard deviation from the following data:
<table>
<thead>
<tr>
<th>Wages (M)</th>
<th>No. of workers</th>
<th>Wages (M)</th>
<th>No. of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–10</td>
<td>12</td>
<td>40–50</td>
<td>50</td>
</tr>
<tr>
<td>10–20</td>
<td>18</td>
<td>50–60</td>
<td>45</td>
</tr>
<tr>
<td>20–30</td>
<td>35</td>
<td>60–70</td>
<td>20</td>
</tr>
<tr>
<td>30–40</td>
<td>42</td>
<td>70–80</td>
<td>8</td>
</tr>
</tbody>
</table>

17. a) Calculate the co-efficient of rank correlation from the following data

<table>
<thead>
<tr>
<th>X</th>
<th>48</th>
<th>33</th>
<th>40</th>
<th>9</th>
<th>16</th>
<th>16</th>
<th>65</th>
<th>24</th>
<th>16</th>
<th>57</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>13</td>
<td>13</td>
<td>24</td>
<td>6</td>
<td>15</td>
<td>4</td>
<td>20</td>
<td>9</td>
<td>6</td>
<td>19</td>
</tr>
</tbody>
</table>

(or)

b) Compute the least square regression of y on x from the following data.

<table>
<thead>
<tr>
<th>X</th>
<th>89</th>
<th>86</th>
<th>74</th>
<th>65</th>
<th>64</th>
<th>63</th>
<th>66</th>
<th>67</th>
<th>72</th>
<th>79</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>92</td>
<td>91</td>
<td>84</td>
<td>75</td>
<td>73</td>
<td>72</td>
<td>71</td>
<td>75</td>
<td>78</td>
<td>84</td>
</tr>
</tbody>
</table>

18. a) Compute index numbers from the following data using (i) Laspeyre’s (ii) Paasche’s and (iii) Fisher’s ideal formulae.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Qty Base year</th>
<th>Price Base year</th>
<th>Qty Current year</th>
<th>Price Current year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>12</td>
<td>10</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>B</td>
<td>15</td>
<td>7</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>C</td>
<td>24</td>
<td>5</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>D</td>
<td>5</td>
<td>16</td>
<td>5</td>
<td>14</td>
</tr>
</tbody>
</table>

(or)

b) Find the inverse of

\[
\begin{pmatrix}
2 & 3 & 4 \\
3 & 2 & 1 \\
1 & 1 & -2
\end{pmatrix}
\]

19. a) A subcommittee of 6 members is to be formed out of a group consisting of 7 men and 4 women. Calculate the probability that the sub-committee will consist of

i) exactly 2 women

ii) at least 2 women

b) Solve the following LPP by simplex method

maximize \( Z = 50 x_1 + 60 x_2 + 120 x_3 \)

Subject to

\[
\begin{align*}
2 x_1 + 4 x_2 + 6 x_3 & \leq 160 \\
3 x_1 + 2 x_2 + 4 x_3 & \leq 120
\end{align*}
\]

and \( x_1, x_2, x_3 \geq 0 \)
20. a) Solve the following Transportation problem

\[
\begin{array}{cccc}
aj & 10 & 18 & 11 & 7 & 20 \\
   & 9  & 12 & 14 & 6 & 40 \\
   & 8  & 9  & 12 & 10 & 35 \\
\end{array}
\]

b) Solve the following assignment problem. The data given in the table refer to production in certain units.

<table>
<thead>
<tr>
<th>Machines</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>5</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>11</td>
<td>4</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Operators</td>
<td>3</td>
<td>8</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>4</td>
<td>7</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>
PAPER – XI – Main
COST AND MANAGEMENT ACCOUNTING

UNIT – I


Material Control – FIFO, LIFO, Simple Average Price and weighted average price.

Labor Cost – Various methods of wage payment.

UNIT – II

Overheads – apportionment and redistribution of overheads – computation of machine hour rate.

Process costing – normal loss and abnormal loss and abnormal gain.

UNIT – III


UNIT – IV


UNIT-V

Budget and Budgetary control – Preparation of Production, Purchase, Cash and Flexible Budget – Marginal Costing – B.E.P – Cost Volume Profit analysis P/v Ratio and Margin of trading.

Note: Problem 80% and theory 20%.

Text Book – R.S.N Pillai and Bhagavathi - Cost Accounting
Jain. and Narag - Cost Accounting
R.S.N Pillai - Management Accounting

Ref Book - S. N.Maheswari - Management Accounting
S. P. Iyanger - Cost Accounting
Model Question Paper

Cost and Management Accounting

Time - 3 Hour Marks: 100

Part – A

(10x2=20)

Answer All Question

1. What is works cost?

2. What is process costing?

3. What is marginal costing?

4. What do you mean by absorption of over heads?

5. What is Fund flow statement?

6. What do you mean by master Budget?

7. Calculate the re-order quantity from the following particulars?

   Annual Usage … 20,000 units

   Buying cost perorder …. Rs10

   cost per unit …. Rs.100

   cost of carrying inventory 10% of cost

8. Calculate current Assets and current liability

   (a) Current ratio 2.5

   (b) working capital Rs.63,000

9. Compute works cost form the following details

   Direct materials Rs. 10,000

   Direct wages Rs. 30,000

   Direct expenses Rs. 10,000

   Indirect wages 50% of direct wages

   Indirect materials 50% of direct materials

   And indirect expenses 100% of direct expenses

10. From the following particulars find out the break – even point
Answer All Question

11. (a) Distinguish between cost accounting and Financial Accounting

(or)

(b) You are asked to prepare a cost sheet and to ascertain the cost of product per unit with the help of the following data.

<table>
<thead>
<tr>
<th>Units produced</th>
<th>1200 units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling price per unit</td>
<td>Rs. 6</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>Rs. 7,200</td>
</tr>
<tr>
<td>Cost of production</td>
<td>Rs. 1320</td>
</tr>
<tr>
<td>Wages</td>
<td>Rs. 750</td>
</tr>
</tbody>
</table>

Manufacturing expenses 40 paise per rupee of labour cost. Administration expense 10% of works cost. It has been found from the records that the selling and distribution expenses amount to 1 ½% of sales.

12 a) What is machine hour rate? What are the advantages of machine hour rate

(or)

(b) Find out the Economic order Quantity (EOQ) from the following particulars.

<table>
<thead>
<tr>
<th>Annual usage</th>
<th>6000 units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of material per unit</td>
<td>Rs.20</td>
</tr>
<tr>
<td>Cost of placing and receiving are order</td>
<td>Rs 60</td>
</tr>
<tr>
<td>Annual carrying cost of one unit : 10% of inventory value</td>
<td></td>
</tr>
</tbody>
</table>

13(a) What are the objectives of marginal costing?

(or)

(b) From the following particulars, prepare the stores ledger account showing the pricing of materials issue of adopting the FIFO method.

1990
Dec 1 opening stock 1000 units at Rs.2 each
3 purchased 800 units at Rs. 2.10 each
5 Issued 1200 units
12 purchased 1600 units at Rs. 2.10 each

14) (a) Calculate p/v ratio?
Sales Rs.10,000 variable cost Rs.7,000

(or)
(b) The Golden Company plans to sell 1,08,000 units of a certain product in the first fiscal quarter 1,20,000 units in the second quarter, 1,32,000 units in the third quarter, 1,56,000 units in the fourth quarter, and 1,38,000 units in the first quarter of the following year. At the beginning of the first quarter of the current year, there are 18,000 units of product in stock. At the end of each quarter, the company plans to have an inventory equal to one-sixth of the sales for the next fiscal quarter. Prepare production budget showing the number of units to be manufactured in each quarter.

15(a) The following figures are extracted from the books of a manufacturing concern for the year 1990-91
Direct materials Rs.2,05,000 Direct labour Rs. 7,5000
Fixed overhead Rs. 60,000 Variable over heads Rs.1,00,000 Sales 5,00,00.
Calculate the break even-point. What will be the effect on BEP of an increase of 10% in (i) fixed expenses and (ii) variable expenses

(or)
(b) What would be the volume of sales to derive a profit of Rs .20,000 if the p/v ratio is 68% and Fixed overheads for the period Rs40,000

Part –C

(5x12=60)
Answer All Question

16(a) What are the different elements of cost?

(or)
(b) Senthil Ltd., has purchased and issued materials as under
January 1 stock of materials 200 units @ Rs.2.50 per unit
3 purchased 300 units at Rs 3 per unit
7 purchased 500 units at Rs 4 per unit
10 issued 600 units
12 purchased 400 units at Rs 4 per unit
18 issued 500 units
24 purchased 400 units at Rs 5 per unit
28 issued 200 units

Ascertain the value of closing stock under the following methods
a) Average cost  b) FIFO  c) LIFO

17. (a) A factory is having four departments A,B and C are the producing
departments and D is servicing department The actual costs pertaining to a period
are as follows

<table>
<thead>
<tr>
<th></th>
<th>Rs.</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>Repair</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>Supervision</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Light</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>1,800</td>
<td></td>
</tr>
<tr>
<td>Employee’s liability</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>(Employee’s Insurance)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following data are also available in respect of 4 departments

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area sq.ft.</td>
<td>150</td>
<td>110</td>
<td>90</td>
<td>50</td>
</tr>
<tr>
<td>Number of workers</td>
<td>24</td>
<td>16</td>
<td>12</td>
<td>8s</td>
</tr>
<tr>
<td>Total wages (Rs)</td>
<td>8,000</td>
<td>6,000</td>
<td>4,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Value of plant (Rs)</td>
<td>24,000</td>
<td>18,000</td>
<td>12,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Value of stock (Rs)</td>
<td>15,000</td>
<td>9,000</td>
<td>6,000</td>
<td>-</td>
</tr>
</tbody>
</table>

Apportion the costs to the various departments on the most equitable basis.
(b) From the following Balance Sheets of A Ltd make out (i) Statements of changes in the working capital and (ii) Fund Flow statement

Balance Sheets (Year end)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs.</td>
<td>Rs.</td>
<td></td>
<td>Rs.</td>
<td>Rs.</td>
</tr>
<tr>
<td>Equity share capital</td>
<td>3,00,000</td>
<td>4,00,000</td>
<td>Goodwill</td>
<td>1,15,000</td>
<td>90,000</td>
</tr>
<tr>
<td>81 Redeemable</td>
<td></td>
<td></td>
<td>Land &amp; building</td>
<td>2,00,000</td>
<td>1,70,000</td>
</tr>
<tr>
<td>Preference</td>
<td></td>
<td></td>
<td>Plant</td>
<td>80,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Share capital</td>
<td>1,50,000</td>
<td>1,00,000</td>
<td>Debtors</td>
<td>1,60,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>General reserve</td>
<td>40,000</td>
<td>70,000</td>
<td>Stock</td>
<td>77,000</td>
<td>1,09,000</td>
</tr>
<tr>
<td>P &amp; c a/c</td>
<td>30,000</td>
<td>48,000</td>
<td>Bills receivable</td>
<td>20,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>42,000</td>
<td>50,000</td>
<td>Cash in hand</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Creditors</td>
<td>55,000</td>
<td>83,000</td>
<td>Cash at bank</td>
<td>10,000s</td>
<td>8,000</td>
</tr>
<tr>
<td>Bills payable</td>
<td>20,000</td>
<td>16,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>40,000</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rs 6,77,000</td>
<td>8,17,000</td>
<td></td>
<td>Rs 6,77,000</td>
<td>8,17,000</td>
</tr>
</tbody>
</table>

Additional information: (i) Depreciation of Rs. 10,000 and Rs. 20,000 has been charged on plant and land and buildings respectively in 1970. (ii) An interim dividend of Rs. 20,000 has been paid in 1970. (iii) Income Tax. Rs 35,000 was paid during the year 1970.

18.(a) You are supplied with the following information and required to work out the production hour rate of recovery of overhead in Departments A, B and C

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Production Depts</th>
<th>Service Depts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td>Rs</td>
<td>Rs</td>
</tr>
<tr>
<td>Rent</td>
<td>12,000</td>
<td>2,400</td>
</tr>
<tr>
<td>Electricity</td>
<td>4,000</td>
<td>800</td>
</tr>
<tr>
<td>Indirect Labour</td>
<td>6,00</td>
<td>1,200</td>
</tr>
</tbody>
</table>
Depreciation  5,000  2,500  1,600  200  500  200s
Sundries  4,500  910  2,143  847  300  300s
Estimated working hours  1000  2,500  1,400

Expenses of service Departments P and Q are apportioned as under

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>P</th>
<th>Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>30%</td>
<td>40%</td>
<td>20%</td>
<td>–</td>
<td>10%</td>
</tr>
<tr>
<td>Q</td>
<td>10</td>
<td>20%</td>
<td>50%</td>
<td>20%</td>
<td>–</td>
</tr>
</tbody>
</table>

(or)

b) From the following information prepare a Balance Sheet show the Workings:

1. Working capital  Rs.75000
2. Reserves and surplus  Rs. 1,00,000
3. Bank Over Draft  Rs. 60,000
4. Current Ratio  1.75
5. Liquid Ratio  1.15
6. Fixed Assets to proprietor’s fund  0.75
7. Long from Liabilities  NIL

19 a) A company is expecting to have Rs25,000 cash in hand on April 1980 and it requires you to prepare an estimate of cash position during the three months April to June 1980. The following information is supplied to you.

<table>
<thead>
<tr>
<th></th>
<th>Sales Rs</th>
<th>Purchases Rs</th>
<th>Wages Rs</th>
<th>Expenses Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>February</td>
<td>70,000</td>
<td>40,000</td>
<td>8,000</td>
<td>6,000</td>
</tr>
<tr>
<td>March</td>
<td>80,000</td>
<td>50,000</td>
<td>8,000</td>
<td>7,000</td>
</tr>
<tr>
<td>April</td>
<td>92,000</td>
<td>52,000</td>
<td>9,000</td>
<td>7,000</td>
</tr>
<tr>
<td>May</td>
<td>1,00,000</td>
<td>60,000</td>
<td>10,000</td>
<td>8,000</td>
</tr>
<tr>
<td>June</td>
<td>1,20,000</td>
<td>55,000</td>
<td>12,000</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Other information:

- period of credit allowed by suppliers : 2 Months
- 25% of the sales is for cash and period of credit allowed to customers for credit sales are month
c) Delay in payment of wages and expenses 1 month

d) Income Tax of Rs.25,000 is to be paid in June 1980.

(or)

(b) From the following Balance Sheets of A Ltd., make out the statement of cash flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity share capital</td>
<td>3,00,000</td>
<td>4,00,000</td>
<td>Goodwill</td>
<td>1,15,000</td>
<td>90,000</td>
</tr>
<tr>
<td>8% Redeemable</td>
<td></td>
<td></td>
<td>Land &amp; building</td>
<td>2,00,000</td>
<td>1,70,000</td>
</tr>
<tr>
<td>Preference</td>
<td></td>
<td></td>
<td>Plant</td>
<td>80,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Share capital</td>
<td>1,50,000</td>
<td>1,00,000</td>
<td>Debtors</td>
<td>1,60,000</td>
<td>2,00,000</td>
</tr>
<tr>
<td>General reserve</td>
<td>40,000</td>
<td>70,000</td>
<td>Stock</td>
<td>77,000</td>
<td>1,09,000</td>
</tr>
<tr>
<td>P &amp; L a/c</td>
<td>30,000</td>
<td>48,000</td>
<td>Bills receivable</td>
<td>20,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>42,000</td>
<td>50,000</td>
<td>Cash in hand</td>
<td>15,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Creditors</td>
<td>55,000</td>
<td>83,000</td>
<td>Cash at bank</td>
<td>10,000s</td>
<td>8,000</td>
</tr>
<tr>
<td>Bills payable</td>
<td>20,000</td>
<td>16,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>40,000</td>
<td>50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rs 6,77,000</td>
<td>8,17,000</td>
<td></td>
<td>Rs 6,77,000</td>
<td>8,17,000</td>
</tr>
</tbody>
</table>

Additional information: (i) Depreciation of Rs.10,000 and Rs. 20,000 has been charged on plant and land and buildings respectively in 1980. (ii) An interim dividend of Rs. 20,000 has been paid in 1980. (iii) Income Tax. Rs 35,000 was paid during the year 1980.

20(a) ITC Ltd have prepared a budget for the production of 1,00,000 units of the only commodity manufactured by them for a costing period as under (Rs in Lakhs)

- Raw material: 2.52
- Direct labour: 0.75
- Direct expenses: 0.10
- Works overhead 60% fixed: 2.25
- Administrative overhead 80% fixed: 0.40
- Selling over head 50% fixed: 0.20

The actual production changing the period was only 60,000 units. Calculate the revised budgeted cost per unit.

(or)
(b) The following figures are available from the records of Venus Enterprises as at 31st March

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS in Lakhs</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>Rs on Lakhs</td>
<td>30</td>
<td>50</td>
</tr>
</tbody>
</table>

Sales

Project

Calculate a) the P/V ratio and total fixed expenses b) the break even level of sales c) Sales required to earn a project of Rs. 90 Lakhs d) Project or lose that would arise if the sales were Rs 280 Lakhs
UNIT – I

Introduction – meaning and object of audit – difference between auditing and accountancy – kinds of audit - advantages and limitations of audit.

UNIT - II

Internal control – Meaning and object – Internal check – Meaning and object – Internal control regarding cash, purchases, sales, payment of wages and stores.

UNIT – III


UNIT – IV

Auditor – Appointment, Qualification, Disqualification, Removal, Duties, Power, Liabilities and Remuneration.

UNIT – V

Specialised audits – Charitable Institutions, Club, Cinema, Educational Institutions, Hospital, Hotel.

TEXT BOOK:

B.N. Tandon.- A Text Book of Practical Auditing

REFERENCE BOOK:

Dinker Pagare –Auditing - Sultan chand & Sons, New Delhi

R.C. Bhatia - Auditing
Answer all questions

Paper – XII
Auditing

Time : 3 hrs

Part – A

Answer all Questions

1. Define the term ‘Audit’

2. What is an audit programme?

3. What do you mean by internal check?

4. Define the concept of internal control.

5. What is meant by vouching?

6. Distinguish between routine checking and vouching

7. Who can appoint an auditor?

8. Who is a first auditor?

9. Explain audit procedure.

10. What do you understand by statutory audit.

Part – B

Answer all Questions

11. (a) Point out the objects of auditing

(or)

(b) What are the advantages of an audit?

12. (a) Distinguish between internal checkar and internal audit.

(or)

(b) State the objectives of internal control

13. (a) What do you understand by the term vouching? Examine its importance

(or)

(b) How a petty cash book should be vouched?

14. (a) Explain the qualities of an auditor

(or)
(b) Describe the powers of an auditor

15. Discuss the duties of an auditor in connection with the audit of educational institutions

(b) Draft an audit programme for a hotel

\[
\text{Part – C} \\
(5 \times 12) = 60
\]

Answer all Questions

16. (a) What are the various kinds of audit?

(or)

(b) Explain audit programme and describe its advantages and disadvantages

17. (a) Examine the factors contributing to effective internal control system

(or)

(b) Describe internal control regarding payment of wages

18. (a) Discuss the factors to be considered while vouching

(or)

(b) What is meant by verification of assets? What are the general principles of verification of assets?

19. (a) How is an auditor of a company appointed? How is his remuneration fixed?

(or)

(b) Explain the rights, duties and liabilities of an auditor

20. (a) Draft an audit programme in connection with the audit of accounts of a hospital?

(or)

(b) Lay down an audit programme for charitable institutions
PAPER – XIII - Main

PRINCIPLES OF MARKETING

Unit-I:
Meaning, Definition, Importance and Functions of Marketing, Marketing is an Art or Science - evaluation – Buying, assembling, selling – Transportation, storage and Warehousing, Risk bearing, Market Information, Grading and Standardization.

Unit-II:

Unit-III:

Unit-IV:
Pricing - Meaning and importance of pricing – factors influencing pricing decision- process of price determination of a product – kinds of prices – basic pricing policies.

Unit-V:

TEXT BOOKS:

REFERENCE BOOKS:
1. Marketing , Rajan Nair Sultan Chand and Sons.
1. Define marketing.
2. What is marketing mix?
3. Explain the term branding
4. What is packaging?
5. Define market segmentation
6. Define buyer behaviour
7. What is skimming price?
8. Define sales promotion
9. Define the term training
10. Define the term advertising

11. (a) Bring out the importance of marketing?
    (or)
    (b) State the functions of warehousing?

12. (a) What do you mean by product Mix? Explain the factors determining it?
    (or)
    (b) Describe the advantages of packaging.

13. (a) Explain the various buying motives?
    (or)
    (b) Discuss the benefits of market segmentation?

14. (a) State and explain the objectives of pricing?
    (or)
    (b) Explain the procedure for price determination?

15. (a) Explain the advantages and limitation of sales promotion?
    (or)
    (b) What are the various kinds of salesmanship?

16. (a) Discuss the various functions of market?
(b) What are the various modes of transportation. What are its merits and demerits?

17. (a) What are the various stages of product life cycle?

(or)

(b) Analyse the circumstances in which the product mix is expanded or contracted?

18. (a) What are the factors influencing buyer behaviour?

(or)

(b) What are the various methods of market segmentation?

19. (a) What are the factors affecting pricing deation?

(or)

(b) Discuss the different kinds of pricing

20. (a) Define the various methods of advertising with merits & demerits?

(or)

(b) What are the procedure for requested selection of salesman?
PAPER-XIV - MAIN
COMPUTER APPLICATION IN BUSINESS
(Theory only)

Unit-I:
Introduction to computers-classification of digital computer systems-
anatomy of a digital computer-auxiliary storage devices-input devices-output
devices.

Unit-II:
Introduction to computer software-operating system-programming
languages - general software features and trends - data processing – computer
network.

Unit-III:
Communication systems-distributed systems-internet worldwide web.

Unit-IV:
Electronic mail-intranets-introduction to virtual reality.

Unit-V:
Electronic commerce-geographical information system-computers in
business and industry-computers in education and training-computers in
entertainment, science, medicine and engineering.
(Note: Theory questions only)

TEXT BOOKS:
Fundamentals of Information Technology – Alexis Leon, Mathews Leon,

REFERENCE BOOK:
Introduction to Computers- Alexis Leon, Mathews Leon, Leon TECH
world, 1999.
MODEL QUESTION PAPER
PAPER XIV
COMPUTER APPLICATION IN BUSINESS

Time: 3 hrs
Max. Marks.: 100

Section-A
10 x 2 = 20

Answer All Questions

1. What is a digital computer?
2. What is auxiliary storage device?
3. What is software?
4. What is computer network?
5. What is a communication system?
6. What is “Internet”?
7. What are the uses of “E-mail”?
8. What are the uses of multimedia?
9. What is “E-commerce”?
10. State the uses of computer in the field of education?

Section-B
5 x 4 = 20

Answer all questions

11. (a) Explain different types of computer?
    (or)
    (b) What are the different types of magnetic tapes?

12. (a) Write short notes on multiprocessing and multitasking?
    (or)
    (b) Explain various types of file processing?

13. (a) Briefly explain how does radar work?
    (or)
    (b) What are the disadvantages of distributed system?

14. (a) What are the major newsgroup classifications?
    (or)
    (b) What are the future trends in virtual reality?

15. (a) Write short notes on e-commerce?
    (or)
    (b) Explain briefly various subsystems of office automation systems?

Section-C
5 x 12 = 60
16. (a) Explain the various functional units of a computer?

(or)

(b) Explain the various kinds of input devices?

17. (a) Explain various levels of language in detail?

(or)

(b) Discuss clearly the various types of networks?

18. (a) Explain how distributed systems are better than centralized systems?

(or)

(b) Write notes on:
   (i) Internet addressing
   (ii) World wide web

19. (a) What is intranet? Explain its business merits and demerits?

(or)

(b) What are the techniques used to create a multimedia presentation?

20. (a) Write notes on
   (i) Geographical information system
   (ii) Office automation system

(or)

(b) Discuss the uses of computers in medicine and engineering?
Unit-I:


Unit-II:

Heads of income-salaries-definition-computation of salary income-items included in salary - deduction under salary - income from house property - gross and net annual value – deductions.

Unit-III:


Unit-IV:

Income from other sources - casual income – aggregation of income-set-off and C/F of losses-computation of total income-deductions from gross total income [Individual, HUF and firm (FAPF)].

Unit-V:


NOTE:

Problem 60%; Theory 40%

TEXT BOOKS:


2. Dr.A.Jayakumar & C.Dhanpal – Income Tax Theory and Law and Practice

REFERENCE BOOKS: Dr. H.C. Mehrotra – Income Tax and Accounts
MODEL QUESTION PAPER
PAPER – XV
INCOME TAX LAW AND PRACTICE

Time: 3 Hours
Max. Marks:

100

Part - A

10 x 2 =

20

Answer All Questions

1. Define the term ‘Person’ under the I.T. Act 1961
2. What do you mean by ‘Casual income’?
3. Explain the features of ‘Salary’?
4. How the ‘Net Annual Value’ of a home property is determined?
5. How will you treat the expenditure on premises in Business?
6. What is not included in capital assess?
7. What is ‘Grossing up’?
8. What is ‘Inter Source Adjustments’?
9. Who are Income tax authorities?
10. What do you mean by ‘Tax deducted at source’?

Part - B

5 x 4 =

20

Answer All Questions

11. (a) What are tax free incomes? Give examples of any four tax free incomes.

   (or)

   (b) Mr. Balu after 30 years stay in India, retires to America on Feb 3, 1993. He returns to India in July 2005 to join an American company as its overseas Branch Manager. Determine his residential status for the A.Y. 2006-07

12. (a) Explain the deductions allowable U/S 24(1) while calculating income from home property?

   (or)

   (b) Mr. P. is employed in a company at Delhi. The following are the particulars of the salary income for the previous year 2005-06.

   Salary Rs. 6000 p.m
   Salary in lieu of leave Rs. 4000
   Lunch allowance Rs. 300 p.m
   Bonus – 1 months salary
Furnished accommodation- rent payable by the company Rs. 4350 p.m. but it charge only Rs. 500 pm. Cost of furniture’s provided by the company Rs. 15,000. Compute Gross Salary for the A.Y. 2006-07?

13. (a) Define the term ‘Transfer’. Describe transactions which are extended from transfer.

(or)

(b) Mr. Raja has purchased a home in may 1984. at a cost of Rs. 40,000. In June 1988, he added two rooms at a cost of Rs. 30,000. In June, 2005, he sold the house for Rs. 3,00,000 and paid Rs. 10,000 brokerage. Compute the capital gain for the AY 2006-07. (C.1.1.84-85: 125; 88-89:161; 2006-07: 497).

14. (a) What are charitable donations? What are the conditions for allowing deduction in respect of these donations?

(or)

(b) Mr. Kamal holds the following securities on April, 2005. Rs. 90,000, 8% securities of T.N. Govt. Rs. 4,000 received as interest of A.P. Govt. loan. Rs. 60,000, 9% debentures of SPEL, Rs. 89,800 received as interest on debentures (listed) of WIPRO Company. Calculate the taxable income for the A.Y. 2006-07.

15. (a) Enumerate the installments of advance tax along with the respective due dates.

(or)

(b) Mr. Devan has made the following donations during 2005-06

- Donation to P.M’s Drought Relief Fund Rs. 10,000.
- Donation to P.M’s National Relief Rs. 20,000
- Donation to National Defence Fund Rs. 30,000

Determine the amount of deduction U/S 80 G.

Part – C

5x12=60

Answer All Questions

16. (a) Mr. Raj Mohan, scientist from USA, was appointed as senior scientist in India on 1st Apr 2001. On 31st Jan, 2003 he went to Pakistan on deputation but left his family (wife and children) in India. On 1st may 2004, he came to India and took his family on 31st Oct, 2004. He returned to India and joined his original post on 5th Feb 2006. Determine the residential status for the Ay 2005-06 and 2006-07.

(or)

(b) ‘R’ had the following income during the previous year 31.03.06.
(i) Salary received in India Rs. 9000
(ii) Income from HP in India Rs. 13470
(iii) Income from Agriculture in Indonesia being invested in India Rs. 12350
(iv) Income from business in Bangladesh being controlled from India Rs. 10150
(v) Dividend received in UK from French companies Rs. 23000

You are required to compute his total income for the AY 2006-07 if he is (i) Resident (ii) Not ordinary resident and (iii) Non-resident.

17. (a) From the following details compute the income of ‘A’ who is employed by R Ltd for the A.Y. 2006-07. B. Salary Rs. 1,60,000; Dearness allowance (considered for service benefits) Rs.28,000; High cost of living allowance Rs. 30,000; House rent allowance Rs. 48,000 (Actual rent paid is Rs. 60,000 in Delhi); commission (2% of Turn over) Rs. 18,000;

On 10\textsuperscript{th} March, 2006, R Ltd offers equity shares to employees at the rate of Rs. 410 per share (Market price Rs. 600 per share on 10\textsuperscript{th} March, 2006) ‘A’ accepts the offer and as per terms of the offer applies for 500 shares on 20\textsuperscript{th} March, 2006.

(or)

(b) Mr. Suman owns a house property at Trichy. Its fair rental value p.a is Rs.27,000 and municipal value Rs. 24,000. The house was let out from April, 2005 to Aug 31, 2005 @ Rs. 2100 per month. From Sep 1, 2005, Suman occupied the house for his residence.

Municipal tax paid Rs. 4000; Fire Insurance Rs. 2500 and Repairs Rs. 1000; Interest paid on borrowings for construction: (a) For the year Rs. 21,600 (b) Proportionate pre construction interest Rs. 12,960.

Compute the taxable income from H.P

17.(a) From the following profit & loss a/c of Mr. Kumaran find his Income from Business.
To salaries 35000    By Gross profit 105000
To Rent 10000    By Interest on F.D 5000
To Postage 2000    By Discount 2000
To Discount 5000    By Profit on sale of car 20000
To furniture purchase 15000
To Depreciation 5000
To G. Reserve 1000
To wealth tax 2000
To Net. Profit 48000

132000  132000

Other Informations:

(1) Closing stock was under valued by Rs. 10,000
(2) Expenses not debited in the package Rs. 3,000
(3) Salaries include Rs. 5000 paid outside India without deductions of tax

(b) The following is the receipts and payments account of Mr. Palaniappan, an advocate, for the year ended 31st March, 2006.

<table>
<thead>
<tr>
<th>Receipts</th>
<th>Rs.</th>
<th>Payments</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To balance b/d</td>
<td>2400</td>
<td>By typewriter</td>
<td>8000</td>
</tr>
<tr>
<td>To fees from client for 2005-06</td>
<td>3000</td>
<td>By office expenses</td>
<td>6000</td>
</tr>
<tr>
<td></td>
<td>3000</td>
<td>By salaries to staff</td>
<td>10000</td>
</tr>
<tr>
<td>2003-04</td>
<td>10000</td>
<td>By interest on loan</td>
<td>2000</td>
</tr>
<tr>
<td>2000-01</td>
<td>8000</td>
<td>By car expenses</td>
<td>5000</td>
</tr>
<tr>
<td>01</td>
<td>15000</td>
<td>By LIC premium</td>
<td>4000</td>
</tr>
<tr>
<td>To presents from client</td>
<td></td>
<td>By rent of chamber</td>
<td>6000</td>
</tr>
<tr>
<td>To loan from bank for professional purpose</td>
<td></td>
<td>By balance c/d</td>
<td>25400</td>
</tr>
</tbody>
</table>

68400  68400

Depreciation of the car is Rs. 5000. The car was used for 60% official use and 40% private purposes. Compute his income from profession.

19.(a) Suresh sells his only residential house in Delhi on 24th August, 2005 for Rs. 15,20,000 and incurs an expenditure of Rs. 20,000 in connection with transfer. Cost of acquisition of the house by him in 1975 was Rs. 18,000. On 10th Jan 2006 he invests Rs. 5,00,000 in the Bonds of NABRAD. On 16th Jan, 2006 he purchases a residential flat in Delhi for Rs. 4,50,000 and deposits Rs. 1,50,000 in the capital gain deposits scheme. Compute his taxable capital gain in his hands. Fair market value of the house on 1.4.81 in Rs. 50,000.
(b) Compute the income from other sources of Miss. Anu from the following details furnished.

(i) She holds Rs. 50,000, 10% tax free Govt. securities.
(ii) She received Rs. 10,000 interest on T.N. Govt. securities.
(iii) She holds 1,00,000, 10% Tax free debentures at P & R Co Ltd (Listed)
(iv) Rs. 12,000 interest was received by her on tax free securities of a Ltd company.
(v) Rs. 60,000, 15% debentures are held by her in a Ltd. Co.,
(vi) Rs. 8,000 interest was received by her on securities of a Paper Mill Co (Listed).

20.(a) Mr. Raman submits the following particulars of his income and loss for the A.Y. 2006-07.

(i) Income from H.P. (computed) Rs. 8,000
(ii) Profits & Gains of personal business Rs. 25,000
(iii) Share of profit from an APO… Rs. 10,000
   (Which has paid tax at the MMR)
(iv) Short-term capital gains Rs. 8,000
(v) L.T. Capital gain or Land Rs. 17,000
(vi) L.T. Capital loss on home Rs. 24,000

The following items have been b/f from Ay 2005-06:

B. Loss Rs. 30000
Loss from HP Rs. 10000

Compute his Gross total income and deal with carry forward losses.

(or)

(b). Rajan submits the following details of his income for the A.Y 2006-07

Interest on Bank Deposits Rs. 1,20,000
Interest on Govt. Securities Rs. 20,000
Rent received from let out home (p.m) Rs. 2,000
Municipal taxes paid Rs. 2,000
Royalty Income Rs. 1,50,000
Expenses allowed from royalty Rs. 10,000
L.T. Capital Gain on sale of share Rs. 25,000
S.T. Capital gain on land Rs. 10,000
Winning from lottery Rs. 20,000
He has deposited Rs. 40,000 in PPF during the previous year. Compute his Gross total income.

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