

2016

DDE

M.Com. Part-II Examination

COMMERCE

PAPER—VI

Full Marks : 100

Time : 4 Hours

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Write the answer question of each Half in separate books.

First Half

(Direct and Indirect Tax)

[Marks : 50]

Answer Q. No. 1 and any two from the rest.

1. Answer any four questions :

5×4

- (a) What do you understand by 'previous year'? There are certain exceptions to the rule that 'Income of the previous year is taxed in the Assessment year'. Name the exceptions.

2+3

(Turn Over)

- (b) What are the functions of the Customs department ?
- (c) Describe the term 'Registered dealer' under the Central Sales Tax Act.
- (d) Write down the formula for computing net wealth. Name the 'persons' not liable to wealth tax. 2+3
- (e) Amrit Ltd. has a block of assets (depreciation rate 15%), having three plants A, B and C. The opening written down value of the block on 01.4.2014 is Rs. 5,50,000. It purchased another plant D (which qualifies for additional depreciation) at a cost of Rs. 2,70,000 on 15.11.2014. On 20.1.2015, it sold off plant A for Rs. 3,40,000. You are required to determine the closing value of the block. Make necessary assumptions, if any.
- (f) The net profit of Pure Ltd. is Rs. 10,00,000. The debit side includes the following items :

Depreciation :

Normal	Rs.	50,000
Due to revaluation	Rs.	18,000
Income tax	Rs.	15,000
Wealth tax	Rs.	17,500
Proposed dividend	Rs.	22,000
Provision for bad debt	Rs.	8,800
Interest under the Income Tax Act	Rs.	550
Other business expenses :	Rs.	4,72,950

The credit side includes the following items :

Sales	Rs.	15,00,000
Transfer from general reserve	Rs.	75,000
Transfer from revaluation reserve	Rs.	29,800

You are required to determine the book profit and tax as per book profit.

- (g) Discuss any two cases of deemed assets.
- (h) A loss that arises is deductible from business income if certain conditions are fulfilled. What are those conditions ?
2. (a) Name the status of the following assesses :
Midnapore Municipality, ITC Ltd., Tarun Sangha, Vidyasagar University, Kolkata Bar Council.
- (b) Discuss the term 'company'.
- (c) How is the residential status of companies determined ? 5+5+5
3. (a) How will you distinguish between capital and revenue expenditure ? Give two examples for each.
- (b) What are the objectives of Central Sales Tax Act, 1956 ?
- (c) Name the conditions that are to be fulfilled for the CST Act to become applicable. 6+5+4

4. (a) Discuss in brief the various types of customs duties that are imposed under the Customs Act, 1962.

(b) Explain the term 'goods' under the Central Excise Act. 10+5

5. (a) Is cash in hand an asset? Explain.

(b) What are the cases in which an urban land is not treated as an asset?

(c) Motor cars held by an assessee are assets. What are the exceptions to the rule?

(d) Discuss the treatment of jewellery for the purpose of wealth tax assessment.

(e) Explain the term 'debt owed' in the context of wealth tax assessment. 5×3

Second Half

(Security Management)

[Marks : 50]

Answer Q. No. 6 and any two from the rest.

6. Answer any four of the following questions : 4×5

(a) Explain the nature of mutual fund as an institutional or managed portfolio. 5

(b) Write a brief note on 'Arbitrage pricing'. 5

(c) Distinguish between investment and speculation. 5

(d) Distinguish between Capital Market Line and Security Market Line. 5

(e) Z Co. Ltd. issues 12%, 5 yearly redeemable preference shares of Rs. 100 each at a discount. If the dividends on preference shares are paid yearly at the end of each year and these shares are redeemed at a premium of 5%, calculate the rate of discount as may be applicable at the time of issue. 5

(f) Explain the role of technical charts in taking investment decisions.

(g) What do you mean by the term 'beta' as a measure of risk? Write down the formula for computing beta. Interpret the term beta equal to 1.5. 2+2+1

(h) What are the differences between capital market and money market?

7. Discuss the various components of systematic and unsystematic risk. 15

8. (a) Explain the three levels that are studied in fundamental analysis. Describe the company analysis in detail.

(b) Discuss the term efficient frontier. (4+6)+5

9. Following information is available about three securities, A, B and C which constitute a portfolio, P. Alternative return percentage along with the respective probabilities of these securities is given as under :

Security A		Security B		Security C	
Return (in %age)	Probability	Return (in %age)	Probability	Return (in %age)	Probability
12	0.4	11	0.2	10	0.2
16	0.3	15	0.4	16	0.4
18	0.3	19	0.2	20	0.4
		20	0.2		

Correlation coefficients of returns between returns from security A and security B, between returns from security B and security C, and between returns from security A and security C are 0.85, 0.60 and 0.90 respectively.

If equal amount is invested in all the three securities, calculate portfolio return and portfolio risk. 5+10

10. (a) Discuss the role of SEBI as the capital market regulator.
- (b) Write a brief note on how the settlement system has changed in the stock exchange over the years.

9+6