2013

DDE

M.Com. Part–II Examination

COMMERCE

PAPER—VI

Full Marks : 100

Time : 4 Hours

The figures in the right-hand 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 <u>separate books</u>

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) Write a short note on deemed dividend.

   (b) Explain in brief the basic provisions relating to Wealth Tax.

(c) What do you understand by an 'Indian Company'?

(d) Write a short note on assessment of wealth tax based on the residential status.

(e) What are direct tax and indirect tax? Explain each of them with examples.

(f) Discuss in brief the term 'assessee'.

(g) Depreciation and sometimes be zero in the case of a block of assets. Discuss the statement considering special cases under depreciation.

(h) ABC Ltd. owns the following assets as on 31st March, 2013. State with reasons whether they will be chargeable as assets under the Wealth Tax Act :

(i) Three office flats at Mumbai purchased in 2005-06 as stock-in-trade, presently valuing Rs. 25 lakhs.

(ii) Cash not recorded in the books of accounts : Rs. 2.0 lakhs.

(iii) Factory building leased out on rent : Rs. 10 lakhs.

(iv) Factory building used for the purpose of carrying on own business, valuing Rs. 18 lakhs.

2. Discuss the term 'assets' as per Wealth Tax Act.

15

3. The net profit of Naksha Ltd. is Rs. 22.50 lakhs.

The debit side of the Profit and Loss Account includes the following items :

	Rs.
Depreciation	22,000
Depreciation due to revaluation	12,500
Income Tax	33,000
Wealth Tax	20,000
Proposed dividend	28,500
Provision for losses of subsidiary	10,000

The credit side of the Profit and Loss Account includes the following items :

	Rs.
General reserve	1,00,000
Revolution reserve	30,000

Apart from the above, as per the books of accounts the following figures are available :

	Rs.
Brought forward loss	88,000
Unabsorbed depreciation	55,000

You are required to compute the following :

(a) Book profit of the company and

(b) The tax payable by the company, assuming that the net profit (after all adjustments) amounts to Rs. 10.50 lakhs.

10+5

4. (a) There are nine types of income chargeable to tax under the head "Profits and gains of business or profession". Of them, mention any five.

(b) Discuss any four cases of 'deemed assets'.

(c) X Ltd. owns a block of assets consisting of plants P and Q, depreciation rate 10%. On April 1, 2012, the depreciated value of the block was Rs. 12,50,000 (it qualifies for additional depreciation). In the month of December 2012 the company acquired another plant X costing Rs. 3,00,000. However, in February, 2013, it disposed off its plant P at Rs. 1,20,000.

You are required to compute the depreciated value of the block as on 31st March, 2013.

5+6+4

5. (a) Write down the basic conditions for levy of Excise duty.

(b) X Ltd. manufactures product—A. The sales price of A is Rs. 45 per unit. The sales price includes 12% basic. Excise duty and Education cess as applicable. It also includes CST of 4%. Units cleared : 10,000 units. Calculate the total Excise liability of X. Ltd.

(c) Write a brief note on 'Deemed manufacture'.

5+5+5

Second Half

(Security Management)

[Marks : 50]

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

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

(a) Write a note on SEBI's initiatives on investor protection.   5

(b) Distinguish between interest rate risk and purchasing power risk.   5

(c) Write a note on Efficient Market Hypothesis.   5

(d) Describe any two methods of risk-adjusted performance measures of portfolio.   5

(e) Institutional portfolios are generally managed portfolios. Critically discuss the statement.   5

(f) Give the assumptions of CAPM.   5

(g) Assuming a three security portfolio composed of securities A, B and C, give the formula of portfolio return and portfolio risk.   5

(h) What is floatation cost? Show the significance of floatation cost in deriving the formula of the theoretically correct present value of Bond.   2+3

7. Z Co. Ltd. has outstanding equity shares of face value of Rs. 10 each on which the company has declared and paid the following dividend rates during the past years —

Year — 10 to Year — 5 @ 12%

Year — 4 to Year — 2 @ 11%

and Year — 2 to Year — 0 @ 13%

An investor, Mr. I expects dividends with growth from company's shares during the future years. The anticipated growth rates in dividends are given as follows —

Year 0 to year + 5 @ 5%

Year + 6 to year + 10 @ 7%

and from Year + 11 @ 8% indefinitely.

If the market capitalization rate is 12%, calculate the P.V. of the equity shares by the dividend discounting method. Year 0 indicates the current or present time.   15

8. Give a brief description of the modern technical analysis tools.   15

9. (a) Give meanings of the following terms relating to options trading — option buyer, option writer, option premium, call option, put option, exercise date, exercise price.

(b) Distinguish between the presently banned settlement trading and the options trading.

(c) Write a short note on 'rotting settlement'.

             7+4+4

10. (a) Point out the important features of the modern portfolio theory.

(b) How is NAV of a mutual fund scheme calculated ?

(c) Give the organization structure of a mutual fund institution.

(d) Write a short note on 'portfolio revision'.

             4+4+3

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