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St Aloysius College (Autonomous)
Mangaluru

B.Com. Semester V – Degree Examination
November/December -2023

FINANCIAL MANAGEMENT

Time: 2 ½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is Financial Planning?
2. What is time value of money?
3. What is Doubling Period- Rule 72
4. Define Capital Structure
5. State any two benefits of investments Decision.
6. What is receivables management?
7. If an investment earns 9% rate of interest, then what is the time taken to double the amount of ₹ 2,500

SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. Explain the scope of financial management
9. Explain the steps in Capital Budgeting Process
10. Assuming 10% discount rate, compute the Present Value of ₹ 1,000, ₹ 800, ₹ 1,500 and ₹ 500 received at the end of one through five years.

Year	1	2	3	4
PVIF	0.909	0.826	0.751	0.683

11. Calculate: (i) Operating leverage, (b) Financial Leverage.

Sales 2,00,000 units at ₹ 5per unit

Variable Cost per unit ₹ 1.50

Fixed cost ₹ 2,00,000

Interest ₹ 10,000

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12. The initial cash outlay of a project is ₹ 1,00,000 and it can generate cash inflow of ₹ 40,000, ₹30,000, ₹40,000 and ₹20,000 in years 1 to 4. Assume a 10% rate of discount and calculate the PI for the project.

Year PVIF 10%

1 0.909

2 0.826

3 0.751

4 0.683

5 0.621

Contd...2

13. Pradesh Ltd informs to you that 80 days, 30 days and 15 days are required for raw material holding, work in process and finished goods holding. Further 10 more days required to realize accounts receivables. The firm get credit on purchases from supplier 40 days. Calculate
- Gross and net operating cycle
 - Number of operating cycles in a year

SECTION – C**Answer any TWO of the following.****(2x15=30)**

14. Explain the functions of financial management.
15. A proforma cost sheet of a company provides the following particulars. Estimate the working capital requirements of the company assuming 20% safety margin.

Elements	Cost per unit (₹)
Material	4.8
Wages	2.4
Overheads	2.4
Selling Price	12.00

The following further particulars available

- Budgeted Production 2,00,000 units
- Raw material holding period one month
- Materials in process for half month
- Finished goods in stock for one month
- Credit allowed to debtors is 2 months
- Average payment period for creditors is 1 month

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16. India Ltd. Is capitalized with ₹ 20,00,000 of 2,00,000 equity shares of ₹ 10 each. The management desire to raise another ₹ 20,00,000 to finance a major expansion programme. There are 4 possible plans.

- All equity shares of ₹ 10 each.
- All debentures carrying 8% interest.
- ₹ 10,00,000 in equity shares and ₹ 10,00,000 in debentures carrying 10% interest.
- ₹ 10,00,000 in equity shares and ₹ 10,00,000 in 10% preference shares.

You are required to calculate EPS if the EBIT is

- ₹ 9,60,000 and
- ₹ 12,00,000 .

(2021 batch onwards)

G 310 DC 2.5/ G 320 DC 2.5/ G 330 DC 2.5

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St Aloysius College (Autonomous)
Mangaluru

B.Com. Semester V – Degree Examination
November/December -2023

INCOME TAX LAW AND PRACTICE -I

Time: 2 ½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. Define Assessee.
2. Mr. R was born in Australia in 1949. He has been staying in America since 1971. He came to visit India on 2/10/2022 and returns on 31/3/2023. Determine his residential status for the Assessment year 2023-24.
3. State any four exempted incomes under section 10.
4. What do you mean by profit in lieu of salary?
5. What is Composite Rent?
6. State any four fully taxable allowances.
7. Decide whether the following items are Agricultural Income or not.
 - a) Dividend paid by a tea company.
 - b) Income from cultivation and export of flower.
 - c) Salary received by a farm manager.
 - d) Sale of standing crop by a cultivator.

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SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. How would you determine the residential status of an individual?
9. Mr X furnishes the following details of his income relevant for the previous year. Compute his total income if he is a ordinarily Resident, Not ordinary resident and Non resident
 - A. Agricultural income from USA, entire amount spent for software development in New York: ₹ 3,00,000.
 - B. Profit on sale of building in Bengaluru, 3/4th of which is received in new York: ₹ 6,00,000.
 - C. Interest on savings bank account: ₹ 90,000, received in India.
 - D. Rental income from a property in USA received there, but subsequently remitted to india. ₹50,000.
 - E. Profits for the year 2020-21 of a business in USA remitted to India during 2022-23 which is not taxed earlier: ₹ 75,000.
 - F. Gift in foreign currency from a relative received in India: ₹ 10,000.
 - G. Income from business in Italy which is controlled from India: ₹ 50,000.
 - H. Interest on Singapore development bonds ₹ 1,50,000 (1/3rd received in India)

Contd...2

10. Mr Suresh retired from ABC Ltd on 1/11/2022 after serving the company for 25 years and 9 months. At the time of retirement, his basic pay was ₹ 20,000 p.m .and D.A of ₹ 800 p.m.(which is treated as salary for the purpose of all retirement benefits) but it was ₹18,000 p.m basic and ₹ 200 p.m D.A. upto 31/7/2022.He is entitled for 10 days of leave per year of service and at the time of his retirement he had 240 days earned leave to his credit and on encashment he received ₹ 2,30,000.Compute taxable part of leave salary for the AY 2023-24
11. Compute taxable part of Recognized Provident Fund from the information given below:
- Salary at 48,000 p.m
 - Commission at 1% turnover of ₹ 80,00,000 achieved by him during previous year.
 - Employer's contribution to RPF -14% of salary
 - Interest credited to RPF balance at 12% p.a is ₹ 72,000.
12. Mr. Suresh owns a house at Delhi .During the previous year 2022-23, 3/4th portion of the house is occupied for self residence for full year and 1/4th portion is let out for residential purposes from 1/4/2022 to 31/12/2022 on a rent of ₹ 700 p.m. From 1/1/2023, this portion was used for own residence by him. Municipal valuation of the entire house is ₹ 20,000 and Fair Rental value is ₹ 24,000.Expenses incurred in respect of the house property were : Municipal taxes ₹ 6,000;Repairs ₹ 2,000;Fire Insurance Premium ₹ 3,500; Land Revenue ₹ 4,000 and Ground rent ₹ 200. A loan of ₹ 90,000 was taken on 1/4/2019 at 10%p.a.for the construction of the house which was completed on 31/1/2020.Loan is still outstanding. Find out his income from house property for the assessment year 2023-24.
13. Dr Udam singh is a Medical Practitioner .The following is the receipt and payment account for the year ended 31/3/2023.Compute his Professional Income.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Balance	82,000	By Dispensary expense	42,000
To Consultancy fees	88,000	By Salary to staff	40,000
To Visiting fees	42,000	By Cost of medicine	20,000
To Interest on deposits	28,000	By Surgical Equipment	30,000
To Dividend	20,000	By Shares purchased	60,000
To Examiners fees	40,000	By Printing and Stationery	6,000
To Gift from patient	30,000	By Telephone expense	2,000
To Rent received	12,000	By Life insurance	10,000
		By Motor car expense	22,000
		By balance c/d	1,10,000
	3,42,000		3,42,000

Contd...3

- Adjustment:** A) Gift includes ₹ 2,000 received from his brother.
 B) Stock of medicine on 31/3/2023 was ₹ 6,000.
 C) 25% of the motor car was used for personal purpose.
 D) Depreciate surgical equipment at 15%..

SECTION – C

Answer any TWO of the following.

(2×15=30)

14. Mr Sunil is a Central Government employee at Mumbai and is getting following emoluments:
- i. Salary-₹ 30,000 p.m.
 - ii. D.A (enters into retirement benefits)-60% of salary.
 - iii. Transport Allowance for commuting between home to office –₹ 2,800 p.m.
 - iv. Deputation Allowance (for 2 months) – ₹ 3,000 p.m.
 - v. Entertainment allowance – ₹ 2,000 p.m.
 - vi. He has been provided with a rent free accommodation .The license fees for the accommodation has been fixed at ₹ 2,000 p.m. The government has also provided him with furniture items costing ₹ 1,00,000 (W.D.V ₹75,000) for his personal use.
 - vii. He has been provided with the facility of a servant and a watchman with effect from 1/10/2022 and the government is paying ₹ 3,000 p.m. to each of these servants.
 - viii. A laptop costing ₹ 50,000 has been given to him for his official as well as personal purpose.
 - ix. On 1/10/2022 he took a loan of ₹2,00,000 from his employer to buy a car at a concessional rate of interest of 6.25%.The repayment of loan is to start with effect from 1/4/2023 at ₹10,000 p.m. S.B.I rate of interest is assumed to be 9.25%.
 - x. During the year savings made by Mr Sunil are:
 - a) LIC premium : For self ₹ 10,500
For Spouse ₹ 12,000
 - b) PPF deposits ₹ 50,000 p.a.
 - c) Tuitions fees paid to the college of second son studying in a college ₹ 6,000.
 - d) Repayment of Housing loan taken from LIC (principal portion) ₹ 36,000.

Calculate a) Income from salary b) Qualifying amount for deduction u/s 80 C.

Contd...4

15. Shri Govinda a resident of Mumbai submits the following Profit and Loss Account for the year ending 31st March 2023

Particulars	Amt(₹)	Particulars	Amt(₹)
To Opening stock	1,10,000	By Sales	36,00,000
To Purchase	14,00,000	By Closing stock	2,20,000
To Wages	3,00,000		
To Gross profit	20,10,000		
	38,20,000		38,20,000
To Advertisement	2,00,000	By Gross Profit	20,10,000
To Salary to staff	6,60,000	By Rent from house property	2,40,000
To Govinda's salary	1,20,000	By Commission	1,50,000
To Audit fees	60,000	By bad debts recovered (earlier disallowed)	70,000
To Bad debts	40,000	By Dividend received on SRM ltd	30,000
To Reserve for baddebts	50,000		
To General expenses	2,50,000		
To Municipal tax on business premises	24,000		
To Fire insurance premium on goods	26,000		
To Depreciation	78,000		
To Patent rights	1,60,000		
To Staff welfare fund	40,000		
To Employees RPF	50,000		
To Goods and service tax	1,90,000		
To Donation to NDF	1,00,000		
To Premium on Govinda's life insurance	36,000		
To Net Profit	4,16,000		
	25,00,000		25,00,000

Other information:

- Opening stock and closing stock were overvalued by 10%.
- Advertisement includes ₹ 1,00,000, being cost of permanent sign board.
- General expenses include ₹ 50,000 paid for securing business orders and ₹ 60,000 spent on Govinda's birthday.
- Depreciation allowable on all assets including permanent sign board but excluding patent rights as per IT rules was ₹ 90,000.
- Patent rights were acquired on 11/10/2022 on which depreciation allowable at 25%.

Compute taxable income from business for the Assessment Year 2023-24

Contd...5

16.a) Mr Aman is owner of two houses and provides following information about these houses.

Particulars	House A	House B	House C
Date of completion	1/6/2022	1/8/2021	1/9/2021
	Amount (Rs)	Amount (Rs)	Amount (Rs)
Standard rent	15,000 p.a.	-	48,000 p.a.
Fair rental value	18,000 p.a.	24,000 p.a.	50,000 p.a.
Municipal rental value	12,000 p.a.	20,000 p.a.	30,000 p.a.
Actual rent	12,000 p.a.	Self occupied	Own business
Municipal taxes	1,200	10% of MRV	8,000
Ground rent	400	nil	600
Fire insurance premium	500	400	800
Interest on loan for the construction for the year			
2019-20	4,000	11,000	12,000
2020-21	4,000	11,000	12,000
2021-22	3,000	11,000	12,000
2022-23	3,000	7,000	5,000

Calculate his Income from the House Property for the year ended 31/3/2023

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b) State and explain the various exceptions to the income from house property.

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**ST ALOYSIUS COLLEGE (AUTONOMOUS)
MANGALURU**

**B.Com. Semester V – Degree Examination
November/December -2023**

PRINCIPLES AND PRACTICE OF AUDITING

Time: 2 ½ hrs.

Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. What is Internal Audit?
2. What is Audit Programme?
3. What is Audit Engagement?
4. What is Audit Risk?
5. State the meaning of Internal Check System.
6. State any two rules of professional conduct formulated by IFAC.
7. What is Unqualified Audit Report?

SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. What do mean by Audit working papers? What are the features of Audit working Papers?
9. Write a note on Continuous Audit.
10. What are the objectives of Internal Check system?
11. How an auditor would verify Stock in trade and Land and buildings.
12. What is Audit Report? What are the essentials of an Audit Report?
13. What are the Fundamental Principles of professional ethics?

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SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. Define Auditing. Discuss the various secondary objectives of auditing.
15. What is Internal Control? Explain a suitable system of internal Check system as regards Cash purchases in a business organization.
16. Explain the rights and duties of a Company auditor.

(2021 batch onwards)

G 310 DE 1a.5 / G 310 DE 2a.5/G 330 DE 1a.5/ G 330 DE 2a.5

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Mangaluru

B.Com. Semester V – Degree Examination

November/December - 2023

FINANCIAL INSTITUTIONS AND MARKETS

Time: 2½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What do you mean by Factoring?
2. What is meant by Listing of Securities?
3. What is a Financial System?
4. State any two features of Bombay Stock Exchange.
5. Give the meaning of "Right Issue".
6. Expand OTCEI and GIC.
7. A Mutual Fund collected ₹ 75,00,000 by issuing ₹ 7,50,000 units of ₹ 10 each. The amount has been Invested in different securities. The market value of these securities is ₹1,00,00,000 and the mutual fund has a liability of ₹ 6,00,000. Calculate the Net Asset Value of the fund.

SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. What are the Objectives and Functions of SEBI?
9. What are the Merits and Demerits of Stock Markets?
10. State and explain the Instruments of Money Market.
11. Write a note on Constituents of Financial System.
12. Explain the role of State Financial Corporation (SFC) In providing assistance to industrial units in their respective states.
13. A US-based multinational corporation has cash flows in both USD and Japanese Yen (JPY). They expect to receive \$200,000 from a US customer and ¥10,000,000 from a Japanese customer in six months.
 - a) Calculate the net cash flow in USD if they don't implement any risk-hedging strategy. The current exchange rate is 1 USD = 100 JPY.
 - b) Calculate the net cash flow in USD if they decide to convert the ¥10,000,000 to USD immediately at the current exchange rate.

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Contd...2

SECTION – C**Answer any TWO of the following.****(2x15=30)**

14. Who is a Merchant Banker? Explain the Functions, Obligations and Responsibilities of a Merchant Banker.
15. What Is Capital Market? Explain the Structure and and Functions of Capital Market.
16. Dillgent Limited is thinking of installing a computer. Decide whether the computer is to be purchased outright (through 15% borrowing) or to be acquired on lease rental basis. The rate of income tax may be taken at 40%. The other data available are as under:

Purchase of Computer:

Purchase Price	:	₹ 20,00,000
Annual maintenance (to be paid in advance)	:	₹ 50,000 per year
Expected economic useful life	:	6 Years
Depreciation(for tax purposes)	:	Straight Line Method
Salvage Value	:	₹ 2,00,000

Leasing of Computer:

Lease charges to be paid in advance	:	₹ 4,50,000
Maintenance expenses to be borne by lessor		
Payment of Loan	:	6 Year end equal installments of ₹ 5,28, 474

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(2021 batch onwards)

G 310 DE 1b.5 / G 310 DE 2b.5/G 330 DE 1b.5/ G 330 DE 2b.5

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Mangaluru

B.Com. Semester V – Degree Examination

November/December -2023

RETAIL MANAGEMENT

Time: 2 ½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is meant by electronic article surveillance?
2. What do you mean by retail logistics?
3. What do you mean by bar coding?
4. What is meant by Trade Area Analysis?
5. List any four functions of retailing.
6. What is meant by corporate replenishment policies?
7. Give the meaning of customer data base management.

SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. Define Retailing. Explain the different types of retailing.
9. State supply channel management principles.
10. Briefly explain the wheel of retail theory.
11. Write a note on Visual Merchandising.
12. Explain Space Planning.
13. Briefly state the impact of information technology in retailing.

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SECTION – C

Answer any TWO of the following.

(2x15=30)

14. Explain the factors influencing customer shopping behaviour.
15. Briefly state the factors to be considered while preparing a business plan.
16. Explain the various Promotional Mixs.

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St Aloysius College (Autonomous)

Mangaluru

B.Com. Semester V – Degree Examination

November/December -2023

HUMAN RESOURCES DEVELOPMENT

Time: 2½ hrs.

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. Define HRD.
2. Mention any four important qualities of a sound HR Manager.
3. What is meant by Employee Empowerment?
4. What do you understand by Need Assessment in HRD?
5. What is meant by career Management Development in HRD?
6. What is meant by Expatriates and Repatriates?
7. What is meant by T group Training?.

SECTION – B

Answer any FOUR of the following.

(4x5=20)

8. Explain the role and responsibilities of HR manager of an organization
9. Evaluate HRD as a motivational factor.
10. Briefly explain the components of HRD interventions.
11. Explain the objectives of career Management and Development in an organization
12. Explain any four HR programs offered by an organization for their diverse workforce
13. Explain the essentials of sound Human Resource Policy .

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SECTION – C

Answer any TWO of the following.

(2x15=30)

14. What is meant by Human Resource Management? Explain the characteristic and objectives of HRM?
15. Explain in detail the various support given for Expatriates and Repatriates in the organization
16. Explain the on-the-job and off –the-job training methods.

(2021 batch onwards)

G 310 VO 1.5 / G 330 VO 1.5

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St Aloysius College (Autonomous)

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B.Com. Semester V – Degree Examination

November/December - 2023

GST LAW AND PRACTICE

Time: 2 ½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is GSTIN?
2. Who is a Casual Taxable Person under GST?
3. Mention any four taxes which are subsumed under GST.
4. Determine the place of supply in the following cases:
 - a. Reem Refineries (Indore, Madhya Pradesh) gives a contract to Rakesh Ltd. (Ranchi, Jharkhand) to assemble a power plant in its Gujarat refinery.
 - b. Mr. Ashik of Mangalore, Karnataka sells 10 vacuum cleaners to Mr. Rashik of Nagpur, Maharashtra for delivery at Mr. Rashik's place of business in Nagpur, Maharashtra.
5. Mention any two persons who are liable to pay tax under reverse charge mechanism?
6. What is Tax Invoice? State any two contents of tax invoice.
7. What is Composition Levy under GST?

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SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. Give the meaning of Input Tax Credit. What are the conditions for claiming input tax credit?
9. Write a brief note on GST Council.
10. Reena Private Ltd is having its manufacture units at Mangalore and Chennai. It also has service unit at Mysore. From the following information calculate Aggregate Turnover for the year 2022-23.
 1. Sold goods from Mangalore Unit to a dealer at Delhi for ₹25,00,000.
 2. Supplied goods from Chennai Unit to UK for ₹ 20,00,000.
 3. Rendered service from Mysore Unit to a person located in Hubli for ₹1,00,000.
 4. Mangalore Unit supplies non-taxable goods to Mr. Neel at Bengaluru for ₹ 2,50,000
 5. Transferred goods from Mangalore Unit to Chennai Branch ₹ 5,00,000
 6. Total IGST and CGST paid by Reena Private Ltd for the year ₹3,00,000
 7. Supplied goods to job worker at Kerala ₹2,00,000

Contd...2

11. Suraj Limited has its head office at Mysore and has 4 branches at Mumbai, Tamil Nadu, Delhi and Gujarat. It seeks the service of Safety First Security Solutions based at Mysore for its H.O. and its branches. Safety First Security Solutions raises a bill which include GST amounting Rs. 4,00,000 on the H.O. The turnover of H.O. and branches during the quarter ending 31-12-2022 were as follows:

Mysore Head Office ₹ 20,00,000

Mumbai ₹11,20,000

Tamil Nadu ₹6,50,000

Delhi ₹10,80,000

Gujarat ₹7,00,000

Show the distribution of Input tax by the Mysore head Office.

12. Determine the Time of supply in each of the following cases:

Sl No	Date of Removal of Goods	Date of issue of invoice	Date of Payment	Date of receipt shown by recipient
1.	25.08.2023	25.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	01.09.2023
2.	25.08.2023	21.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	01.09.2023
3.	24.08.2023	24.08.2023	Bank Credit: 19.08.2023 Books: 16.08.2023	01.09.2023
4.	23.08.2023	23.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	23.08.2023
5.	22.08.2023	21.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	23.08.2023

13. Classify the following supplies into Composite and Mixed Supply

- Supply of goods, packing materials, transport and insurance
- Supply of Plant with installation service
- Erection of machinery with warranty
- Supply of cement and paint
- Supply and fixing of vehicle battery
- Supply of combo pack consisting of tie, watch and wallet
- Supply of ceiling fan and regulator
- Supply of furniture and mat
- Supply of two soaps with a free 250 ml juice bottle
- Supply of detergent with free bucket

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Contd...2

SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. Following are the transactions of a taxable person in Tamilnadu for the month of June 2023. Compute taxable turnover and Output Tax.
- Supply to a taxable person in Salem (TN) (5%) ₹ 2,00,000
 - Supply to a taxable person in Hubli (12%) ₹ 4,80,000
 - Supply to a taxable person in Chennai (12%) ₹ 4,00,000
 - Supply to a taxable person in Nagercoil (TN) at the Instructions of a dealer in Jammu & Kashmir (18%) ₹8,00,000
 - Supply to a unregistered person in Tamilnadu (12%) ₹ 3,20,000
 - Supply to composition dealer in Goa (18%) ₹ 9,44,000 (inclusive of GST)
 - Supply to a taxable person in Pondicherry (12%) ₹ 4,00,000
 - Supply to a registered person in Mumbai (5%) ₹ 6,00,000
 - Export to Nepal (12%) ₹ 8,00,000
 - Supply to a unit of SEZ in Coimbatore (TN) (5%) ₹ 6,00,000
 - Supply to a taxable person in Madurai (TN) (12%) ₹ 3,00,000
 - Supply to a Composite dealer in Surat (18%) ₹ 8,00,000
 - Supply to local traders (5%) ₹ 50,000
 - Stock transfer from Coimbatore to Hubli (5%) ₹ 2,50,000
 - Goods consumed in the business (12%) ₹ 50,000
15. From the following information you are required to calculate Transaction Value. The sale price of ₹ 6,80,000 does not include the following:
- Transportation charges ₹ 6,000
 Advertising charges ₹ 34,000
 Publicity expenses ₹ 25,000
 Packing cost ₹ 15,000
 Material purchased (including 12% GST) ₹ 11,200
 Design and Development Charges ₹ 5,000
 Servicing charges ₹ 5,000
 Marketing expenses ₹ 25,000
 Freight charges ₹ 30,000
 Installation and erecting expenses ₹ 6,000
 Insurance cost ₹ 5,000
 Pre-delivery inspection charges ₹ 40,000
 Taxes, Duties & cesses ₹ 4,000
 Warranty expenses ₹ 23,000
- But the selling price includes the following;
- Trade discount (it is allowed at the time of supply) ₹ 10,000
 - Cost of durable and returnable packing ₹ 15,000
16. Explain the provisions of GST Act in respect of place of supply of goods.

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (International Finance) Semester V – Degree Examination

November/December - 2023

ADVANCED FINANCIAL MANAGEMENT – I

Time: 2¹/₂ Hours

Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. How is an Agency problem defined?
2. What are the advantages of a reverse take over?
3. Mention any TWO differences between Pecking order theory and Static order theory.
4. What are the three methods to be used to forecast the likely growth rate of free cash flows?
5. Mention any TWO disadvantages of share buyback scheme.
6. What are the ways in which ethical Issues would influence the firm's financial policies in relation to the shareholders?
7. Distinguish between De-mergers and Sell offs.

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SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. The following shows the balance sheet (statement of financial position) and statement of profit or loss for Zed Manufacturing for the years ended 31 December 20X7 and 31 December 20X8. Summarized statement of profit or loss (\$m):

	20X7	20X8
Sales revenue	840	830
Cost of sales	554	591
Gross profit	286	239
Selling, distribution and administration expenses	186	182
Profit before interest	100	57
Interest	6	8
Profit before tax	94	49
Tax (standard rate 50%)	45	23
Profit for the year	49	26

Contd...2

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (International Finance) Semester V – Degree Examination

November/December - 2023

ADVANCED FINANCIAL MANAGEMENT – I

Time: 2¹/₂ Hours

Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

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3. Mention any TWO differences between Pecking order theory and Static order theory.
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SECTION - B

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Contd...2

Summarized statement of financial position (balance sheet) (\$m)

	20X7	20X8
Non-current assets		
Intangible assets	36	32
Tangible assets at net book value	176	222
	212	254
Current assets:		
Inventory	237	265
Receivables	105	132
Bank	52	13
	394	410
Total assets	606	664
Equity		
Share capital (ordinary 50c shares)	100	100
Retained earnings	299	348
	399	448
Non-current liabilities		
Long term loans	74	94
	473	542
Current liabilities		
Payables	133	122
Total equity and liabilities	606	664

The current share price is \$0.80 (it was \$1.60 at the end of 20X7). Summarize the performance of Zed manufacturing in 20X8 compared with 20X7 by calculating the following ratios:

- Profitability ratios with interpretation
- Liquidity ratios with interpretation

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9. A company prepares a forecast of future free cash flow at the end of each year. A period of 15 years is used as this is thought to represent the typical time horizon of investors in this industry. It is assumed that the planning horizon is three years - i.e. returns are likely to grow each year for the first three years after which they will reach a steady state.

The following data is available:

Free cash flows are expected to be \$2.5 million in year 1, \$4.5 million in year 2 and \$6.5 million in year 3. The stock market value of debt is \$5m and the company's cost of capital is 10%.

Calculate the current value of the firm and the value of the equity.

Contd...3

10. Ray Co is a company with a diversified range of business units. One of its business units, a training business, is underperforming. The Finance Director estimates that this business unit could be disposed of by selling its non-current assets for their book value of \$25 million. At the recent Board meeting, the directors discussed the possible disposal, and two proposals for the use of the \$25 million proceeds:

Proposal 1: Use half the proceeds to pay off some debt finance, and the other half to invest in some new non-current assets for an existing publishing business unit.

Proposal 2: Use the full amount to purchase some new non-current assets and set up a new business unit in the advertising industry. At the end of the Board meeting, the Finance Director was asked to prepare some calculations to show the likely impact of these two proposals on Ray Co's forecast statement of financial position and forecast earnings for the coming year.

Ray Co., financial information is an extract from the forecast statement of financial position for next year

	\$000
Non-current assets	92,650
Current assets	16,620
Total assets	109,270
Equity and Liabilities	
Share capital-\$1 par value	50,000
Reserves	20,550
Total equity	70,550
Non-current liabilities	30,000
Current liabilities	8,720
	109,270

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Ray Co's forecast after-tax profit for next year is \$15.6 million.

Other information:

- i) The training business contributes 10% of Ray Co's overall after-tax profit.
 - ii) Ray Co pays tax at a rate of 20% per year and its after-tax return on the publishing business unit is estimated at 8%. The after-tax return on the advertising investment is expected to be 13%.
 - iii) The non-current liabilities are bank loans with a fixed interest rate of 6%.
- a) Estimate the impact of the two proposals on next year's forecast earnings and forecast financial position.

Contd...4

11. Company A has 200m shares with a current market value of \$4 per share. Company B has 90m shares with a current market value of \$2 per share. A makes an offer of 3 new shares for every 5 currently held in B. A has worked out that the present value of synergies will be \$40m.

Required:

Calculate the expected value of a share in the combined company (assuming that the given share prices have not yet moved to anticipate the takeover), and advise the shareholders in company B whether the offer should be accepted.

12. Jalfrezi is expecting revenues to grow to \$80 million next year, which is an increase of 20% from the current year. The operating margin for next year is forecast to be the same as this year at 30%. In addition to these profits, Jalfrezi receives 75% of the post-tax profits from one of its overseas subsidiaries, Pathia, as dividends. However, its other overseas subsidiary, Korai Co, does not pay dividends.

For the coming year it is expected that Jalfrezi will require the following reinvestment:

1. An investment equivalent to the amount of depreciation to keep its non-current asset base at the present productive capacity. Depreciation is 25% straight-line on its non-current assets of \$15million.
2. A 25% investment in additional non-current assets for every \$1 increase in sales revenue.
3. \$4.5 million additional investment in non-current assets for a special project.
4. 15% investment in working capital for every \$1 increase in sales revenue.

Korai produces components for Pathia to assemble into finished goods. Korai will produce 300,000 specialist components at \$12 variable cost per unit and incur fixed costs of \$2.1 million for the coming year. It will then transfer the components at full cost to Pathia, where they will be assembled at a cost of \$8 per unit and sold for \$50 per unit. Pathia will incur additional fixed costs of \$1.5 million in the assembly process.

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Other information

1. Jalfrezi has outstanding non-current liabilities of \$35 million, on which it pays interest of 8% per year.
2. Jalfrezi's, Korai's and Pathia's profits are taxed at 28%, 42% and 22% respectively. The tax authorities where Jalfrezi is based charge tax on profits made by subsidiary companies but give full credit for tax already paid by overseas subsidiaries.

Required:

Forecast Jalfrezi's dividend capacity for the coming year.

Contd...5

13. The question arises in a large international group of whether treasury activities should be centralised or decentralised. Discuss its advantages in an international group of companies.

SECTION – C

Answer any TWO of the following.

(2x15=30)

14. Green finance is an important tool in the transition toward a more sustainable and environmentally responsible global economy. It aligns the financial industry with the goals of environmental protection and social well-being, contributing to the fight against climate change and other sustainability challenges. Elaborate with specific examples.

15. Siplem Co and Linbeny Co are listed companies. Siplem is considering a takeover bid for Linbeny. Relevant information is as follows:

	Siplem Co	Linbeny Co
Share price today	\$8.50	\$6.20
Shares in issue	100 million	20 million

If the acquisition goes ahead, synergies with a total value of \$46 million are expected to be achieved. The Siplem Co directors are considering the following three offers:

- 1) a cash offers of \$7.00 per share
- 2) a 9 for 10 share for share exchange
- 3) a mixed offer of \$6.00 cash and one Siplem Co share for every two

Linbeny Co shares held. It is estimated that Siplem Co's share price will become \$8.60 per share if such a mixed offer is made. Recent takeovers in the industry have seen premiums payable to target company shareholders of between 10% and 30%.

Estimate the gains to both sets of shareholders (in \$ and % terms) as a result of each of the three offers. Evaluate the likely reaction of Siplem Co's and Linbeny Co's shareholders to the three offers.

16. The board of directors of Triple Tipple are discussing whether to adopt a triple bottom line (TBL) reporting system, increasingly used by the company's competitors. The board would like to demonstrate the company's commitment to sustainable development but is concerned that the costs of TBL reporting would exceed the benefits, particularly as TBL reporting is not mandatory for external reporting purposes.

Required:

a. Explain what TBL reporting involves and how it would help demonstrate Triple Tipple's sustainable development. Include examples of measures that can be used in a TBL report. **(7 marks)**

b. Discuss how producing a TBL report may help management improve the financial performance of the company, providing examples where appropriate. **(8 marks)**

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B.Com. (International Finance) Semester V – Degree Examination

November/December – 2023

ADVANCED AUDITING AND ASSURANCE - I

Time: 2½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is corporate governance?
2. What is fraud?
3. Mention any two reasons for changing the auditors/professional accountants.
4. What is materiality by nature?
5. Define professional skepticism.
6. What is joint audit?
7. What is self-review threat?

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SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. Write a note on audit committee.
9. Define money laundering. Explain the three stages of money laundering along with its offences.
10. What is non-compliance? Mention the audit procedures to identify the instances of non-compliance.
11. a) Kingston Co. operates in the computer games industry, developing new games for sale in retail stores.
b) Portmore Co is currently waiting for confirmation from its bank that its overdraft facility will be extended. The bank has requested a copy of the audited financial statements as soon as they are available.

Required:

For each of the scenarios, identify the business risks and state the impact this might have on your assessment of the risk of material misstatement for the planning of the audit.

12. Explain the importance of the role of confidentiality to the auditor-client relationship.
13. You are the auditor of a chain of restaurants. You have read a newspaper report that guests at a wedding have fallen ill after eating at one of your client's restaurants.

Required:

In relation to this report, describe the audit procedures you should perform in respect of compliance with laws and regulations.

Contd...2

SECTION - C**Answer any TWO of the following.****(2x15=30)**

14. a) Explain the five principles of ACCA's code of ethics and conduct. **(5 marks)**
b) Discuss the self-interest threats along with their safeguards. **(10 Marks)**

15. Explain the elements of quality management

16. Becher Co is an independent construction company, dealing with large-scale contracts throughout the UK and with some international interest in Europe. Becher Co has recently established an audit committee, the members of which are very concerned about complying with corporate governance best practice, particularly since they are currently looking at the possibility of obtaining a stock exchange listing.

As one of Becher Co's internal auditors, you have been tasked with conducting a review of how effectively the company is meeting the relevant corporate governance requirements.

You are required to prepare a report that addresses the following.

(a) Explain the term 'corporate governance' and why it is important for companies to comply with relevant corporate governance requirements.

(5 Marks)

(b) Explain the key issues Becher Co needs to address to achieve effective corporate governance.

(5 Marks)

(c) Explain the role of the audit committee in relation to corporate governance.

(5 Marks)

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**B.Com. (International Finance) V Semester - Degree Examination
November/December - 2023**

ADVANCED PERFORMANCE MANAGEMENT

Time: 2½ hrs.

Max Marks: 60

SECTION A

Answer any FIVE of the following:

(5x2=10)

- Write a note on strategic alliance.
- What is corporate digital responsibility?
- What is EMA?
- A company uses rolling budgeting and has a sales budget as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	\$	\$	\$	\$	
Sales	125,750	132,038	138,640	145,572	542,000

Actual sales for Quarter 1 were \$123,450. The adverse variance is fully explained by competition being more intense than expected and growth being lower than anticipated. The budget committee has proposed that the revised assumption for sales growth should be 3% per quarter for Quarters 2, 3 and 4.

Update the budget figures for Quarters 2-4 as appropriate.

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- What are the uses of McKinsey 7S model?
- X Co is forecasting its sales for the four quarters of 20X5. It has carried out a linear regression exercise on its past sales data and established the following:
 $a = 20$ $b = 0.7$ The equation of the regression line is therefore: $y = 20 + 0.7x$
When x is number of the quarter and y is the sales value in \$000s. Calculate the sales for each of the quarters in 20X5.
- Many commentators believe that CSR is a morally correct pursuit, but there are powerful arguments against it. Identify these arguments.

SECTION B

Answer any FOUR of the following:

(4x5=20)

- Tiddlepeeps is a private childcare provider and operates from two different sites. Site 1 currently employs 15 staff and has 120 children registered for childcare provision. Site 2 employs 24 staff and has 160 children registered. The total overhead for salaries at Tiddlepeeps this year was \$624,000.
Tiddlepeeps is looking to expand both of its premises next year such that it can provide childcare for an additional 15 more children at Site 1 and 24 additional children at Site 2.

Contd...2

Management use staff numbers to allocate costs between the sites and believe that the number of registered children is the most appropriate cost driver for salaried costs.

Using an activity-based budgeting approach, calculate the budgeted cost for salaries for both sites at Tiddleypeeps for next year.

9. State the performance measures that may be used in order to assess the surgical quality provided by a hospital indicating how each measure may be addressed.
10. Write a note on MIS? Explain the types of MIS.
11. XYZ Ltd. has produced the following information for a product it is about to launch. The product is expected to have a life of three years.

Year	1	2	3
Expected sales units	2000	5000	7000
Variable production cost per unit	\$2.30	\$1.80	\$1.20
Fixed production cost	\$3000	\$3500	\$4000
Variable selling cost per unit	\$0.50	\$0.40	\$0.40
Fixed selling cost	\$1500	\$1600	\$1600
Administrative cost	\$700	\$700	\$700

Calculate life cycle cost per unit.

12. In the United Kingdom (UK), railways are facing major challenges. Customers are complaining about poor services. The government is reluctant to spend vast amounts of public money on developing the decaying infrastructure. The inflated costs of commuting by car, such as fuel and congestion charges, are increasing the number of people wanting to use the railways.
Use PEST and Porter's 5 forces to identify the issues in the external environment and discuss the impact of these factors on the performance of the railways in the UK.
13. Explain stakeholder mapping using Mendelow's matrix.

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SECTION - C

Answer any TWO of the following:

(2x15=30)

14. What is benchmarking? Explain the benchmarking process.
15. a) Redfern hospital is a government-funded hospital in the country of Newland. Relevant cost data for the year ended 31 December 20X0 is as follows:

- (1) Salary costs per staff member were payable as follows:

	Budget (\$)	Actual (\$)
Doctors	100,000	105,000
Nurses	37,000	34,500

Budgeted and actual staff were 60 doctors and 150 nurses.

Contd...3

- (2) Budgeted costs for the year based on 20,000 patients per annum were as follows:

	\$'	Variable cost (%)	Fixed cost (%)
Other staff costs	1,440,000	100	–
Catering	200,000	70	30
Cleaning	80,000	35	65
Other operating costs	1,200,000	30	70
Depreciation	80,000	–	100

Variable costs vary according to the number of patients.

The actual number of patients for the year was 23,750. Actual costs (excluding the cost of doctors and nurses) incurred during the year were as follows:

Other staff costs 1,500,000

Catering 187,500

Cleaning 142,000

Other operating costs 1,050,000

Depreciation 80,000

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Prepare a statement which shows the actual and budgeted costs for Redfern hospital in respect of the year ended 31 December 20X0 on a comparable basis. **(10 marks)**

- b) Cost data for the six months to 31 December 20X8 is as follows:

Month	Units	Inspection costs \$
July	340	2,240
August	300	2,160
September	380	2,320
October	420	2,400
November	400	2,360
December	360	2,280

Use high/low analysis to find the variable cost per unit, and the total fixed cost. Forecast the total cost when 500 units are produced. **(5 Marks)**

16. a) Explain the problems dealing with quantitative data and qualitative data.

(10 marks)

- b) A company is considering replacing its current products with a new range which will use different production techniques. What qualitative issues will it need to consider?

(5 marks)

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B.Com. (International Finance) Semester V – Degree Examination

November/December - 2023

CORPORATE REPORTING-II

Time: 2¹/₂ Hours

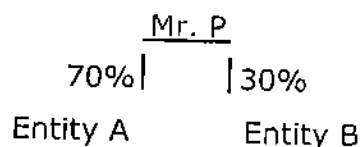
Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. What is meant by functional currency and presentation currency?
2. Brick is a company with a reporting date of 30 April 2004. The company obtains tax relief for research and development expenditure on a cash paid basis. The recognition of a material development asset during the year, in accordance with IAS 38, created a significant taxable temporary difference as at 30 April 2004.
The tax rate for companies as at the reporting period was 22%. On 6 June 2004, the government passed legislation to lower the company tax rate to 20% from 1 January 2005. Explain which tax rate should have been used to calculate the deferred tax liability for inclusion in the financial statements for the year ended 30 April 2004.
3. P purchased 60% of the shares of S on 1 January 2001. The fair value of the non-controlling interest at the acquisition date is \$160,000. Fair Value of Consideration \$1,025,454. Fair Value of identifiable net assets at acquisition \$270,000.
Required:
Calculate the goodwill arising on the acquisition of S if the non-controlling interest at the acquisition date is valued at:
(a) fair value
(b) its proportion of the fair value of the subsidiary's identifiable net assets.
4. Expand: - a) EBIT b) EBITDA
5. What are the different types of Cash flows?
6. Explain whether or not entity A and entity B are related parties.



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Mr. P controls entity A and is able to exert significance influence over entity B.

7. Clean sells domestic appliances such as washing machines. On 31 December 2001, Clean decides to start selling washing machines with a warranty. Under the terms of the warranty, Clean will repair washing machines at no charge to

Contd...2

the customer if they break within the warranty period. The entity estimates, based on past correspondence with customers, that 30% of the washing machines sold will require repair within the warranty period at an average cost to Clean of \$60 per machine. Clean sold 200 washing machines on 31 December 2001. The time value of money should be ignored.

Calculate the warranty provision required.

SECTION – B

Answer any **FOUR** of the following.

(4x5=20)

8. Nat is a company that used to prepare financial statements under local national standards. Their first financial statements produced in accordance with IFRS Standards are for the year ended December 2005 and these will include comparative information for the previous financial year. Its previous GAAP financial statements are for the years ended 31 December 2003 and 2004. The directors are unsure about the following issues:

- (i) Nat received \$5 million in advance orders for a new product on 31 December 2003. These products were not dispatched until 2004. In line with its previous GAAP, this \$5m was recognized as revenue.
- (ii) A restructuring provision of \$1 million relating to head office activities was recognized at 31 December 2003 in accordance with previous GAAP. This does not qualify for recognition as a liability in accordance with IAS 37.

Required: In accordance with IFRS 1, how should the above issues be dealt with?

9. On 1 January 2006, Scrubber spent \$5m on erecting infrastructure and machinery near to an area of natural beauty. These assets will be used over the next three years. Scrubber is well-known for its environmentally friendly behavior and is therefore expected to restore the site after its use.

The estimated cost of removing these assets and cleaning up the area on 1 January 2009 is \$3m.

The pre-tax, risk-specific discount rate is 10%. Scrubber has a reporting date of 31 December.

Required:

Explain how the above should be treated in the financial statements of Scrubber.

10. Define financial asset and financial liability.

11. P purchased 60% of the shares of S on 1 January 2001. At the acquisition date, S had share capital of \$10,000 and retained earnings of \$190,000.

The property, plant and equipment of S includes land with a carrying value of \$10,000 but a fair value of \$50,000.

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Contd...3

Included within the intangible assets of S is goodwill of \$20,000 which arose on the purchase of the trade and assets of a sole-trader business. S has an internally generated brand that is not recognized (in accordance with IAS 38 Intangible Assets). The directors of P believe that this brand has a fair value of \$150,000.

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the financial statements of S disclose the fact that a customer has initiated legal proceedings against them. If the customer wins, which lawyers have advised is unlikely, estimated damages would be \$1 million. The fair value of this contingent liability has been assessed as \$100,000 at the acquisition date.

The directors of P wish to close one of the divisions of S. They estimate that this will cost \$200,000 in redundancy payments.

Required: Discuss, with calculations, the fair value of S's identifiable net assets at the acquisition date.

12. Write a note on Small and medium sized entities.
13. An entity, Splash, established a share option scheme for its four directors. This scheme commenced on 1 July 2008. Each director will be entitled to 25,000 share options on condition that they remain with Splash for four years, from the date the scheme was introduced. Information regarding the share options is provided below:

Fair value of option at grant date	\$10
Exercise price of option	\$5

The fair value of the shares at 30 June 2009 was \$17 per share.

A tax deduction is only given for the share options when they are exercised. The allowable deduction will be based on the intrinsic value of the options. Assume a tax rate of 30%.

Required: Calculate and explain the amounts to be included in the financial statements of Splash for the year ended 30 June 2009, including explanation and calculation of any deferred tax implications.

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SECTION - C

Answer any TWO of the following.

(2x15=30)

14. On 1 January 2005, Lucky group purchased 80% of Happy for \$500,000. The fair value of the identifiable net assets of Happy at the date of acquisition amounted to \$590,000.
- The carrying amount of Happy's net assets at 31 December is \$520,000 (excluding goodwill). Happy is a cash-generating unit.
- At 31 December 2005 the recoverable amount of Happy's net assets is \$530,000.

Contd...4

Required:

Calculate the impact of the impairment review if:

(a) the NCI at acquisition was measured at its fair value of \$130,000.

(7 Marks)

(b) the NCI at acquisition was measured at its share of the fair value of Happy's identifiable net assets.

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(8 Marks)

15. The management of a company have identified operating segments based on geographical location. Information for these segments is provided below:

Segment	Total Revenue (\$000)	External Revenue (\$000)	Internal Revenue (\$000)	Profit/ (Loss) (\$000)	Assets (\$000)
Europe	260	140	120	98	3,400
Middle East	78	33	45	(26)	345
Asia	150	150	-	47	995
North America	330	195	135	121	3,800
Central America	85	40	45	(15)	580
South America	97	54	43	12	880
	1,000	612	388	237	10,000

Required: According to IFRS 8, which segments must be reported?

16. Describe the main circumstances that give rise to related parties and explain why the disclosure of related party relationships and transactions is important.

(2021 Batch onwards)

G 320 VO 1.5

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**St Aloysius College (Autonomous)
Mangaluru**

B.Com. (International Finance) Semester V – Degree Examination

November/December - 2023

BUSINESS TAXATION - I

Time: 2 ½ Hours

Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. What is GSTIN?
2. Who is a Casual Taxable Person under GST?
3. Mention any four taxes which are subsumed under GST.
4. Determine the place of supply in the following cases:
 - a. Reem Refineries (Indore, Madhya Pradesh) gives a contract to Rakesh Ltd. (Ranchi, Jharkhand) to assemble a power plant in its Gujarat refinery.
 - b. Mr. Ashik of Mangalore, Karnataka sells 10 vacuum cleaners to Mr. Rashik of Nagpur, Maharashtra for delivery at Mr. Rashik's place of business in Nagpur, Maharashtra.
5. Mention any two persons who are liable to pay tax under reverse charge mechanism?
6. What is Tax Invoice? State any two contents of tax invoice.
7. What is Composition Levy under GST?

SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. Give the meaning of Input Tax Credit. What are the conditions for claiming input tax credit?
9. Write a brief note on GST Council.
10. Reena Private Ltd is having its manufacture units at Mangalore and Chennai. It also has service unit at Mysore. From the following information calculate Aggregate Turnover for the year 2022-23.
 1. Sold goods from Mangalore Unit to a dealer at Delhi for ₹25,00,000.
 2. Supplied goods from Chennai Unit to UK for ₹ 20,00,000.
 3. Rendered service from Mysore Unit to a person located in Hubli for ₹1,00,000.
 4. Mangalore Unit supplies non-taxable goods to Mr. Neel at Bengaluru for ₹ 2,50,000.
 5. Transferred goods from Mangalore Unit to Chennai Branch ₹ 5,00,000.
 6. Total IGST and CGST paid by Reena Private Ltd for the year ₹3,00,000
 7. Supplied goods to job worker at Kerala ₹2,00,000.

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Contd...2

11. Suraj Limited has its head office at Mysore and has 4 branches at Mumbai, Tamil Nadu, Delhi and Gujarat. It seeks the service of Safety First Security Solutions based at Mysore for its H.O. and its branches. Safety First Security Solutions raises a bill which include GST amounting Rs. 4,00,000 on the H.O. The turnover of H.O. and branches during the quarter ending 31-12-2022 were as follows:

Mysore Head Office ₹ 20,00,000

Mumbai ₹11,20,000

Tamil Nadu ₹6,50,000

Delhi ₹10,80,000

Gujarat ₹7,00,000

Show the distribution of Input tax by the Mysore head Office.

12. Determine the Time of supply in each of the following cases:

Sl No	Date of Removal of Goods	Date of issue of invoice	Date of Payment	Date of receipt shown by recipient
1.	25.08.2023	25.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	01.09.2023
2.	25.08.2023	21.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	01.09.2023
3.	24.08.2023	24.08.2023	Bank Credit: 19.08.2023 Books: 16.08.2023	01.09.2023
4.	23.08.2023	23.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	23.08.2023
5.	22.08.2023	21.08.2023	Bank Credit: 05.09.2023 Books: 04.09.2023	23.08.2023

13. Classify the following supplies into Composite and Mixed Supply

- a. Supply of goods, packing materials, transport and insurance
- b. Supply of Plant with installation service
- c. Erection of machinery with warranty
- d. Supply of cement and paint
- e. Supply and fixing of vehicle battery
- f. Supply of combo pack consisting of tie, watch and wallet
- g. Supply of ceiling fan and regulator
- h. Supply of furniture and mat
- i. Supply of two soaps with a free 250 ml juice bottle
- j. Supply of detergent with free bucket

ST ALOYSIUS COLLEGE LIBRARY
MANGALURU - 575 003

Contd...3

SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. Following are the transactions of a taxable person in Tamilnadu for the month of June 2023. Compute taxable turnover and Output Tax.
- Supply to a taxable person in Salem (TN) (5%) ₹ 2,00,000
 - Supply to a taxable person in Hubli (12%) ₹ 4,80,000
 - Supply to a taxable person in Chennai (12%) ₹ 4,00,000
 - Supply to a taxable person in Nagercoil (TN) at the Instructions of a dealer in Jammu & Kashmir (18%) ₹8,00,000
 - Supply to a unregistered person in Tamilnadu (12%) ₹ 3,20,000
 - Supply to composition dealer in Goa (18%) ₹ 9,44,000 (inclusive of GST)
 - Supply to a taxable person in Pondicherry (12%) ₹ 4,00,000
 - Supply to a registered person in Mumbai (5%) ₹ 6,00,000
 - Export to Nepal (12%) ₹ 8,00,000
 - Supply to a unit of SEZ in Coimbatore (TN) (5%) ₹ 6,00,000
 - Supply to a taxable person in Madurai (TN) (12%) ₹ 3,00,000
 - Supply to a Composite dealer in Surat (18%) ₹ 8,00,000
 - Supply to local traders (5%) ₹ 50,000
 - Stock transfer from Coimbatore to Hubli (5%) ₹ 2,50,000
 - Goods consumed in the business (12%) ₹ 50,000
15. From the following information you are required to calculate Transaction Value. The sale price of ₹ 6,80,000 does not include the following:
- Transportation charges ₹ 6,000
 - Advertising charges ₹ 34,000
 - Publicity expenses ₹ 25,000
 - Packing cost ₹ 15,000
 - Material purchased (including 12% GST) ₹ 11,200
 - Design and Development Charges ₹ 5,000
 - Servicing charges ₹ 5,000
 - Marketing expenses ₹ 25,000
 - Freight charges ₹ 30,000
 - Installation and erecting expenses ₹ 6,000
 - Insurance cost ₹ 5,000
 - Pre-delivery inspection charges ₹ 40,000
 - Taxes, Duties & cesses ₹ 4,000
 - Warranty expenses ₹ 23,000
- But the selling price includes the following;
- Trade discount (it is allowed at the time of supply) ₹ 10,000
 - Cost of durable and returnable packing ₹ 15,000
16. Explain the provisions of GST Act in respect of place of supply of goods.

ST ALOYSIUS COLLEGE LIBRARY
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(2021 Batch Only)

G 340 DC1.5

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**St Aloysius College (Autonomous)
Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination
November/December - 2023
ADVANCED ACCOUNTING - I**

Time: 2½ Hours

Max Marks: 60

SECTION - A

Answer any **FIVE** of the following.

(5x2=10)

1. What is minority interest?
2. The amount invested by a Holding company is ₹60 Lakhs and the net assets of the company as on the date of take over is ₹96 Lakhs. The holding company holds an 80% share in the subsidiary. What is the goodwill or capital reserve?
3. What are the three essentials for 'Business' under Business Combinations?
4. The net assets of a subsidiary is a negative ₹20 Lakhs. The Holding company holds 90% of the shares. What will be the minority interest?
5. What is the journal entry for post-acquisition Dividend received from a subsidiary company to be recorded in the books of the Holding company?
6. Which are the two types of Amalgamation as per AS 14?
7. A Ltd. takes over Land and Building to the tune of ₹5 Crores and also other assets worth ₹2 Crores from B Ltd. The payment due to the shareholders of B Ltd. is ₹2.75 Crores and the Debenture holders are to be paid in Debentures of ₹25 Lakhs. What will be the Goodwill or otherwise in the above transaction?

**ST ALOYSIUS COLLEGE LIBRARY
MANGALURU - 575 003**

SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. Under what conditions is a parent company exempted from preparing and presenting Consolidated Financial Statements?
9. P Ltd. acquires 80% of Y Ltd. by paying ₹400 Lakhs. The fair value of non-controlling interest on the date of acquisition is ₹100 Lakhs. The value of the subsidiary's net asset is ₹520 Lakhs. Determine the value of gain on bargain purchase and pass the journal entry under fair value method.
10. State the Key differences between Business Combination and Acquisition of Group of Assets under Ind AS.
11. State the different ways in which an Acquirer may obtain control of an Acquiree.
12. Explain reverse acquisition with an example.
13. Mention the steps to be followed while preparing a consolidated balance sheet.

Contd...2

SECTION – C

Answer any **TWO** of the following.

(2x15=30)

- 14 The following are the summarized balance sheets of Surya Ltd. and Chandra Ltd. as on 31.03.22

Liabilities	₹	₹
Equity shares of 10 each	10,00,000	3,00,000
General Reserve	4,00,000	1,25,000
Profit and loss account	3,00,000	1,75,000
Creditors	1,00,000	70,000
Total	18,00,000	6,70,000
Assets	₹	₹
Property, Plant and Equipment	8,80,000	3,10,000
Investment in shares of S Ltd. (20,000 shares of 10 each)	2,60,000	-
Stock	3,20,000	1,60,000
Debtors	3,00,000	1,70,000
Bank	40,000	30,000
Total	18,00,000	6,70,000

You are required to prepare a consolidated balance sheet as on 31st March 2022 showing in detail necessary adjustments and taking into consideration the following information:

- The shares were acquired on 1.4.21 when the balances of the P & L Account and General Reserves of Chandra Ltd. were ₹75,000 and ₹80,000 respectively.
- Stock of ₹1,60,000 held by Chandra Ltd. consists of ₹60,000 goods purchased from Surya Ltd. who charged profit at 25% on cost. Chandra Ltd. still owes ₹40,000 to Surya Ltd.

15. H Ltd. and S Ltd. Provide the following information as at 31st March, 2022:

	H Ltd. (₹)	S Ltd. (₹)
Property, Plant and Equipment	2,00,000	2,60,000
Investment (14,000 Equity Shares of S Ltd.)	2,52,000	-
Current Assets	1,48,000	1,40,000
Share Capital (Fully paid equity shares of ₹10 each)	3,00,000	2,00,000
Profit and Loss account	1,00,000	80,000
Trade Payables	2,00,000	1,20,000

Additional Information:

H Ltd. Acquired the shares of S Ltd. on 1st July, 2021 and Balance of profit and loss account of S Ltd. on 1st April, 2021 was ₹60,000. Prepare Consolidated Balance Sheet of H Ltd. and its Subsidiary as at 31st March, 2022.

16. AX Ltd. and BX Ltd. amalgamated from 1st January, 20X2. A new Company ABX Ltd. with shares of ₹10 each was formed to take over the businesses of the existing companies.

Summarized Balance Sheet as on 31-12-20X1

₹ in '000

Assets	Note No.	AX Ltd.	BX Ltd.
Non-Current Assets			
Property, Plant and Equipment		8,500	7,500
Financial Assets:			
Investment		1,050	550
Current Assets			
Inventory		1,250	2,750
Financial Assets:			
Trade Receivables		1,800	4,000
Cash and Cash Equivalents		450	400
		13,050	15,200
Equity and Liabilities			
Equity			
Equity Share Capital (of face value of ₹10 each)		6,000	7,000
Other Equity	1	3,050	2,700
Liabilities			
Non-Current Liabilities			
Financial Liabilities:			
Borrowings (12% Debentures)		3,000	4,000
Current Liabilities			
Financial Liabilities			
Trade Payables		1,000	1,500
		13,050	15,200

Note:

1.	Other equity	AX Ltd.	BX Ltd.
	General Reserve	1,500	2,000
	Profit & Loss	1,000	500
	Investment Allowance Reserve	500	100
	Export Profit Reserve	50	100
		3,050	2,700

ABX Ltd. issued requisite number of shares to discharge the claims of the equity shareholders of the transferor companies. Also the new debentures were issued in exchange of the old series of both the companies.

Prepare a note showing purchase consideration and discharge thereof and draft the Balance Sheet of ABX Ltd: Assuming that both the entities are under common control.

(2021 Batch Only)

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (Accounting and Tax) Semester V – Degree Examination

November/December - 2023

FINANCIAL MANAGEMENT - I

Time: 2¹/₂ Hours

Max Marks: 60

SECTION - A

Answer any **FIVE** of the following.

(5x2=10)

1. What is Financial Leverage?
2. Explain Operating Income Theory?
3. What is Financial Indifference point?
4. What are Capital Structure Ratios?
5. What is Working Capital?
6. What is IRR?
7. Consider the following information for Mega Ltd.:

Production level	2,500 units
Contribution per unit	₹ 150
Operating leverage	6
Combined leverage	24
Tax rate	30%

ST ALOYSIUS COLLEGE LIBRARY
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SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. Ganpati Limited has furnished the following ratios and information relating to the year ended 31st March,2019.

Sales	₹ 60,00,000
Return on net worth	25%
Rate of income tax	50%
Share capital to reserves	7:3
Current ratio	2
Net profit to sales	6.25%
Inventory turnover (based on cost of goods sold)	12
Cost of goods sold	₹ 18,00,000
Interest on Debentures	₹ 60,000
Receivables	₹ 2,00,000
Payables	₹ 2,00,000

Contd...2

You are required to:

CALCULATE the operating expenses for the year ended 31st March,2019 and PREPARE a balance sheet as on 31st March in the following format:

Liabilities	₹	Assets	₹
Share Capital		Fixed Assets	
Reserves and Surplus		Current Assets	
15% Debentures		Stock	
Payables		Receivables	
		Cash	

9. MT Limited has the following Balance Sheet as on March 31, 2019 and March 31, 2020:

BALANCE SHEET

ST ALOYSIUS COLLEGE LIBRARY
MANGALURU - 575 003

	₹ in lakhs	
	March 31, 2019	March 31, 2020
Sources of Funds:		
Shareholders' Funds	2,500	2,500
Loan Funds	3,500	3,000
	6,000	5,500
Applications of Funds:		
Fixed Assets	3,500	3,000
Cash and bank	450	400
Receivables	1,400	1,100
Inventories	2,500	2,000
Other Current Assets	1,500	1,000
Less: Current Liabilities	(1,850)	(2,000)
	6,000	5,500

The Income Statement of the MT Ltd. for the year ended is as follows:

	₹ in lakhs	
	March 31, 2019	March 31, 2020
Sales	22,500	23,800
Less: Cost of Goods sold	(20,860)	(21,100)
Gross Profit	1,640	2,700
Less: Selling, General and Administrative expenses	(1,100)	(1,750)
Earnings before Interest and Tax (EBIT)	540	950
Less: Interest Expense	(350)	(300)
Earnings before Tax (EBT)	190	650
Less: Tax	(57)	(195)
Profits after Tax (PAT)	133	455

Contd...3

Required: CALCULATE for the year 2019-20:

- Inventory turnover ratio
- Financial Leverage
- Return on Capital Employed(ROCE)
- Return on Equity(ROE)
- Average Collection period.

[Take 1 year = 365days]

10. The capital structure of PS Ltd. for the year ended 31st March, 2020 consisted as follows:

Particulars	Amount in ₹
Equity share capital (face value ₹ 100 each)	10,00,000
10% debentures (₹ 100 each)	10,00,000

During the year 2019-20, sales decreased to 1,00,000 units as compared to 1,20,000 units in the previous year. However, the selling price stood at ₹ 12 per unit and variable cost at ₹ 8 per unit for both the years. The fixed expenses were at ₹ 2,00,000 p.a. and the income tax rate is 30%.

You are required to CALCULATE the following:

- The degree of financial leverage at 1,20,000 units and 1,00,000units.
 - The degree of operating leverage at 1,20,000 units and 1,00,000units.
 - The percentage change in EPS.
11. Shiva Limited is planning its capital investment programme for next year. It has five projects all of which give a positive NPV at the company cut-off rate of 15 percent, the investment outflows and present values being as follows:

Project	Investment (₹)	NPV @ 15% (₹)
A	(50,000)	15,400
B	(40,000)	18,700
C	(25,000)	10,100
D	(30,000)	11,200
E	(35,000)	19,300

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The company is limited to a capital spending of ₹ 1,20,000.

You are required to ILLUSTRATE the returns from a package of projects within the capital spending limit. The projects are independent of each other and are divisible (i.e., part- project is possible).

12. A company proposes to install machine involving a capital cost of ₹ 3,60,000. The life of the machine is 5 years and its salvage value at the end of the life is nil. The machine will produce the net operating income after depreciation of ₹ 68,000 per annum. The company's tax rate is 45%.

The Net Present Value factors for 5 years are as under:

Discounting rate	14	15	16	17	18
Cumulative factor	3.43	3.35	3.27	3.20	3.13

You are required to COMPUTE the internal rate of return of the proposal.

Contd...4

13. Yoyo Limited presently has ₹ 36,00,000 in debt outstanding bearing an interest rate of 10 per cent. It wishes to finance a ₹ 40,00,000 expansion programme and is considering three alternatives: additional debt at 12 per cent interest, preference shares with an 11 per cent dividend, and the issue of equity shares at ₹ 16 per share. The company presently has 8,00,000 shares outstanding and is in a 40 per cent tax bracket.
- a) If earnings before interest and taxes are presently ₹ 15,00,000, DETERMINE earnings per share for the three alternatives, assuming no immediate increase in profitability?
- b) ANALYSE which alternative do you prefer? COMPUTE how much would EBIT need to increase before the next alternative would be best?

ST ALOYSIUS COLLEGE LIBRARY
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SECTION - C

Answer any **TWO** of the following.

(2x15=30)

14. A. DETERMINE the cost of capital of Best Luck Limited using the book value (BV) and market value (MV) weights from the following information:

Sources	Book Value(₹)	Market Value(₹)
Equity shares	1,20,00,000	2,00,00,000
Retained earnings	30,00,000	—
Preference shares	36,00,000	33,75,000
Debentures	9,00,000	10,40,000

Additional information:

- a) Equity: Equity shares are quoted at ₹ 130 per share and a new issue priced at ₹ 125 per share will be fully subscribed; flotation costs will be ₹ 5 per share.
- b) Dividend: During the previous 5 years, dividends have steadily increased from ₹ 10.60 to ₹ 14.19 per share. Dividend at the end of the current year is expected to be ₹ 15 per share.
- c) Preference shares: 15% Preference shares with face value of ₹ 100 would realize ₹ 105 per share.
- d) Debentures: The Company proposes to issue 11-year 15% debentures but the yield on debentures of similar maturity and risk class is 16%; flotation cost is 2%.
- e) Tax: Corporate tax rate is 35%. Ignore dividend tax. Flotation cost would be calculated on face value.

(7 ½ Marks)

- B. Ganesha Limited is setting up a project with a capital outlay of ₹ 60,00,000. It has two alternatives in financing the project cost.

Alternative-I: 100% equity finance by issuing equity shares of ₹ 10 each

Contd...5

Alternative-II: Debt-equity ratio 2:1 (issuing equity shares of ₹ 10 each)

The rate of interest payable on the debts is 18% p.a. The corporate tax rate is 40%. CALCULATE the indifference point between the two alternative methods of financing.

(7 ½ Marks)

15. BT Pathology Lab Ltd. is using an X-ray machines which reached at the end of their useful lives. Following new X-ray machines are of two different brands with same features are available for the purchase.

Brand	Cost of Machine (₹)	Life of Machine	Maintenance Cost			Rate of Depreciation
			Year 1-5 (₹)	Year 6-10 (₹)	Year 11-15 (₹)	
XYZ	6,00,000	15 years	20,000	28,000	39,000	4%
ABC	4,50,000	10 years	31,000	53,000	--	6%

Residual Value of both of above machines shall be dropped by 1/3 of Purchase price in the first year and thereafter shall be depreciated at the rate mentioned above.

Alternatively, the machine of Brand ABC can also be taken on rent to be returned back to the owner after use on the following terms and conditions:

- Annual Rent shall be paid in the beginning of each year and for first year it shall be ₹ 1,02,000.
- Annual Rent for the subsequent 4 years shall be ₹ 1,02,500.
- Annual Rent for the final 5 years shall be ₹ 1,09,950.
- The Rent Agreement can be terminated by BT Labs by making a payment of ₹ 1,00,000 as penalty. This penalty would be reduced by ₹ 10,000 each year of the period of rental agreement.

You are required to:

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- ADVISE which brand of X-ray machine should be acquired assuming that the use of machine shall be continued for a period of 20 years.
 - STATE which of the option is most economical if machine is likely to be used for a period of 5 years? The cost of capital of BT Labs is 12%.
16. A large profit making company is considering the installation of a machine to process the waste produced by one of its existing manufacturing process to be converted into a marketable product. At present, the waste is removed by a contractor for disposal on payment by the company of ₹ 150 lakh per annum for the next four years. The contract can be terminated upon installation of the aforesaid machine on payment of a compensation of ₹ 90 lakh before the processing operation starts. This compensation is not allowed as deduction for tax purposes.

Contd...6

The machine required for carrying out the processing will cost ₹ 600 lakh to be financed by a loan repayable in 4 equal installments commencing from end of the year- 1. The interest rate is 14% per annum. At the end of the 4th year, the machine can be sold for ₹ 60 lakh and the cost of dismantling and removal will be ₹ 45 lakh. Sales and direct costs of the product emerging from waste processing for 4 years are estimated asunder: (in lakhs)

Year	1	2	3	4
Sales	966	966	1,254	1,254
Material consumption	90	120	255	255
Wages	225	225	255	300
Other expenses	120	135	162	210
Factory overheads	165	180	330	435
Depreciation (as per income tax rules)	150	114	84	63

Initial stock of materials required before commencement of the processing operations is ₹ 60 lakh at the start of year 1. The stock levels of materials to be maintained at the end of year 1, 2 and 3 will be ₹ 165 lakh and the stocks at the end of year 4 will be nil. The storage of materials will utilize space which would otherwise have been rented out for ₹ 30 lakh per annum. Labour costs include wages of 40 workers, whose transfer to this process will reduce idle time payments of ₹ 45 lakh in the year- 1 and ₹ 30 lakh in the year- 2. Factory overheads include apportionment of general factory overheads except to the extent of insurance charges of ₹ 90 lakh per annum payable on this venture. The company's tax rate is 30%.

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Present value factors for four years are as under:

Year	1	2	3	4
PV factors @14%	0.877	0.769	0.674	0.592

ADVISE the management on the desirability of installing the machine for processing the waste. All calculations should form part of the answer.

(2021 Batch Only)

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**St Aloysius College (Autonomous)
Mangaluru,**

B.Com. (Accounting and Tax) Semester V – Degree Examination

November/December - 2023

AUDITING AND ASSURANCE - I

Time: 2¹/₂ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. Explain any two audit evidences depending upon nature.
2. What is audit documentation?
3. What is inherent risk?
4. Define Assertion.
5. Define Audit Sampling.
6. When are Dividends are recognised in the statement of profit and loss?
7. What are risk assessment procedures?

SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. Explain the limitations of internal control.
9. Explain the Disclosure requirements under Schedule III (Part I) to the Companies Act, 2013 for any two of the following:
 - (a) Depreciation and amortization
 - (b) Inventory
 - (c) Other income
10. What are the points to be kept in mind for the purpose of construction of audit programme?
11. Briefly explain the elements of an assurance engagement.
12. Explain the scope and objectives of SA 610 – 'Using the work of Internal Auditors'.
13. During the audit of XYZ Ltd, there were borrowings amounting to Rs 50 lakhs for the year ended 31 March 2023. As the auditor of XYZ Ltd, list out the audit procedures you would undertake to ensure that all borrowings on the balance sheet represent valid claims by banks or other third parties.

**ST ALOYSIUS COLLEGE LIBRARY
MANGALURU - 575 003**

SECTION – C

Answer any TWO of the following.

(2x15=30)

14. Management of D Limited has opted for reduction of capital. As an auditor, list out the audit procedures you would undertake to check the reduction of capital.
15. Briefly explain the various audit procedures to obtain audit evidence.
16. Explain the various elements of control environments

(2021 Batch Only)

G 340 DE1.5

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (Accounting and Tax) Semester V – Degree Examination

November/December - 2023

ADVANCED COSTING TECHNIQUES - I

Time: 2¹/₂ Hours

Max Marks: 60

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. What is abnormal Loss?
2. Write any 2 Industries where Process Costing is Used.
3. What is Margin of Safety?
4. A lorry starts with a load of 24 tonnes of goods from station. It unloads 10 tonnes at station B and rest of goods at station C. It reaches back directly to station A after getting reloaded with 18 tonnes of goods at station C. the distance between A to B, B to C and then from C to A are 270 kms, 150 kms and 325 kms respectively. Compute 'Absolute tonne km' and 'Commercial tonne-km'.
5. Calculate efficiency and activity ratio from the following data:

Capacity ratio	75%
Budgeted output	6,000 units
Actual output	5,000 units
Standard time per unit	4 hours

6. What is Break-Even Point?
7. What is Idle Time Variance?

ST ALOYSIUS COLLEGE LIBRARY
MANGALURU - 575 003

SECTION - B

Answer any **FOUR** of the following.

(4x5=20)

8. The standard output of a Product 'D' is 50 units per hour in manufacturing department of Company employing 100 workers. In a 40 hours week, the department produced 1,920 units of product 'D' despite 5% of the time paid was lost due to an abnormal reason. The hourly wage rates actually paid were ₹ 12.40, ₹ 12.00 and ₹ 11.40 respectively to Group 'A' consisting 10 workers, Group 'B' consisting 30 workers and Group 'C' consisting 60 workers. The standard wage rate per labour is same for all the workers. Labour Efficiency Variance is given ₹ 480 (F).

Contd...2

You are required to COMPUTE:

- Total Labour Cost Variance.
- Total Labour Rate Variance.
- Total Labour Gang Variance.
- Total Labour Yield Variance, and
- Total Labour Idle Time Variance.

9. The following standards have been set to manufacture a product:

Direct materials:	(₹)
2 units of X at ₹ 4 per unit	8.00
3 units of Y at ₹ 3 per unit	9.00
15 units of Z at ₹ 1 per unit	15.00
	32.00
Direct Labour 3 hours @ ₹ 8 per hour	24.00
Total standard prime cost	56.00

The company manufactured and sold 6,000 units of the product during the year 2016.

Direct material costs were as follows:

12500 units of X at ₹ 4.40 per unit.

18000 units of Y at ₹ 2.80 per unit.

88500 units of Z at ₹ 1.20 per unit.

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The company worked 17,500 direct labour hours during the year 2016. For 2,500 of these hours the company paid at ₹ 12 per hour while for the remaining hours the wages were paid at the standard rate.

Compute material price, usage variance, labour rate and efficiency variances.

10. Prepare a production budget for each month and a summarized production cost budget for the six months period ending 30 June 2016, from the following data relating to product "Sony".

a) The units to be sold for different months are as follows:

Year	Jan	Feb	March	April	May	June	July
2016	1,000	1,100	1,700	1,900	2,500	2,300	2,000

b) There will be no work in progress at the end of any month.

c) Finished units equal to half the sales for the next month will be in stock at the end of each month (including December 2015)

d) Budgeted production and production cost for the year ending June 2016 are as follows:

Production (units)	22,000
Direct material per unit	Rs. 10
Direct wages per unit	Rs. 4
Total factory overhead apportioned	Rs. 88,000

Contd...3

11. A product passes through two Processes A and B. During the year 2016, the input to process A of basic raw material was 8000 units at ₹ 9 per unit. Other information for the year is as follows:

Particulars	Process A	Process B
Output units	7,500	4,800
Normal loss (% to input)	5%	10%
Scrap value per unit	2	10
Direct wages	12,000	24,000
Direct expenses	6,000	5,000
Selling price per unit	15	25

Total overheads ₹ 17,400 were recovered as percentage of direct wages. Selling expenses were ₹ 5,000. They are not allocated to the processes. 2/3 of the output of Process A was passed on to the next process and the balance was sold. The entire output of Process B was sold. Prepare Process A and B accounts.

12. Global Transport Ltd. charges ₹ 90 per ton for its 6 tonnes truck lorry load from city 'A' to city 'B'. The charges for the return journey are ₹ 84 per ton. No concession or reduction in these rates is made for any delivery of goods at intermediate station 'C'. In January 2016, the truck made 12 outward journeys for city 'B' with full load out of which 2 tons were unloaded twice in the way at city 'C'. The truck carried a load of 8 tonnes in its return journey for 5 times but was once caught by police and ₹ 1,200 was paid as fine. For the remaining trips, the truck carried full load out of which all the goods on load were unloaded once at city 'C', but it returned without any load only once from 'C' station to 'A' station. The distance from city 'A' to city 'C' and city 'B' are 140 km and 300 km respectively. Annual fixed costs and maintenance charges are ₹ 60,000 and ₹ 12000 respectively. Running charges spent during January 2016 are ₹ 2,944.

You are required to find out the cost per absolute tonne-kilometre and the profit for January 2016.

13. In order to develop tourism ABCL airline has been given permit to operate three flights in a week between X and Y cities (both sides). The airline operates a single aircraft of 160 seats capacity. The normal occupancy is estimated at 60% throughout the year of 52 weeks. The one-way fare is ₹ 7200. The cost of operation of flight are:

Fuel cost (variable)	₹ 96,000 per flight
Food served on board on non-chargeable basis	₹ 125 per passenger
Commission	5% of fare (applicable for all booking)
Fixed cost:	
Air craft lease	₹ 3,50,000 per flight
Landing charges	₹ 72,000 per flight

Contd...4

Required:

- Calculate the net operating income per flight.
- The airline expects that its occupancy will increase to 108 passengers per flight if the fare is reduced to ₹ 6720. Advise whether this proposal should be implemented or not.

SECTION - C**Answer any TWO of the following.****(2x15=30)**

14. The standard labour employment and the actual labour engaged in a week for a job are as under:

Particulars	Skilled workers	Semi-skilled workers	Unskilled workers
Standard no. of workers in the gang	32	12	6
Actual no. of workers employed	28	18	4
Standard wage rate per hour	3	2	1
Actual wage rate per hour	4	3	2

During the 40 hours working week, the gang produced 1,800 standard hours of work.

Calculate:

- Labour cost variance
- Labour rate variance
- Labour efficiency variance
- Labour mix variance
- Labour yield variance

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15. A product passes through three processes to completion. The following details are given for the month of June 2016:

Process	A (₹)	B (₹)	C (₹)
Direct materials	4,000	6,040	6,924
Direct wages	7,000	8,452	10,000
Factory overheads	3,000	4,000	5,000
Scrap value per unit	6	10	12
Actual production (units)	1,840	1,740	1,600
Normal loss	10%	5%	10%

2000 units were introduced to Process A at ₹ 5 per unit.

The by-products of Process B were sold for ₹ 600.

Output from Process C is transferred to finished stock account which is sold after incurring selling expenses of ₹ 10,000 and management expenses of ₹ 20,000 at a profit of 20% on sales.

Contd...5

You are required to prepare:

- a) Process accounts
- b) Finished stock account
- c) Normal loss account
- d) Abnormal loss account
- e) Abnormal gain account

16. Concorde Ltd. manufactures two products using two types of materials and one grade of labour. Shown below is an extract from the company's working papers for the next month's budget:

Particulars	Product - A	Product - B
Budgeted Sales (in units)	2,400	3,600
Budgeted material consumption per unit (in kg.)		
Material X	5	3
Material Y	4	6
Standard labour hours allowed per unit of product	3	5

Material X and Material Y cost Rs.4 and ` 6 per kg and labourers are paid ₹ 25 per hour. Overtime premium is 50% and is payable, if a worker works for more than 40 hours a week. There are 180 direct workers.

The target productivity ratio (or efficiency ratio) for the productive hours worked by the direct workers in actually manufacturing the products is 80%. In addition the non-productive down-time is budgeted at 20% of the productive hours worked.

There are four 5-days weeks in the budgeted period and it is anticipated that sales and production will occur evenly throughout the whole period.

It is anticipated that stock at the beginning of the period will be:

Product A	400 units
Product B	200 units
Material X	1000 kg.
Material Y	500 kg.

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The anticipated closing stocks for budget period are as below:

Product A	4 days sales
Product B	5 days sales
Material X	10 days consumption
Material Y	6 days consumption

Required:

Calculate the Material Purchase Budget and the Wages Budget for the direct workers, showing the quantities and values for the next month.

(2021 Batch Only)

G 340 DE2.5

Reg. No. :

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (Accounting and Tax) Semester V – Degree Examination

November/December - 2023

STRATEGIC MANAGEMENT

Time: 2¹/₂ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What do you mean by a strategy?
2. What do you understand by social marketing?
3. What did the logo of Dominos originally signify?
4. According to Sir Narayan Murthy how many hours should an employee work per week?
5. What do you mean by best cost provider strategy?
6. Expand PESTLE.
7. Mention any 2 characteristics of a product.

SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. What is globalization? Why do businesses go global?
9. When do suppliers have bargaining power in the market?
10. According to Micheal Porter what causes cut throat competition because of which industry profitability reduces?
11. What are the tasks of a strategic manager?
12. Quick N Sturdy Inc., a multinational company, is undergoing feasibility study to introduce new luxury and sports car for specific group of customers. The product is meant for customers with distinctive preferences and special requirements. The product is not a standard one and as such the target market is also narrow. Company knows that demand for the product is large enough to be profitable for the company, but small enough to be ignored by other major industry players. The company wants to position itself in the niche market with the prime consideration to offer unique features in the product for the target market.
In the given situation, identify the generic strategy as suggested by Michael Porter. Also state the advantages and disadvantages of such strategy.
13. Explain the concept of SWOT analysis and give examples for each.

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Contd...2

SECTION – C

Answer any TWO of the following.

(2x15=30)

14. What is Value chain analysis? Elaborate the primary and secondary activities.
15. What do you mean by cost leadership strategy? When, how and where can a business implement it? What are the advantages of it?
16. A. Explain any 5 threats to the new entrants. **(5 marks)**
B. In your opinion, how do you think Artificial Intelligence will influence business operations in general? Take any one sector / industry you believe that will be threatened by its growth. **(5 marks)**
C. What are the steps to form a competitive landscape? **(5 marks)**

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(2021 Batch Only)

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St Aloysius College (Autonomous)

Mangaluru

B.Com. (Accounting and Tax) Semester V – Degree Examination

November/December - 2023

INTERNATIONAL TAXATION

Time: 2½ Hours

Max Marks: 60

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is the rate of TDS applicable where payment is made to a person located in the NJA?
2. Mention the two types of Taxation Methods.
3. Mention the two types of Taxation Reliefs.
4. Can an Application for Advance Ruling be withdrawn? If yes, within how many days?
5. What is the rate of Equalization Levy? What is the rate applicable on E-Commerce Services?
6. Mention any two features of Tax Treaties.
7. Mention any two Specific Anti Avoidance Rules (SAAR).

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SECTION - B

Answer any FOUR of the following.

(4x5=20)

8. XE Ltd. is an Indian Co. in which Zilla Inc. a US Co. has 28% shareholding and voting power. Following transactions were affected between these 2 companies during the Financial Year:
 - i. XE Ltd. sold 100,000 pieces of T-Shirts at \$2 per T-Shirt to Zilla Inc. The identical T-Shirts were sold to unrelated party at \$3 per T-Shirt.
 - ii. X Ltd. borrowed \$200,000 from a foreign lender based on the guarantee of Zilla Inc. For this XE Ltd. paid \$10,000 as guarantee fee to Zilla Inc. To an unrelated party for the same amount of loan, Zilla Inc. collected \$7,000 as guarantee fee.
 - iii. XE Ltd. paid \$15,000 to Zilla Inc. for getting various potential customer details to improve its business. Zilla Inc. provided the same service to unrelated parties for \$10,000.

Examine the relationship of the Companies XE Ltd. and Zilla Inc. of USA and compute the income of the Co. chargeable to tax.

9. Sea Port Shipping Line, a non-resident foreign company, is engaged in the business of carriage of goods shipped at Mumbai port. During the previous year ended on 31.3.2021, it had collected freight of Rs. 100 lakhs, demurrages of Rs. 20 lakhs and handling charges of Rs. 10 lakhs.

Contd...2

The expenses of operating its fleet during the year for the Indian Ports were Rs. 110 lakhs. Compute its income applying the presumptive provisions under section 44B.

10. ABC Ltd., an Indian company, is carrying on the business of manufacture and sale of teakwood furniture under the brand name "PUREWOOD". In order to expand its overseas sales/exports, it launched a massive advertisement campaign of its products. For the purpose of online advertisement, it utilized the services of PQR Inc., a London based company. During the previous year 2020-21, ABC Ltd. paid Rs. 5 lakhs to PQR Inc. for such services. Discuss the tax implications/TDS implications of such payment and receipt in the hands of ABC Ltd. and PQR Inc., respectively, if -

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- PQR Inc. has no permanent establishment in India
 - PQR Inc. has a permanent establishment in India, and the service is effectively connected to the permanent establishment in India.
11. Briefly explain the extrinsic aids to interpretation of a tax treaty.
12. Mr. Anil, a resident individual aged 52 years, furnishes the following particulars of income earned by him in India and Country N for the previous year 2020-21. India does not have a double taxation avoidance agreement (DTAA) with Country N.

Particulars	Amount (Rs.)
Income from profession carried on in Mumbai	8,50,000
Agricultural Income in Country N	1,30,000
Dividend from a company incorporated in Country N	85,000
Royalty income from a literary book from Country N	6,25,000
Expenses incurred for earning royalty	75,000
Business loss in Country N	1,10,000

The rate of income-tax in Country N is 18%. Compute total income and tax payable by Mr. Anil in India for A.Y. 2021-22.

13. Godavari Ltd., a resident Indian Company, on 01-04-2020 has borrowed Rs. 80 crores from M/s. Mississippi Inc, a Company incorporated in Country F, at an interest rate of 8% p.a. The said loan is repayable over a period of 12 years. Further, loan is guaranteed by M/s Amazon Inc incorporated in Country F. M/s. Colorado Inc, a non-resident, holds shares carrying 40% of voting power both in M/s Godavari Ltd. and M/s Amazon Inc. M/s Colorado Inc has also deposited Rs. 80 crores with M/s Mississippi Inc. The net profit of M/s. Godavari Ltd. was Rs. 7 crores after debiting the above interest, depreciation of Rs. 4 crores and income-tax of Rs. 2.70 crores. Godavari Ltd. wants to know if interest is allowable as deduction under the head "Profits and gains of business or profession" and if so, to what extent.

Contd...3

SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. Smith, a foreign national and a cricketer came to India as a member of Australian cricket team in the year ended 31st March, 2021. He received Rs. 5 lakhs for participation in matches in India. He also received Rs. 1 lakh for an advertisement of a product on TV. He contributed articles in a newspaper for which he received Rs. 10,000. When he stayed in India, he also won a prize of Rs. 20,000 from horse racing in Mumbai. He has no other income in India during the year.
- Compute tax liability of Smith for Assessment Year 2021-22.
 - Are the income specified above subject to deduction of tax at source?
 - Is he liable to file his return of income for Assessment Year 2021-22?
 - What would have been his tax liability, had he been a match referee instead of a cricketer?
15. Mr. Suresh, an individual resident in India aged 37 years, furnishes you the following particulars of income earned in India, Countries "S" and "T" for the previous year 2020-21.

Particulars	Amount (Rs.)
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Indian Income:	
Income from business carried on in Mumbai	4,40,000
Interest on savings bank with ICICI Bank	42,000
Income earned in Foreign Country "S"	
[Rate of tax – 16%]:	
Agricultural income in Country "S"	94,000
Royalty income from a book on art from Country "S" (Gross)	7,80,000
Expenses incurred for earning royalty	50,000
Income earned in Foreign Country "T"	
[Rate of tax – 20%]:	
Dividend received from a company incorporated in Country "T"	2,65,000
Rent from a house situated in Country "T" (gross)	3,30,000
Municipal tax paid in respect of the above house (not allowed as deduction in Country "T")	10,000

Compute the total income and tax payable by Mr. Suresh in India for A.Y. 2021-22 assuming that India has not entered into double taxation avoidance agreement with Countries S & T.

16. 'A' Ltd., an Indian company, was incorporated in the year 2010. It is a wholly owned subsidiary of A Inc, USA. A Ltd. is engaged in the business of manufacturing and selling virtual reality cameras. During the previous year 2020-21, A Ltd. entered into various transactions with the following

Contd...4

enterprises for purchase of raw materials, use of technology and sale of finished goods. The earnings before interest, dividend, tax and amortization of A Ltd for F.Y. 2020-21 is Rs. 200 crores. The details of the transactions entered into by A Ltd. during F.Y.2020-21 are given hereunder:

Sl. No.	Transaction	Enterprise	Amount (Rs. in crores)
1	Purchase of Raw Materials	AA Ltd, China	150
2	Payment of Royalty	A Inc, USA	5
3	Sale of finished goods	AAA Ltd, Taiwan	50

Prior to F.Y.2020-21, A Ltd. had obtained loan of Rs. 1000 crores @8% from A LLC, Cyprus in April, 2019.

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The following additional information pertaining to loans obtained by A Ltd. is provided for the previous year 2020-21:

- Interest of Rs. 80 crores paid to A LLC, Cyprus on the loan of Rs. 1000 crores. The book value of the total assets of A Ltd is Rs. 1800 crores.
- A Ltd. obtained loan of Rs. 100 crores from Bank of Chennai, India based on a guarantee provided by A Inc., USA. Interest of Rs. 8 crores paid on such loan and guarantee fee of Rs. 50 lacs paid to A Inc., USA.
- A Ltd. obtained loan of Rs. 50 crores from TN Mercantile Bank, India based on a letter of comfort provided by Mr. Balaji, who is an Indian resident and director of A Ltd. Interest of Rs. 4 crores is paid towards such loan.
- A Ltd. obtained an independent loan of Rs. 300 crores from Union City Bank, India for which interest of Rs. 3 crores has been paid to the bank.
- A Ltd. obtained loan of Rs. 50 crores from Bank of Taiwan, India Branch. Guarantee was provided by AAA Ltd., Taiwan. Interest paid for the concerned year is Rs. 3 crores. Guarantee fees paid to AAA Ltd. is Rs. 25 lakhs. A Ltd. holds shares carrying 25% voting power in AAA Ltd., Taiwan.
- A Ltd. obtained interest-free loan of Rs. 50 crores from A Pty, Singapore. Out of the 25 directors of A Pty., Singapore, 10 are appointed by A Ltd.
- A Ltd. obtained foreign currency loan of \$ 10 million from Wells Fargo Bank of USA, in USA, based on a back-to-back deposit made by A Inc. USA to the tune of \$ 5 million in the bank. Interest of Rs. 6 crores is paid on such loan.
- A Ltd. obtained foreign currency loan of \$ 20 million from Bank of USA, in USA, based on a back-to-back deposit made by A Inc., USA to the tune of \$ 20 million in the bank. Interest works out to Rs. 12 crores.

Contd...5

- A Ltd. had to incur a sum of Rs. 1 crore as an interest towards the delayed payment to AA Ltd. China, being its creditor for supply of raw material. 90% of raw materials required by A Ltd. is supplied by AA Ltd., China. The price and other conditions for supply of raw material are influenced by AA Ltd., China.

Determine the amount of interest to be disallowed for A.Y.2021-22 under the relevant provisions of the Income Tax Act, 1961 relating to limitation of interest deduction, giving reasons for treatment of each item of interest. Consequently, determine the permissible interest deduction while computing income under the head "Profits and gains of business or profession".

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