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St Aloysius College (Autonomous)
Mangaluru
Semester II – P.G. Examination – M.Com.

May - 2024

CORPORATE ACCOUNTING & REPORTING

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following.

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 MANGALORE - 575 004 (5x4=20)

1. Define the scope of IND AS 24.
2. Explain the various methods of Amalgamation.
3. Explain the reasons for restructuring and list the techniques of corporate restructuring.
4. Give the meaning of Holding and Subsidiary company.
5. Explain the provisions of IND AS - 36 relating to Impairment of Assets.
6. Describe the provisions of IND AS 33 with regard to calculating the Earnings per share.
7. Write a note on dissenting shareholders.

SECTION - B

Answer any **FOUR** of the following.

(4x10=40)

8. The following is the Balance Sheet of Sick Ltd. as on 31-12-2014

Liabilities	₹	Assets	₹
13% Cumulative Preference Shares of Rs.100 each	1,00,000	Fixed Assets	15,00,000
Equity Shares of Rs.10 each	7,00,000	Current Assets	35,00,000
8% Debenture	3,00,000	Profit and Loss Account	3,00,000
Current Liabilities	39,00,000		
Provision for Taxation	3,00,000		
	53,00,000		53,00,000

The following scheme of reorganization is sanctioned:

- 1) All existing equity shares are reduced to ₹5 each.
- 2) All preference shares are reduced to ₹75 each.
- 3) The rate of interest on debentures is increased to 11%. The debenture holders surrender their existing debentures of ₹100 each and exchange the same for fresh debentures of ₹75 each.

- 4) One of the creditors of the company, to whom the company owes ₹25,00,000, decides to forego 50% of his claim. He is allotted 1,00,000 equity shares of ₹5 each in part satisfaction of the balance of his claim.
- 5) The taxation liability of the company is settled at ₹4,00,000.
- 6) Fixed Assets are to be written down by 33 1/3%
- 7) Current Assets are to be revalued at ₹27,00,000.
- 8) Preference Shareholders decide to forego their right to arrears of dividend which are in arrears for three years.

Pass journal entries and show the Balance Sheet of the company after giving effect to the above.

9. The following are the liabilities and assets of Weak Co. Ltd. as on 31 March 2022.

Liabilities	₹	Assets	₹
1,00,000 Equity Shares of ₹ 10 each	10,00,000	Land	1,00,000
Sundry Creditors	1,73,000	Plant & Machinery	2,30,000
		Furniture & Fittings	68,000
		Stock	1,50,000
		Debtors	70,000
		Cash at Bank	5,000
		P & L A/c	5,50,000
	11,73,000		11,73,000

- (i) The equity shares to be reduced to ₹ 4 per share
(ii) Plant and machinery to be written down to ₹ 1,50,000
(iii) Stock to be revalued at ₹ 1,40,000
(iv) The provision on debtors for doubtful debts to be created ₹2,000
(v) Land to be revalued at ₹ 1,42,000
- Pass Journal Entries to give effect to the above arrangement and also prepare Reconstruction Account.

10. X Ltd. and Y Ltd. were amalgamated on and from 1st April, 2012. A new company called Z Ltd. was formed to take over the business of the above said companies. The balance sheets of X Ltd and Y Ltd as on 31st March, 2012 are given hereunder:

Liabilities	X Ltd	Y Ltd
Share Capital :		
Equity Shares of ₹ 100 each	2,000	1600
15% Preference Shares of ₹ 100 each	800	600
Revaluation Reserve	200	160
General Reserve	400	300
Surplus Account	160	120
12% Debentures of ₹ 100 each	192	160
Current Liabilities	<u>408</u>	<u>190</u>
	<u>4,160</u>	<u>3130</u>
Assets:		
Fixed Assets	2,400	2000
Current Assets	<u>1,760</u>	<u>1,130</u>
	<u>4,160</u>	<u>3130</u>

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Additional information:

- i) Preference shareholders of X Ltd and Y Ltd have received same number of 15% preference shares of ₹ 100 each in the new company.
- ii) 12% Debentures of X Ltd and Y Ltd are discharged by the new company by issuing adequate number of 16% debentures of ₹100 each to ensure that they continue to receive the same amount of interest.
- iii) Z Ltd. has issued 1.5 equity shares for each equity share of X Ltd. and 1 equity share for each equity share of Y Ltd.

The face value of shares issued by Z Ltd. is ₹100 each. You are required to prepare the Balance sheet of Z Ltd. as on 1st April, 2012 after the amalgamation has been carried out using the 'pooling of interest method'.

11. Explain in detail the disclosure requirements of Interim Financial Reporting as per IND AS - 34.
12. Elaborate the various Issues and problems with special reference to published financial statements.
13. Discuss the concept of Corporate Financial Reporting, its characteristics, objectives and requirements in India.

(1x10=10)

SECTION - C (Compulsory)

14. Ledger balances taken from the books of A Ltd. on 31st March 2022 were as follows:

Credit Balances	₹	Debit Balances	₹
Share Capital: 8,000 Equity Shares of ₹50 each fully paid	4,00,000	Land and Buildings	2,30,000
General Reserve	50,000	Plant and Machinery	1,80,000
Workmen's Accident Compensation fund (Outstanding Liability ₹8,000)	30,000	Furniture	20,000
1,000 7% Debentures of ₹50 each	50,000	Stock	90,000
Sundry Creditors	40,000	Sundry Debtors:1,00,000 Less : Provision for Doubtful Debts: 5000	95,000
Bank Overdraft	10,000	Cash	2,000
Staff Provident Fund	40,000	Discount on Issue of Debentures	3,000
	6,20,000		6,20,000

The business of the company is taken over by B Ltd. on the date.

The purchase consideration is to be discharged as follows:

- a) A payment in cash at ₹10 for every share in A Ltd.
- b) 7% debentures of A Ltd are taken over by B Ltd and discharged by a payment in cash at ₹60 for every debenture
- c) An exchange of shares in B Ltd., of ₹10 each, at the market value of ₹15 per share for every 2 shares in A Ltd.

Show Realisation account, Cash account and Equity shareholders account in the books of A Ltd. The expenses of liquidation ₹5,000 were borne by A Ltd.

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St Aloysius College (Autonomous)
Mangaluru
Semester II- P.G. Examination - M.Com
May - 2024

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** questions.

(5×4=20)

- The cost of a plant is ₹ 5,00,000. It has an estimated life of 5 years after which it would be disposed off (scrap value nil). Profit before depreciation (Straight line basis), interest and taxes (PBIT) is estimated to be ₹1,75,000 p.a. Find out the yearly cash flow from the plant. Tax rate 30%.
- Assume ₹ 200,000 investment and the following cash flows for two products:

Year	Product X (₹)	Product Y (₹)
1	60,000	40,000
2	90,000	70,000
3	50,000	80,000
4	40,000	20,000

Which alternatives would you select under the payback method?

- XYZ Ltd is considering a project with the following expected cash flows. Initial Investment ₹ 1,00,000, Expected cash flow 1st year ₹ 70,000; 2nd year ₹ 60,000; 3rd year ₹ 45,000. The cost of capital is 10%. Due to uncertainty of future cash flows, the management decides to reduce the cash inflows to certainty equivalents by taking only 80%, 70% and 60% respectively. Is it worth while to take up to project?
- "Capital budgeting is long-term planning for making and financing proposed capital outlays". Explain.
- Demonstrates the features of venture capital financing.
- What are the limitations of using standard deviation as a risk measure, and how might these limitations impact the accuracy of risk assessments in different investment scenarios?
- Explain the mechanism of ADR (American Depository Receipt) issuance and trading in the international stock markets.

SECTION - B

Answer any **FOUR** questions.

(4×10=40)

- Techtronics Ltd., an existing company, is considering a new project for manufacture of pocket video games involving a capital expenditure of ₹ 600 lakhs and working capital of ₹150 lakhs. The capacity of the plant is for an annual production of 12 lakh units and capacity utilisation during the 6-year working life of the project is expected to be as indicated below.

Year	1	2	3	4-6
Capacity utilisation (%)	33.33	66.67	90	100

The average price per unit of the product is expected to be ₹ 200 netting a contribution of 40%. Annual Fixed costs, excluding depreciation, are estimated to be ₹480 lakhs per annum from the third year onwards; for the first and second year it would be ₹ 240lakhs and ₹ 360 lakhs respectively. The average rate of depreciation for tax purposes is 33.33% on the capital assets. The rate of income-tax may be taken at 35% and Cost of Capital 15%. At the end of the third year, an additional investment of ₹100 lakhs would be required for working capital. Terminal value for the fixed assets may be taken at 10% and for the current assets at 100%. For the purpose of your calculations, the recent amendments to tax laws with regard to balancing charge may be ignored. Suggest the company regarding the feasibility of the project.

9. A company is considering an investment proposal to instal new milling controls at a cost of ₹ 50,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 35 per cent. Assume the firm uses straight line depreciation and the same is allowed for tax purposes. The estimated cash flows before depreciation and tax (CFBT) from the investment proposal are as follows:

Year	CFBT
1	10000
2	10692
3	12769
4	13462
5	20385

Calculate i) Pay back period,

ii) Average rate of return,

iii) Net present value at 10 per cent discount rate,

iv) Profitability index at 10 per cent discount rate

10. What are hybrid instruments? Explain its types
11. Analyze the diverse types of angel investments, offering a comprehensive understanding of each category.
12. Your company is considering two projects, M and N each of which requires an initial outlay of ₹ 50 million. The expected cash inflows from these projects are;

Year	Project M (₹ million)	Project N (₹million)
1	11	38
2	19	22
3	32	18
4	37	10

- a. If the two projects are mutually exclusive and the cost of capital is 10%, which project should the firm invest in?
- b. If the cost of capital is 14%, what is the modified IRR of each project?

13. T Ltd having limited funds of ₹ 10,10,000 and cost of capital 10% is evaluating desirability of following projects:

Project	A	B	C	D	E	F
Present value of cashflows	5,00,000	9,00,000	12,00,000	14,00,000	16,25,000	38,40,000
Initial cash outflow	50,000	1,00,000	1,50,000	2,00,000	2,50,000	6,00,000
Useful life of project in years	10	10	10	10	10	10

Calculate:

- Rank the projects according to net present value and profitability index
- Which projects should be selected assuming that the projects are divisible and there is no alternative use of money allocated for capital budgeting
- Which projects should be selected assuming that the projects are indivisible and there is no alternative use of money allocated for capital budgeting.

SECTION - C (Compulsory)

(1×10=10)

14. Mr. Wise is considering an investment proposal of ₹ 20,000. The expected returns during the life of the investment are as under

Year I

Event	Cash Inflow (₹)	Probability
A	8,000	0.3
B	12,000	0.5
C	10,000	0.2

Year II

Event	₹ 8,000		₹ 12,000		₹ 10,000	
	Cash Inflow	Probability	Cash Inflow	Probability	Cash Inflow	Probability
a	15,000	0.2	20,000	0.1	25,000	0.2
b	20,000	0.6	30,000	0.8	40,000	0.5
c	25,000	0.2	40,000	0.1	60,000	0.3

Using 10% as the cost of capital, advice about acceptability of the project based on Decision tree analysis.

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**St Aloysius College (Autonomous)
Mangaluru**

Semester II- P.G. Examination - M.Com
May - 2024

BUSINESS TAXATION

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any FIVE questions.

(5x4=20)

- Write a note on CGST, SGST, UTGST and IGST.
- Define the following terms under the CGST Act:
 - Agent U/S 2(5).
 - Associated Enterprise U/S 2 (12).
- Avinash traders, Mangalore is a registered trader under GST who purchased a few items from an agriculturist. Determine the TOS from the following:

Name of the item purchased	Date of receipt of goods	Date of the bill issued by supplier	Date of payment entered in books of accounts	Date on which payment debited in bank a/c
Cashew nuts	5 th Nov	4 th Nov	5 th Nov	6 th Nov
Raw cotton	8 th Oct	10 th Oct	1 st Oct	3 rd Oct
Beedi leaves	18 th Dec	12 th Nov	13 th Dec	14 th Dec
Tobacco leaves	16 th Oct	1 st Sept	5 th Sept	3 rd Sept

- Y Ltd has its head office at Ludhiana and four branch offices at Delhi, Bhopal, Panaji and Trivandrum. It seeks the services of Wiyo Ltd, an information Technology Company to update its software across all branches. No service was rendered at the HO. Wiyo Ltd raises the bill which includes GST amounting to ₹ 3,50,000 on the head office. The turnover of HO and the branches during the quarter ending September 30th were as under: Ludhiana head office ₹2,00,000 Delhi ₹ 6,50,000 Bhopal ₹3,80,000 Panaji ₹ 2,20,000 Trivandrum ₹ 2,50,000. Compute the distribution of input tax by Ludhiana HO.
- AV of stainless steel imported ₹ 30,000. Weight of goods is 1000 kgs. BCD is at 10% plus ₹ 25 per kg. CBIC Notification exempts the goods from GST. Calculate the duty payable.
- Classify the following supplies into Composite and Mixed supply. What is the rate of GST applicable and also calculate the GST liability?
 - Ramesh, sold a combo pack consisting of shirt, wrist watch, wallet and a writing pad. The special combo price was ₹ 7,000 plus GST. GST for shirt is 12%, watch is 18%, GST for wallet is 5% and for the writing pad is nil.
 - Suresh, a laptop dealer sold a laptop along with Laptop bag for ₹ 58,400 plus GST. GST for the laptop is 18% and laptop bag is 28%.
- Write a note on the advantages of making GST Registration.

SECTION – B

Answer any **FOUR** questions.

(4x10=40)

8. Provide a concise definition of the GST Council and its significance in the Indian taxation system.
9. Mr. Pushpa is a registered person in Mangaluru, provides the following information for the month of November 2021. Compute the Value of Taxable turnover and output tax.
- Supply to a dealer in Pune rate of GST is 12% ₹ 8,00,000
 - Supply to a dealer of Delhi @ nil rate GST for ₹2,00,000
 - Supply to a dealer in Bengaluru rate of GST @ 5% for ₹ 9,80,000
 - Export to Sweden the rate of GST @ 12% for ₹ 15,00,000
 - Supply to a dealer in Haryana @ 12% for ₹ 16,00,000
 - Sold to an unregistered dealer in Mysuru GST rate @ 12% for ₹ 15,00,000
 - Supply to SEZ developer in Udupi GST rate is 12% for ₹ 4,00,000
 - Sold to a dealer in Kodagu who has registered under composition scheme @ 12% GST for ₹ 5,00,000
 - Sold to a unit of SEZ in Chennai GST rate @ 5% for ₹ 2,00,000
 - Supplied to a registered dealer within the state for ₹ 6,00,000, GST @ 18%.
10. What are the activities denoted in Schedules I and II of the GST framework that qualify as supply transactions?
11. L & T Mumbai, has to supply a machinery to the production dept. of ITC Ltd., Chennai under the following terms and conditions:
- Price of the machinery (net of taxes and duties)- ₹ 8,00,000
 - Expenses charged separately in invoice:
 - Installation and erection - ₹ 52,000
 - Packing charges (primary and secondary) - ₹ 8,000
 - Subsidy from NGO - ₹ 50,000
 - Design and engineering charges (net of taxes and duties) - ₹ 10,000
 - Cost of materials supplied by buyer at reduced cost (the actual price of the materials is ₹ 30000)- ₹ 10,000
 - Pre-delivery inspection charges - ₹ 6,000
 - Rate of GST on machinery is 5%

Cash discount of ₹ 15,000 will be offered if full payment is received before the dispatch of goods. The buyer has made the payment as per the conditions stipulated.

The machine is supplied along with accessories bought at ₹ 18,000. The accessories were optional and the rate of duty applicable to these accessories is 18%

The manufacturer incurred cost of ₹3,000 for loading the machine in the truck in his factory. These are not charged separately to the buyer. L&T bought necessary spare parts and inputs for the purpose for manufacturing the machinery from the following suppliers:

- Spare parts worth ₹ 1,52,000 from Kirloskar Industries, Hubli (GST 12%)
- Accessories worth ₹ 1,66,000 from Nuthan Industries, Pune, Maharashtra (18%)

Find out the transaction value and net GST payable, assuming that the Kirloskar Industries and Nuthan industries have uploaded the Invoices.

12. A Co. imported a Machine from Europe. From the following information determine the customs duty payable; Cost of machine €25000 but it does not include the following:
- The importer sent the goods to the exporter for the machine. It was used in manufacturing the machine, ₹ 1 Lac.
 - Design and development expenses incurred outside India 5000 Euro
 - Technical fees paid to exporter after import of machine 4000 Euro
 - Installation charges of machine in the factory ₹ 50,000
 - Packing charges 500 Euro Insurance premium paid in India 500 Euro
 - Transportation charges 1000 Euro
 - Transportation and insurance charges from port to factory ₹ 10,000
 - Rate of basic customs duty 12.5%, IGST 28%, Compensation cess 20%, Exchange rate declared by the board ₹ 85 Per euro Exchange rate declared by RBI ₹ 84 per euro.
13. Explain the different types of Customs Duties.

SECTION – C (Compulsory)

(1×10=10)

14. Rajan is a registered taxable person under GST. From the following particulars of tax period compute net GST payable by him.
- a) Inter-state purchase of goods (18%) ₹ 10,00,000. Out of these, goods worth ₹1,00,000 used for his domestic consumption; goods sold within the state ₹8,00,000; inter-state sales ₹5,00,000.
 - b) Goods purchased within the state (12%) ₹15,00,000. Out of these goods sales within the State ₹13,00,000; inter-state sales ₹6,00,000; goods distributed as free sample ₹20,000; and goods worth ₹40,000 was completely damaged and hence discarded.
 - c) Purchase from outside state a new machinery (18%) ₹10,00,000 for the use in business.
 - d) Input goods purchased within the State (5%) ₹ 8,00,000 for manufacture of articles. These articles sold within the state (5%) ₹4,00,000; sold inter-state (5%) ₹5,00,000 and supplied to SEZ units ₹ 2,00,000
 - e) Input services received within the state in connection with the business (18%) ₹ 4,00,000.
 - f) Purchased a car within the state (28%) ₹ 14,00,000
 - g) Supply of services to customers (18%) within the state ₹ 6,00,000 and inter-state ₹ 4,00,000.

The above amounts are excluding GST. The ITC at the beginning of the relevant period: IGST ₹ 60,000; CGST ₹ 50,000 and SGST at ₹ 70,000. Assume that all details of all invoices/ Debit notes have been uploaded by all the suppliers in the relevant returns within the due date.

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May- 2024
BUSINESS STATISTICS

Time: 3 hrs.

Max Marks: 70

SECTION - A**Answer any FIVE of the following.****(5x4=20)**

1. Explain the types of correlation.
2. Fit a trend line to the following data by the method of semi-averages and plot the values on the graph.

Year	2010	2011	2012	2013	2014	2015	2016
Sales of Firm A (Thousand Units)	102	105	114	110	108	116	112

Show the actual data and trend line in a graph

3. If 5% students appearing in an examination fail, using Poisson distribution find the probability that out of 100 students appearing in the examination:
 - (i) None failed
 - (ii) 5 students failed, and
 - (iii) maximum 3 failed
4. Distinguish between the following
 - (i) Null hypothesis and alternative hypothesis
 - (iii) Type I error and Type II error
5. Suppose on an average 1 house in 1000 in a certain district has a fire during a year. If there are 2000 houses in that district what is the probability that exactly 5 houses will have fire during the year?
6. Analyse the components of time series.
7. Suppose that the half of the population of town are consumers of rice. One hundred investigators are appointed to find out its truth. Each investigator interviewed 10 individuals. How many investigators do you expect to report that three or less of the people interviewed are consumers of rice?

SECTION - B**Answer any FOUR of the following.****(4x10=40)**

8. Fit a straight-line trend by the method of least squares to the following data. What would be the predicted earnings for the year 2022? Estimate the trend for 2023.

Year	2012	2013	2014	2015	2016	2017	2018
Earnings (₹. In crores)	60	70	72	63	74	79	72

9. Explain the process of hypothesis testing.

Contd...2

10. The ranks of 12 students according to their marks in Mathematics and statistics are as follows:

Student No	1	2	3	4	5	6	7	8	9	10	11	12
Mathematics	5	2	1	6	8	11	12	4	3	9	7	10
Statistics	4	3	2	7	6	9	10	5	1	11	8	12

Solve using rank correlation.

11. Assume the mean height of soldiers to be 68.22 inches with a variance of 10.8 inches. How many soldiers in a regiment of 1,000 would you expect to be

(i) Over six feet tall?

(ii) Below 5.5 feet?

Assume heights to be normally distributed. (Note: 1 foot = 12 inches)

12. The following table gives aptitude test scores and productivity indices of 8 randomly selected workers.

Aptitude Score	57	58	59	59	60	61	62	64
Productivity Index	67	68	65	68	72	72	69	71

Calculate the correlation coefficient between aptitude score and productivity index.

13. Explain different methods of estimating trend. Which of them do you consider the best and why?

SECTION – C (Compulsory)

(1x10=10)

14. Eight coins are tossed at a time 256 times. Number of heads observed at each throw is recorded and the results are given below. Find the expected frequencies. What are theoretical values of mean and standard deviation? Calculate the mean and standard deviation of the observed frequencies.

No. of heads at a throw	Frequency
0	2
1	6
2	30
3	52
4	67
5	56
6	32
7	10
8	1

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**St Aloysius College (Autonomous)
Mangaluru**

**Semester II- P.G. Examination – M.Com
May – 2024**

RESEARCH METHODOLOGY AND ETHICS

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any **FIVE** questions.

(5x4=20)

1. Define research. What are the characteristics of research?
2. Evaluate the distinctions between independent and dependent variables in a research context.
3. Discuss the interview approach for collecting data.
4. Distinguish between Inductive research and deductive research.
5. Compare and contrast null and alternative hypotheses in hypothesis testing.
6. Discuss the characteristics that define a well-structured and effective sampling design.
7. Explain the need, meaning and essentials of interpretation.

SECTION – B

Answer any **FOUR** questions.

(4x10=40)

8. Group of economists wants to explore the impact of government policies on unemployment rates. What research methods might they employ to gather insights into consumer behaviour and preferences and what are the other types of research?
9. Analyse different types of research design
10. Discuss the types of probability sampling using suitable examples
11. Explain the differences between the four principal scales of measurement employed in research, highlighting their unique features and applications.
12. Define plagiarism and discuss its various forms. How does plagiarism undermine the principles of academic integrity and scholarly research? Provide strategies to avoid plagiarism in academic writing.
13. Discuss the types of publication misconduct

SECTION – C (Compulsory)

(1x10=10)

14. Case Study:

You're a management consultant hired by a retail company to analyze the effectiveness of its supply chain management system. Your goal is to identify areas for improvement and propose recommendations to enhance operational efficiency and reduce costs. As part of your consultancy project, you're required to prepare a detailed research report that will serve as a guide for implementing the proposed changes. To accomplish this task successfully, you need to understand the purpose of a research report in the context of management studies, delineate the various stages involved in writing the report, and establish the criteria for producing a high-quality research report that can facilitate informed decision-making within the retail company.

Question:

As a management consultant tasked with evaluating the supply chain management system of a retail company, your responsibility includes creating a comprehensive research report. Explain the purpose of a research report within the domain of management studies. Describe the stages involved in writing the report, and define the criteria necessary for producing a research report of exemplary quality that can guide strategic decision-making processes within the retail company.
