

G 301.5

Reg. No. : 

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Semester V – Degree Examination  
January - 2021**

**CORPORATE ACCOUNTING - I**

Time: 3 hrs.

Max Marks: 100

**SECTION - A**

**Answer any FIVE questions of the following: (5x2=10)**

1. What do you mean by Forfeiture of Shares?
2. Give the meaning of Minimum Subscription.
3. Who are Underwriters?
4. Give the journal entry for the issue of shares to Vendors of Assets.
5. State any two differences between Share and Debenture.
6. What do you mean by Environmental Accounting?
7. How do you treat outstanding debenture interest in financial statements of a Joint Stock Company?

**SECTION - B**

**Answer any FOUR questions of the following: (4x12=48)**

8. State SEBI guideline on underwriting of shares and debentures.
9. Write a short note on IFRS – 2 and IFRS-13.
10. Roshan Ltd., issued 100000 shares of ₹10 each at ₹11 per share, payable as:  
₹2 on application,  
₹5 on allotment, and  
₹4 on first and final call

The offer was over subscribed by 50000 shares and the applicants were allotted shares on pro rata basis. Surplus application money was adjusted for future call dues. All shares were fully called up and money was received except on 3000 shares of Kiran, who did not pay allotment and call money. These shares were forfeited and re-issued at ₹9 per share.

Give **Journal Entries** for forfeiture and re-issue of shares.

11. J, K and L underwrote 80% of the issue of 100000 shares of ₹10 each in the ratio of 2:2:1 of Modern Co. Ltd. The firm and marked applications of the underwriters were as follows:

	Firm	Marked
J	12000	20000
K	10000	15000
L	8000	5000

Applications for 80000 shares were received in all.

Prepare a statement showing the **liability of each underwriters.**

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## G 301.5

12. Profit of A Ltd., for last 5 years were as under:

2016	-	₹5,30,000
2017	-	₹5,00,000
2018	-	₹4,20,000
2019	-	₹4,50,000
2020	-	₹4,00,000

On Scrutiny of the accounts, following adjustments to profits revealed:

1. Closing stock of 2017 was overvalued by ₹30,000.
2. During 2017, major repairs was made in respect of Machinery incurring ₹90,000, which was charged to revenue. It was agreed to capitalize this for goodwill calculation subject to adjustment of depreciation @ 10% on diminishing balance method.
3. To cover management cost, every year a charge of ₹32,000 to be made for the purpose of goodwill valuation.

Calculate the **value of goodwill** of the company at three years' purchase of the average profits of the past five years.

13. The following is the Trail Balance of New Industries Ltd., as at 31<sup>st</sup> March, 2020. Prepare **Statement of Profit and Loss** in statutory form.

Particulars	Dr (₹)	Cr (₹)
Subscribed Capital		10,00,000
Calls in arrears	64,000	
Land	1,00,000	
Building	2,50,000	
Machinery	1,50,000	
Furniture	32,000	
Carriage	23,000	
Wages	2,10,000	
Directors fees	4,000	
Salaries	46,000	
Bad debts Reserve		14,000
Sales		8,00,000
Sales Returns	17,000	
Bank Charges	1,000	
Gas and Electricity	7,000	
Rent and taxes	8,000	
Purchases	5,00,000	
Purchases returns		34,000
Bills Receivable	12,000	
General Expenses	19,000	
Debtors and Creditors	4,28,000	1,32,000
Stock	2,50,000	
Insurance	4,000	
Cash at Bank	1,30,000	
Cash in hand	25,000	
Securities Premium		60,000
General Reserve		2,40,000
	<b>22,80,000</b>	<b>22,80,000</b>

**Adjustments:**

- 1) Charge Depreciation on Buildings at 2%, on Machinery at 10% and Furniture at 10% and make a reserve of 5% on debtors for bad debts.

- ii) Carry forward unexpired insurance amounted to ₹1,200.
- iii) Provide the following outstanding liabilities: Wages ₹32,000, Salaries ₹5,000 and Rent and Rates ₹2,000.
- iv) The value of inventory at the end of the year ₹3,00,000.

**SECTION – C**

**Answer any TWO questions of the following: (2x16=32)**

14. Medline Co. Ltd. issued on 1<sup>st</sup> April 2017, 1,000, 10% debentures of ₹100 each repayable at the end of 3 years at a premium of 5%. It was decided to create a sinking fund for the redemption of debentures. The investments is expected to earn interest at 5% p.a. Reference to the Sinking Fund table shows that Re. 0.317209 invested at 5% p.a. amounts to Re. 1 at the end of 3 years. At the end of 3 years, the investments were sold at ₹70,000 and the debentures were redeemed.

Prepare **Debentures A/c, Sinking Fund A/c and Sinking Fund Investment A/c and Debenture holders' A/c.**

15. Natural Company Ltd. issued a prospectus inviting applications for 1,00,000 equity shares of ₹10 each at 10% premium, payable as follows:

On application ₹2 per share

On allotment ₹5 per share (including premium)

On First call ₹2 per share, and

On Final call ₹2 per share

Applications were received for 3,00,000 shares and allotment made pro rata to the applicants of 2,40,000 shares, the remaining applications being refused. Money overpaid on applications was employed on account of sums due on allotment. Mr. Alroy to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay first call, his shares were forfeited. Mr. Manohar, the holder of 600 shares failed to pay the two calls, and so, his shares were also forfeited. All these shares were sold to Mr. Anwar credited as fully paid for ₹8 per shares.

Show **Journal Entries** in the books of the Company to record the above transactions.

16. Following is the Ledger balances of **Beverages Company Ltd.**, as on 31-03-2020.

Debit Balances	₹	Credit balances	₹
Calls in arrears	75,000	Share Capital	40,00,000
Debenture Interest paid	1,80,000	12% Debentures	10,00,000
Premises	30,72,000	R.B.D on 01.04.2019	35,000
Plant	33,00,000	Sales	41,50,000
Goodwill	2,50,000	Bills payable	3,00,000
Wages	9,79,000	Creditors	4,00,000
Salaries	2,05,000	Profit and Loss A/c	2,62,500
Cash and Bank	4,06,500	General Reserve	22,50,000
Interim dividend paid	3,90,900	Outstanding salaries	70,000
Preliminary Expenses	50,000		
General Expenses	68,000		
Debtors	8,25,000		
Stock	7,50,000		
Bad Debts	21,100		
Purchases	18,50,000		
Advance Tax Paid	45,000		
	<b>1,24,67,500</b>		<b>1,24,67,500</b>

**Additional Information:**

- i) Depreciate Plant by 15%
- ii) Write off ₹5,000 from Preliminary Expenses.
- iii) Half year's debenture interest due.
- iv) Create 5% Provision of Debtors for doubtful debts.
- v) Provide taxation at 40%.
- vi) Stock on 31<sup>st</sup> March, 2020 valued at ₹9,50,000.
- vii) A claim of ₹25,000 for workmen's compensation are being disputed by the company.

Prepare **Balance Sheet** and **Statement of Profit and Loss** for the year ended 31<sup>st</sup> march, 2020 in prescribed form.

**SECTION - D****Answer the following: Compulsory****(10)**

17. Following is the summarized Balance sheet of Champak Ltd., as on 31.12.2020.

Liabilities	₹	Assets	₹
Share Capital: 40,000 shares of ₹10 each	4,00,000	Goodwill	1,00,000
Reserve Fund	1,00,000	Fixed Assets	4,50,000
Profit and Loss Account	35,000	Current Assets	1,90,000
9% Debentures	1,00,000	Preliminary Expenses	25,000
Current Liabilities	1,30,000		
	<b>7,65,000</b>		<b>7,65,000</b>

For the purpose of valuation of shares, Fixed Assets were valued at ₹5,00,000 and Goodwill at ₹1,50,000. There is a necessity of RBD @ 10% on Sundry Debtors of ₹75,000. It is found that Stock was overvalued by ₹9,000. The net profits for three years were ₹69,000, ₹71,800 and ₹90,200 respectively after taxation. Out of the profits 20% was placed to reserve, the proportion being considered reasonable in the industry in which the company is engaged and where the normal rate of return is 10%.

Compute the value of each share by:

- a) Net Assets Method
- b) Yield method, and also calculate the **Fair Value** of a share.

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G 301.5a

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. ACCA- Semester V – Degree Examination**

**January - 2021**

**ADVANCED PERFORMANCE MANAGEMENT - I**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. State any two advantages of Data Warehouse.
2. State any two problems associated qualitative data.
3. Mention the characteristics of Big Data.
4. Mention the different types of MIS.
5. Distinguish between a cash cow and a problem child.
6. What are the characteristics of a Service Industry?
7. Distinguish between internal information and external information.

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. i) XYZ has a conventional functional structure. Assess how many different people in the organisation may have to deal with customers, and the problems this creates.

**(8 marks)**

ii) A business process is a series of activities that are linked together in order to achieve given objectives. For example, materials handling might be classed as a business process in which the separate activities are scheduling production, storing materials, processing purchase orders, inspecting materials and paying suppliers.

**Required:**

Explain the concept of BPR and suggest ways in which materials handling might be re-engineered.

**(4marks)**

9. i) Briefly explain the purpose of reward systems. **(6 marks)**  
ii) If an organisation planned to grow through acquisition, how might HRM contribute to the achievement of this strategy? **(6 marks)**
10. Explain the Mendelow's Matrix.
11. What is benchmarking? Briefly explain its types and process.
12. Critically evaluate the cloud technology as an IT development. Explain the advantages and risks associated with the use of cloud technology.
13. Evaluate the different types of reward methods.

**Contd...2**

**SECTION – C****Answer any TWO questions of the following:****(2x16=32)**

14. Envie Co owns a chain of retail clothing stores specialising in ladies' designer fashion and accessories. Jane Smith, the original founder, has been pleasantly surprised by the continuing growth in the fashion industry during the last decade.

The company was established 12 years ago, originally with one store in the capital city. Jane's design skills and entrepreneurial skills have been the driving force behind the expansion. Due to unique designs and good quality control, the business now has ten stores in various cities.

Each store has a shop manager that is completely responsible for managing the staff and stock levels within each store. They produce monthly reports on sales. Some stores are continually late in supplying their monthly figures.

Envie runs several analysis programmes to enable management information to be collated. The information typically provides statistical data on sales trends between categories of items and stores. The analysis and preparation of these reports are conducted in the marketing department. In some cases the information is out of date in terms of trends and variations.

As the business has developed Jane has used the service of a local IT company to implement and develop their systems. She now wants to invest in website development with the view of reaching global markets.

**Required:**

- (a) Construct a SWOT analysis with reference to the proposal of website development.
- (b) Explain how the use of SWOT analysis may be of assistance to Envie Co's performance management and measurement process.
15. i) Many commentators believe that CSR is a morally correct pursuit, but there are powerful arguments against it. Identify and discuss these arguments. **(8 marks)**
- ii) Give some examples of areas of government policy that are likely to affect a multinational electronics company and how the impact will be felt? **(8 marks)**
16. Discuss the weaknesses in an information system that could result in poor output reports.

**SECTION – D****Answer the following: Compulsory****(10)**

17. What are the strengths, weakness, opportunities and threats would a 'no frills' airline have?

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G 302.5

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. Semester V – Degree Examination**

**January -2021**

**International Business**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. Mention any four characteristics of international trade?
2. Distinguish between ADR's and GDR's
3. Distinguish between tariffs and quotas.
4. Mention any four advantages of free trade?
5. Give the meaning of MNCs.
6. What is international liquidity?
7. Expand ASEAN, SAFTA, NAFTA, EEC.

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. Explain the scope of International Economics.
9. Explain comparative cost advantage theory of international trade.
10. Explain the arguments against protection.
11. Explain the structure of Balance of Payments.
12. Explain the types and effects of quotas.
13. Explain the forms of regional economic integration.

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. Explain Heckscher-Ohlin theory of international trade. What are its limitations?
15. Explain the importance of international trade.
16. Explain the procedure and documentation of import trade.

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. What are the latest reforms related to foreign capital in India?

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G 303.5

Reg. No. :

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Semester V – Degree Examination**

**January - 2021**

**PRINCIPLES AND PRACTICE OF AUDITING**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. What is Interim Audit?
2. What is meant by 'Teeming and Lading'?
3. What is a Qualified Report?
4. Define Statutory Audit.
5. What do you mean by Collateral Voucher?
6. What is Digital Signature?
7. State any two differences between Continuous Audit and Periodical Audit.

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. 'Vouching is the backbone of Auditing'. Explain
9. What are the advantages and disadvantages of Continuous Audit? Explain.
10. What are the qualifications of an auditor of a company? Explain the procedure to be followed for appointment and removal of an auditor.
11. What is Audit Programme? What are the advantages and disadvantages of Audit programme?
12. Explain the process of verification and valuation of 'Bills Payable' and 'Stock in trade'.
13. Explain the preparations before the audit and procedure of audit.

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. Define Auditing? Explain the objectives of Audit.
15. What are the rights and duties of an Auditor? Explain.
16. Explain the process of internal check with regard to Wages.

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. 'Accountancy is a necessity, while Auditing is a luxury'. Explain.

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**St Aloysius College (Autonomous)**  
**Mangaluru**  
**B.Com. ACCA Semester V- Degree Examination**  
**January- 2021**  
**BUSINESS ANALYSIS**

Time: 3 hrs.

Max Marks: 100

**SECTION – A****Answer any FIVE of the following.****(5x2=10)**

1. What are critical success factors (CSFs)?
2. List out the importance of a project plan.
3. A health provider has only large, edge of town, hospitals. It is considering, setting up additional small city Centre clinics capable of treating less-serious day cases. Give examples of what the provider should consider under the headings of strategic position, strategic choices and strategic implementation.
4. According to Porters Diamond model What are 4 main factors which determine National competitive advantage.
5. Carry out a PESTEL analysis on a supermarket business. Try to get atleast two items under each heading.
6. Explain Lock-in Approach with Example.
7. Explain one factor which a company should consider when choosing between a push and pull supply chain model?

**SECTION - B****Answer any FOUR of the following.****(4x12=48)**

8. Define Data Migration and explain what are the different stages in Data migration.
9. Perform an opportunities and threats analysis on:
  - (1) a passenger train service
  - (2) a nuclear power station.
10. Briefly explain strategy clock strategies.
11. Manchester United Football Club are one of the biggest sporting institutions in the world. Recent research has shown that they have over 600 million fans across the world, they hold a record number of English championships and have been crowned the best team in Europe many times. They are the most valued sporting franchise in the world (according to Forbes magazine in 2017) at over \$3.5 billion and have shown revenue growth year on year for at least a decade. Consider the strategic capabilities that contribute to the success of the Football club.

12. You are responsible for implementing a payroll system for weekly paid employees, using a bought-in package on a stand-alone microcomputer system. There are 3,000 records (one for each employee) in the current manual system. Each record is held on a card. The information about each employee comprises personal details (personnel number, name, date of birth, grade, section, rate of pay, allowances, deductions from pay, etc.), held in the top section of the card. In the body of the card are held a series of line entries, one for each week of the year. As each week is worked the details are entered in the appropriate line: gross pay; tax and national insurance, by reference to the relevant tables; and net pay.
- Describe a procedure for transferring data from the manual to the computer to create the master file prior to going live on the new system.
13. Briefly explain the Boston Consulting Group (BCG) Matrix.

**SECTION – C**

Answer any **TWO** of the following.

(2x16=32)

14. What are the different problems faced by project manager and explain the threats which can minimize the success of a project.
15. a) What is strategic drift? Explain the different stages in strategic drift. (13 Marks)
- b) How strategic drift can be avoided? (3 Marks)
16. Outsourcing, business partnerships and the use of shared service can play a vital role in the success of a boundary less organisation. Explain the statement. (16 Marks)

**SECTION – D**

Answer the following: (Compulsory)

(10)

17. In seeking to gain approval for a new project a manager has put together the following financial assessment in her business case document:

Net financial benefit from new project:

	\$000
Extra revenue from increased market share	140
Savings from increased staff motivation	50
Savings from one staff redundancy	15
Extra revenue from 20% reduction in customer response times	60
Total project costs	( 75)
Net benefit	----- \$190

**Required:**

Consider the types of benefit included in this analysis and whether the manager's appraisal of the financial impact on the project is accurate.

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G 304.5

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. Semester V – Degree Examination**

**January - 2021**

**BUSINESS LAW**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. Define Agreement.
2. What do you mean by Ascertained Goods?
3. What do you mean by Cross offer?
4. State any two differences between Fraud vs Misrepresentation
5. What do you mean by Exemplary Damages?
6. Define Public Authority under RTI Act.
7. What do you mean by Quasi Contract?

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. Explain classification of contract based on enforceability and mode of creation.
9. Explain the legal rules with regard to offer.
10. Explain Free Consent. What is the effect of such consent on the formation of contract?
11. Explain the powers and functions of Central and State Information Commission under RTI Act.
12. Write a note on discharge of contract by mutual agreement and by operation of law.
13. What do you understand by capacity to contract? What is the effect of agreement made by persons not qualified to contract?

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. What is Consideration? Explain the legal rules regarding consideration and also state the exceptions of consideration
15. Define Section 10. Explain the essential rules of valid contract.
16. What do you mean by breach of contract? Explain the remedies for breach of contract

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. Explain the case law Carlil Vs. Carbolic smoke ball co.

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G 305.5

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. Semester V – Degree Examination**

**January - 2021**

**INFORMATION SYSTEMS AND COMPUTERIZED ACCOUNTING**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. Differentiate between internal and external commands.
2. List the advantages of star topology.
3. What is HTML?
4. Differentiate between internet and intranet.
5. What do you mean by Expert systems?
6. Define Receipt Voucher with an example.
7. What is Bill of Materials?

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. Explain in detail the features of Windows operating system.
9. Explain the following HTML tags with all attributes.  
(i) <a> (ii) <body> (iii) <img> <p>
10. Define CRM. Explain in detail the elements of CRM.
11. Explain in detail, the applications and services of internet.
12. Explain how ledger accounts are created.
13. (i) What is Cost Centre and what are its uses?  
(ii) What is Bank Reconciliation statement? How is it prepared?

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. Define computer network. Explain the different types of networks.
15. Explain in detail about Web protocols.
16. How can we create a new company in Tally? Explain the various items on the company creation screen.

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. Describe the steps involved in configuration of voucher.

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

**B.Com. Semester V – Degree Examination**

January - 2021

**MANAGEMENT ACCOUNTING**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

Answer any **FIVE** questions of the following:

(5x2=10)

1. State the sources of fund?
2. Define cash flow as per As-3.
3. What do you mean by break even point?
4. State any two demerits of management accounting.
5. Define Responsibility Accounting.
6. What is Solvency Ratio?
7. What is Balanced Score Card?

**SECTION - B**

Answer any **FOUR** questions of the following:

(4x12=48)

8. The following information of XYZ company Ltd is given:

Current ratio – 2.5:1

Acid test ratio – 1.5:1

Working capital ₹ 60,000

Bank overdraft ₹ 10,000

Find out:

1)Current Assets

2)Current Liabilities

3)Liquid Assets

4)Closing stock

9. You are given the following data:

Year	Sales (₹)	Profit(₹)
2017	4,50,000	60,000
2018	5,10,000	75,000

You are required to calculate:

a) P/V Ratio

b) BEP

c) profit when sales are ₹ 1,80,000

d) Margin of safety in the year 2018

10. From the following information calculate cashflow from operations:

	31-3-2019(₹)	31-3-2020(₹)
Stock	49,500	38,500
Debtors	93,500	82,500
Bills payable	27,500	33,000
Creditors	60,500	41,250
Rent outstanding	16,500	5,500
Insurance prepaid	5,500	8,250
Cash at bank	30,000	55,000

**Additional information:**

Provision for bad debts	8,250
Transfer to reserve	60,500
Depreciation on building	16,500
Depreciation on plant	5,500
Provision for taxation	1,54,000
Profit on sale of plant	16,500
Loss on sale of building	33,000
Preliminary expenses written off	16,500
Net profit for the year	9,79,000

11. Define Management Accounting. Explain the nature and techniques of Management Accounting.
12. Explain the difference between Management audit and financial audit.
13. Explain the techniques of financial forecasting.

**SECTION - C****Answer any TWO questions of the following:****(2x16=32)**

14. The following are the summarized Balance sheet of Supreme Ltd. As on 31-3-2018 and 31-3-2019

<b>Assets</b>	<b>2018 (₹)</b>	<b>2019 (₹)</b>
Fixed assets	4,00,000	3,20,000
Investments	50,000	60,000
Stock	2,40,000	2,10,000
Debtors	2,10,000	4,55,000
Bank	1,49,000	1,97,000
<b>Total</b>	<b>10,49,000</b>	<b>12,42,000</b>
<b>Liabilities</b>	<b>2018 (₹)</b>	<b>2019 (₹)</b>
Share capital	4,50,000	4,50,000
Reserves	3,00,000	3,10,000
P/L A/c	56,000	68,000
Creditors	1,68,000	1,34,000
Taxation provision	75,000	10,000
Mortgage loan		2,70,000
<b>Total</b>	<b>10,49,000</b>	<b>12,42,000</b>

**Additional information:**

- a) Investment costing ₹ 8,000 were sold during the year for ₹ 8,500.
  - b) Provision for tax made during the year was ₹ 9,000.
  - c) During the year part of the fixed assets costing ₹ 10,000 sold for ₹ 12,000.  
The profit was included in the profit / Loss A/c.
  - d) Dividend paid during the year amounted to ₹ 40,000.
- You are required to prepare a statement of sources and uses of fund.

G 306.5

15. The following are the summarised balance sheets and other information of Ananth Raj Ltd as on 31-12-2018 and 2019. Prepare cashflow statement.

Liabilities	2018 (₹)	2019 (₹)	Assets	2018 (₹)	2019 (₹)
Share capital	3,00,000	4,00,000	Goodwill	Nil	10,000
General reserve	50,000	60,000	Building	3,00,000	3,30,000
P/L A/c	30,500	30,600	Machinery	1,50,000	1,69,000
Long term loan	70,000	Nil	Stock	1,00,000	74,000
Accounts payable	1,50,000	1,35,200	Accounts receivable	80,000	64,200
Provision for taxation	30,000	35,000	Cash in hand	500	5,600
			Cash at bank	Nil	8,000
	<b>6,30,500</b>	<b>6,60,800</b>		<b>6,30,500</b>	<b>6,60,800</b>

Additional information:

- Dividend paid during the year ₹ 30,000.
  - Assets of another company purchased for consideration of ₹ 1,00,000 payable in shares. The following assets were purchased: Stock ₹ 50,000 and Machinery ₹ 40,000.
  - Machinery was purchased for ₹ 28,000.
  - Depreciation written off on machinery ₹ 12,000.
  - Income tax paid during the year ₹ 37,000.
  - loss on sale of machinery ₹ 2,000 was charged to general reserve account.
16. ABC Company furnishes the following information of its cost and profit for the year 2018 and 2019.

Year	cost(₹)	Profit(₹)
2018	12,00,000	2,00,000
2019	15,00,000	3,00,000

Compute the following:

- P/V Ratio
- Fixed cost
- Variable expenses for 2018 & 2019
- Margin of safety for 2018 & 2019
- Most likely profit when sales are ₹ 20,00,000
- Break even point
- Estimated sales when the desired profit is ₹ 2,50,000
- Sales for variable cost of ₹ 8,28,000 when P/V ratio is increased to 40%.

#### SECTION - D

Answer the following: Compulsory

(10)

17. Following is the summarised Balance sheet of XYZ Ltd. As on 31-3-2019.

Liabilities	₹	Assets	₹
Equity share capital	1,25,000	Goodwill	10,000
6% preference shares	75,000	Buildings	1,25,000
General reserve	10,000	Machinery	87,500
P/L A/c	7,500	Furniture	5,000
5% Debentures	50,000	Stock	45,000
Creditors	14,000	Debtors	10,500
Bills payable	6,000	Bank	2,500
		Preliminary expenses	2,000
	<b>2,87,500</b>		<b>2,87,500</b>

- Total sales ₹ 2,00,000 which 20% is made on credit.
  - Gross profit for the year amounted to ₹ 40,000 and net profit ₹ 10,000.
- Calculate:

- current Ratio
- Liquid Ratio
- Debt- Equity Ratio
- Gross profit ratio
- Net profit Ratio
- Capital Gearing ratio

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St Aloysius College (Autonomous)

Mangaluru

B.Com. ACCA Semester V – Degree Examination

January - 2021

**ADVANCED FINANCIAL MANAGEMENT**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

Answer any **FIVE** questions of the following: (5x2=10)

1. What is a Management Buy-out?
2. What do you mean by White Knight Strategy?
3. Define Zero Dividend Policy.
4. What is Delisting?
5. Explain the term "Shareholder value added".
6. Define Cryptocurrency.
7. Explain the importance of synergy in mergers and acquisitions.

**SECTION – B**

Answer any **FOUR** questions of the following: (4x12=48)

8. Explain the environmental impact of the financial manager's decisions.
9. Explain the below specific financing options:
  - a) Equity Finance
  - b) Short term debt finance
  - c) Long term debt finance
  - d) Rights Issue
  - e) Public Issue of Shares
  - f) Private placement
10. 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 & 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

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

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

The current share price is \$0.80 (it was \$1.60 at the end of 20X7).

**Required:**

**Summarize the performance of Zed Manufacturing in 20X8 compared with 20X7.**

11. Colsan plc ['Colsan'] is a UK-based multinational company with two overseas subsidiaries. Colsan wishes to minimise its global tax bill, and part of its tax strategy is to try to take advantage of opportunities provided by transfer pricing.

Colsan has subsidiaries in Fraland and Serland

<b>Taxation and excise duty rates</b>	<b>UK</b>	<b>Fraland</b>	<b>Serland</b>
Corporate tax on profits	30%	45%	20%
Withholding tax on dividends	-	10%	-
Import tariffs on goods (not tax Allowable)	-	-	5%

The Fraland subsidiary produces 100,000 sofa frames per annum, which are then sent to Serland for the upholstery to be added, and the furniture completed. The frames are sold to the Serland subsidiary at a transfer price equal to variable cost (which is £50) plus 50%. Annual fixed costs in Fraland are £1.5m.

The Serland subsidiary incurs additional variable costs of £72 per unit and sells the completed furniture for £200 per unit in Serland. Annual fixed costs in Serland are £1.7m.

All transactions between the companies are in £ sterling. Each year, the Fraland subsidiary remits 60% of its profit after tax and the Serland subsidiary remits 100% of its profit after tax to Colsan.

Required:

If Colsan instructs the Fraland subsidiary to sell the frames to the Serland subsidiary at full cost:

- Determine the potential effect of this on the group tax and tariff payments.
- Outline the consequences of this strategy.

Assume that bilateral tax agreements exist which allow Fraland and Serland tax paid to be credited against Colsan's UK tax liability.

12. HGT Inc is a UK based multinational company with two overseas subsidiaries. The company wishes to minimise its global tax bill, and part of its tax strategy is to try to take advantage of opportunities provided by transfer pricing.

HGT has subsidiaries in Glinland and Rytora.

<b>Taxation</b>	<b>UK</b>	<b>Glinland</b>	<b>Rytora</b>
Corporation tax on profits	30%	40%	25%
Withholding tax on dividends	-	10%	-
Import tariffs on all goods (not tax allowable)	-	-	10%

The subsidiary in Glinland produces 150,000 graphite golf club shafts per year which are then sent to Rytora for the metal heads to be added and the clubs finished off. The shafts have a variable cost in Glinland of \$6 each, and annual fixed costs are \$140,000. The shafts are sold to the Rytoran subsidiary at variable cost plus 75%.

The Rytoran subsidiary incurs additional unit variable costs of \$9, annual fixed costs of \$166,000, and sells the finished clubs at \$30 each in Rytora.

Bi-lateral tax agreements exist which allow foreign tax paid to be credited against UK tax liability.

All transactions between the companies are in pounds sterling. The Rytoran subsidiary remits all profit after tax to the UK parent company each year, and the Glinland subsidiary remits 50% of its profit after tax.

Required: The parent company is considering instructing the Glinland subsidiary to sell the shafts to the Rytoran subsidiary at full cost. Evaluate the possible effect of this on tax and tariff payments, and discuss briefly any possible problems with this strategy.

13. Mavericks Co and Power Co are listed on the Stock Exchange.

Relevant information is as follows:

	<b>Mavers Co</b>	<b>Power Co</b>
Share price today	\$3.05	\$6.80
Shares in issue	48 million	13 million

Mavers Co wants to acquire 100% of the shares of Power Co.

The directors are considering offering 2 new Mavericks Co shares for every 1 Power Co share.

Required: Evaluate whether the 2 for 1 share for share exchange will be likely to succeed. If necessary, recommend revised terms for the offer which would be likely to succeed.

### SECTION - C

Answer any **TWO** questions of the following:

(2x16=32)

14. Discuss with respect to "Incorporating the interests of other Stakeholders" the following matters:

- It's application to Shareholders/Managers
- It's application to Not-for-profit organizations
- State examples of Stakeholders conflict &
- Strategies for the resolution of stakeholder conflict.

15. 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 the first year, \$4.5 million in the second year and \$6.5 million in year 3. The stock market value of debt is \$5m and the company's cost of capital is 10%.

**Required:**

- a) Calculate the current value of the firm and the value of the equity.**

If the company now believes that earnings after the planning horizon will:

- Continue at the year 3 level into perpetuity or
- Grow at 0.9% pa into perpetuity.

- b) Recalculate the current value of the firm and the value of the equity.**

16. The following information relates to the proposed financing scheme for a management buy-out of a manufacturing company.

	%	€000
Share capital held by		
Management	40	100
Institutions	60	150
		<b>250</b>
10% redeemable preference shares (redeemable in ten years' time)		1,200
		<b>1,450</b>
Loans		700
Overdraft facilities		700
		<b>2,850</b>

Loans are repayable over the next five years in equal instalments. They are secured on various specific assets, including properties.

Interest is 12% pa.

The manufacturing company to be acquired is at present part of a much larger organization, which considers this segment to be no longer compatible with its main line of business. This is despite the fact that the company in question has been experiencing revenue growth in excess of 10% pa.

The assets to be acquired have a book value of €2,250,000, but the agreed price was €2,500,000.

You are required to write a report to the buy-out team, appraising the financing scheme.

(b) What problems are likely to be encountered in assembling a financing package in a management buy-out of a service company as opposed to a manufacturing company?

#### **SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. Norman English was a mechanical engineer, who founded his own company in the early 1970s, producing automotive parts. His early successes enabled him to diversify into a wide range of component manufacturing, and eventually into assembly of unbranded products. Many households are entirely unaware that the product they identify by an expensive, foreign brand was actually made locally.

In the mid-1980s, the company was floated and attracted favourable City opinion. New investment was used to launch into several new projects, and exporting. The latter was particularly well received and, with his forthright views, made Norman English a minor spokesperson for industry. Public speaking and committee work took a great part of his time. During the 1990s, company size increased by more than five times.

By 2008, Norman was ageing, unwell, and thinking about retirement. For several years, his involvement as CEO had been somewhat peripheral, and he was aware that his middle managers spent some time fighting each other. In the past, he had seen off such problems with his forceful personality and understanding of the business. The geographical spread of the company, and the proliferation of information made it extremely hard for him to keep the issues clear in his mind.

Further, the company's financial performance was not good and dividends were low. Manufacturing plant was old, and needed replacement. Product design was also looking dated; the firm had been slow to incorporate microchip technology into its products and was increasingly forced into producing budget models with little margin.

**G 306.5a**

A widely-circulated report suggested that the export initiative had never been profitable, but had consumed a great deal of capital. Nonetheless, investors and lenders wanted to feel that Norman English was still in control.

Is this corporate failure? Give reasons for your answer. How has this arisen?

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

**B.Com. Semester V – Degree Examination**

**January - 2021**

**SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT - I**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following: (5x2=10)**

1. What is Price-Earnings Ratio with regard to multiplier approach to share valuation?
2. What is meant by Spot Interest Rate?
3. Give the meaning of the term 'Security'.
4. What is Money Market?
5. State any two differences between Investor and Speculator.
6. Expand BSE and OTCEI.
7. The face value of a bond is Rs 100 with a coupon rate at 12%. If the bond's current market price is Rs 120, what is its current yield?

**SECTION – B**

**Answer any FOUR questions of the following: (4x12=48)**

8. Stocks X and Y display the following returns over the past three years:

Year	Return on X	Return on Y
2017	14	12
2018	16	18
2019	20	15

- (a) What is the expected return on portfolio made up of 40 percent of X and 60 percent of Y?
  - (b) What is the standard deviation of each stock?
  - (c) Determine the correlation co-efficient of stock X and Y.
  - (d) What is the portfolio risk of a portfolio made up of 40 percent X and 60 percent Y?
9. The return on market and on the security of Heaven Limited are given below. Calculate the Beta of security of Heaven Limited:

Month	Return on Market(%)	Return on Heaven Limited(%)
January	8	7
February	12	14
March	6	9
April	11	16
May	14	11
June	12	10
July	13	9
August	9	16
September	7	13
October	6	6
November	12	7
December	12	14

10. (a) A share is currently selling for Rs 65. The company is expected to pay a dividend of Rs 2.50 on the share at the end of the year. It is reliably estimated that the share will sell for Rs 78 at the end of the year.

Assuming that the dividend and price forecasts are accurate, would you buy the share to hold it for one year, if your required rate of return were 12%.

(4 Marks)

- (b) You have decided to buy 500 shares of an Textile company with the intention of selling out at the end of five years. You estimate that the company will pay Rs 3.50 per share as dividends for the first two years and Rs 4.50 per share for the next three years. You further estimate that, at the end of the five year holding period, the shares can be sold for Rs 85. What would you be willing to pay today for these shares if your required rate of return is 12 percent?

(8 Marks)

11. Distinguish between Primary Market and Secondary Market.  
 12. State the meaning of Rigging, Cornering, Wash Sales, Dividend Stripping, Bonus Stripping and Online Trading.  
 13. What is Fundamental Analysis? Explain the factors to be considered in Economic Analysis.

### SECTION - C

Answer any **TWO** questions of the following:

(2x16=32)

14. From the following details relating to two companies, you are required to calculate the expected return of P and Q and standard deviation as a risk measure of two companies. Offer your comments on which company is better for return and risk estimates:

Outcome	Company P		Company Q	
	Expected Return	Probability	Expected Return	Probability
1	6	0.3	8	0.5
2	8	0.5	12	0.3
3	10	0.2	18	0.2

15. What is Technical Analysis? Explain the tools of Technical Analysis?  
 16. What is a Portfolio? Explain the important investment avenues or alternatives available to investors.

### SECTION - D

Answer the following: **Compulsory**

(10)

17. An investor recently purchased a bond with Rs 1000 face value, 10 percent coupon rate, and six years to maturity. The bond makes annual interest payments. The investor paid Rs 1032.50 for the bond.

(a) What is the yield to maturity of the bond?

(b) If the bond can be called two years from now at a price of Rs 1080, what is its yield to call?

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**St Aloysius College (Autonomous)**  
**Mangaluru**  
**B.Com. Semester V – Degree Examination**  
**January - 2021**  
**BUSINESS TAXATION - I**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

Answer any **FIVE** questions of the following: (5x2=10)

1. When a Hindu Undivided Family is said to be resident family for tax purpose?
2. Mention the maximum limit of working partner's remuneration under Section 40(b) in the case of assessment firm.
3. What do you mean by Minimum Alternate Tax?
4. Give the meaning of Impartible estate.
5. Give 2 examples of transactions where quoting PAN is compulsory.
6. What do you mean by Tax Planning?
7. What do you mean by Association of Persons?

**SECTION – B**

Answer any **FOUR** questions of the following: (4x12=48)

8. Explain Income tax authorities and their powers.
9. Compute the income of the firm from business in the following cases assuming that the condition under Section 184 and 40(b) are fulfilled
  - a) Book loss Rs 1,80,000 Remuneration to working partners Rs 2,00,000
  - b) Book loss Rs 3,50,000 Remuneration to working partners Rs 50,000
  - c) Book profit Rs 3,00,000 Remuneration to working partners Rs 1,00,000
  - d) Book profit Rs 6,00,000 Remuneration to working partners Rs 5,50,000.
10. Shri Nagaraj is a Karta of HUF. He furnished the following information about his family income for the year ended 31<sup>st</sup> March 2020.

Particulars	Rs.
1) Salary received by a member who is serving at Madras	3,20,000
2) Business Income	5,91,000
3) Directors fees received by the Karta from personal efforts	10,000
4) Gross annual value of Let Out property	16,000
5) Municipal Tax on property paid	1,600
6) Long term capital gain from land	25,000
7) Dividend from Indian company (Gross)	11,500
8) Donation to a recognized Medical Institute by Cheque	68,000

Compute the Total Income of the family. A member of the family is disabled and the family spent Rs. 28,000 for his treatment.

You are also required to calculate the Tax Payable by the family.

Contd...2

11. South Canara Weavers Co-operative Society Udupi derives income from the following sources:

- 1) Income from weaving with the aid of power Rs 70,000
- 2) Income from collective disposal of labour of its members Rs 17,000
- 3) Interest from Co-operative society Rs 32,000
- 4) Interest on deposit with Central Co-operative Bank Rs 18,000
- 5) Income from house property (computed) Rs 75,000
- 6) Income from other business Rs 70,000
- 7) Dividend from shares of Vijaya Co-operative Bank Rs 15,000
- 8) LTCG Rs 22,000
- 9) Donation to Udupi Municipality for renovation of hospital building Rs 10,000.

Compute total income and tax liability.

12. a) From the following information, compute the tax payable by an AOP and its members A, B and C, who share the profits/losses equally.

- 1) Total Income of AOP Rs. 9,50,000.
- 2) Personal Income of members – A: Rs. 2,15,000, B: Rs. 2,35,000, C:Rs. 2,25,000.

(8 Marks)

- b) Explain the steps to compute share of income of members of AOP/BOI.

(4 Marks)

13. Explain the Provisions under Section 115 JB relating to Minimum Alternate Tax.

### SECTION – C

Answer any **TWO** questions of the following:

(2x16=32)

14. A, B & C are partners in a firm, with A being a non-working partner. The Profit & Loss A/C for the year ended 31.03.2020 is as follows:

Particulars	Rs	Particulars	Rs
Salaries	2,50,000	Gross profit	11,00,000
Office expenses	10,000	Dividend from Indian company	25,000
Rent	30,000	Rent from House Property	24,000
Advertisement	25,000	Ground rent received	30,000
Donation	20,000	Interest on Govt. securities	5,000
Sundry expenses	30,000		
Bad debt reserve	20,000		
Bad debt	10,000		
Depreciation reserve	40,000		
Interest on capital			
A	1,00,000		
B	60,000		
C	40,000		
Commission			
A	20,000		
B	15,000		
C	5,000		
Bonus			
A	15,000		
B	15,000		
Net profit	4,79,000		
	<b>11,84,000</b>		<b>11,84,000</b>

Additional information:

- Salaries include salary of B Rs.35000 and C Rs.15000.
- Donation includes Rs.10,000 to NDF and the balance to a recognized college.
- Depreciation allowable as per Income Tax rules Rs. 30,000, not debited to the P/L A/c.
- Capital Accounts of partners stood at A Rs.4,00,000 B Rs.2,40,000 and C Rs.1,60,000 as on 1<sup>st</sup> April 2019.
- Sundry expenses include a payment made in cash Rs. 25,000 and Rs.5,000 to a recognized political party.

Compute the book profit, total income of the firm, tax liability of the firm and shares of income of partners from the firm taxable under section 28. Firm has fulfilled conditions u/s 184.

15. The following is the statement of Profit & Loss of Skyline Ltd., for the year ended 31<sup>st</sup> March 2020:

Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2020

Particulars	Note No	Figures as at the end of current year Rs.
<b>I. Revenue from operation</b>		16,00,000
<b>II. Other Income:</b>		
Profit on sale of building		18,500
Interest on Govt. securities		12,000
Rent received from house property		40,000
Dividend from domestic companies		10,000
<b>III. Total Revenue (I+II)</b>		16,80,500
<b>IV. Expenses:</b>		
Cost of materials consumed		3,50,000
Depreciation		30,000
Interest on debentures		25,000
<b>Other expenses:</b>		
Manufacturing expenses		1,85,000
Rent, rates and taxes		7,500
Establishment charges		50,150
General charges		13,750
Managing director remuneration		41,000
Provision for income tax		10,000
<b>Total expenses</b>		7,12,400
<b>V. Profit before tax (III-IV)</b>		9,68,100
<b>VI. Tax expenses</b>		36,000
<b>VII. Profit for the period (V-VI)</b>		9,32,100

Other information:

- Depreciation u/s 32 Rs 50,000.
- General charges include Rs 5,000 donation for charitable purposes and municipal taxes relating to house property Rs 1,500 p.a.
- Profit on sale of building is short term capital gain.
- The company wants to set off the following:

Particulars	Tax purpose Rs.	Accounting purpose Rs.
B/F loss of 2016-17	50,000	40,000
Unabsorbed depreciation	20,000	20,000

You are required to compute:

- (i) Book profit as per Section 115JB and MAT.
- (ii) Total income of the company.
- (iii) Tax liability of the company.

The total turnover of the company in the year 2017-2018 is less than Rs.400 crores.

16. Andhra Multi-Purpose Co-operative Society provides the following details of its income for the year ending 31<sup>st</sup> March 2020. Calculate its Total Income and Tax liability.
- a) Income from providing credit facility to its members Rs. 80,000.
  - b) Rent received from letting of house for residential purpose Rs. 24,000 p.a.
  - c) Income from sale of consumer products Rs. 2,90,000 which is arrived after considering expenditure relating to house property let out- repairs Rs.10,000, Municipal tax Rs. 2000, Rent collection charges Rs. 10,000. Fire insurance premium Rs. 2000.
  - d) Taxable income from letting of godown for storage Rs. 16,000.
  - e) Dividends from other Co-operative Society Rs. 9000.
  - f) Interest on Fixed Deposit with Dhanalaxmi Co-operative Society Rs. 8000.
  - g) Interest on securities Rs. 12,000.
  - h) Dividend received from Indian Companies Rs. 35,000.
  - i) LTCG Rs.1,25,000.
  - j) The Society gave donation of Rs.20,000 to Prime Minister's National Relief Fund.

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. Explain different types of Assessment.

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. Semester V – Degree Examination**

**January - 2021**

**HUMAN RESOURCE MANAGEMENT - I**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. Define human resource management.
2. What is campus recruitment?
3. Give the meaning of job specification.
4. What do you mean by fringe benefits?
5. What is job design?
6. What do you mean by straight ranking method?
7. What is job enlargement?

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. Explain the importance and objectives of human resource management?
9. Write a note on job description?
10. What are the essentials of sound a wage and salary structure and principles governing compensation administration?
11. Explain the various external sources of recruitment
12. Explain the role of a human resource manager
13. Write the significance and uses of job analysis.

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. What is selection? Explain the process of selection.
15. Explain the process and factors affecting human resource planning.
16. What are the characteristics of sound human resource policy? and explain the advantages of HRM policies.

**SECTION – D**

**Answer the following: Compulsory**

**(10)**

17. Briefly explain the methods of job evaluation.

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Semester V – Degree Examination  
January - 2021  
MARKETING MANAGEMENT -I**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

**Answer any FIVE questions of the following: (5x2=10)**

1. What is meant by Internal Marketing Environment?
2. What is a Global Village?
3. What is Consumer Behaviour?
4. What is Market Research?
5. Define Marketing Environment.
6. What is Marketing Audit?
7. What is Mass Marketing?

**SECTION - B**

**Answer any FOUR questions of the following: (4x12=48)**

8. Explain the role of marketing information.
9. Write short notes on Green Marketing.
10. Explain the consumer decision making process.
11. Explain the marketing research process.
12. What is Direct Marketing? Explain its advantages.
13. Explain difference between conventional and direct marketing.

**SECTION – C**

**Answer any TWO questions of the following: (2x16=32)**

14. "The understanding and knowledge of marketing environment is necessary to run a successful business". Explain with examples.
15. Explain the important marketing decisions to be taken by firms planning to enter international markets.
16. Write short notes on:  
i) Data Collection ii) Merchandise Mix iii) Brand repositioning

**SECTION – D**

**Answer the following: Compulsory (10)**

17. Explain factors influencing consumer behaviour.

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

**B.Com. (Vocational) Semester V – Degree Examination**

**January -2021**

**CORPORATE ACCOUNTING**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

Answer any **FIVE** questions of the following: (5x2=10)

1. What the preference for payment in the event of dissolution of a partnership when the amounts are payable towards Partners for their capital, Secured Loan from Bank, Creditors, Partner's Loan?
2. Which are the two methods under piece-meal distribution of cash in dissolution of partnership?
3. The net assets of a firm which is being sold to a company is Rs.11,40,000 which is not inclusive of surplus valuation in land of Rs.3,60,000 and a depreciation of Rs.50,000 in plant and machinery. How many shares are to be issued of the value of Rs.10 each to settle the final consideration?
4. What is vesting period under ESOP?
5. The current market price of a share is Rs.85 and the option price granted to its employees is Rs.45. if the number of options offered to its employees is 10,000, what the cost that needs to be amortised?
6. What is the condition of physical share certificates after buy back?
7. A company bought back 80,000 shares of Rs.10 each at a price of Rs.20,00,000. What should be the amount that needs to be transferred to Capital Redemption Reserve assuming there was no fresh issue of shares?

**SECTION - B**

Answer any **FOUR** questions of the following: (4x12=48)

8. Following is the balance sheet of Thriambak Ltd as on 31st March:-

Equity and Liabilities	Rs	Assets	RS
Equity Shares of Rs. 10 Fully Paid	12,50,000	Fixed Assets	46,50,000
Reserves and Surplus:		Current Assets	30,00,000
Revenue Reserve	15,00,000		
Securities Premium	2,50,000		
Profit & Loss A/c	1,25,000		
Secured Loans:			
12% Debentures	18,75,000		
Unsecured Loans	10,00,000		
Current Liabilities	16,50,000		
<b>Total</b>	<b>76,50,000</b>	<b>Total</b>	<b>76,50,000</b>

Contd...2

The company wants to buy back 25,000 equity shares of Rs.10 each on first April, at Rs.20 per share. Buyback of shares is duly authorised by its articles and necessary resolution passed by the company towards this. Payment for buyback of shares will be made by the company out of sufficient bank balance available as a part of current assets.

Comment with your calculations, whether buyback of shares by company is within the provisions of the companies act. If yes, pass necessary journal entries towards buyback of shares and prepare balance sheet after buyback of shares.

9. X, Y and Z are partners of the firm XYZ and Co, sharing profits and losses in the ratio of 4:3:2. Following is the balance sheet of the firm as at 31st March:

Capital and Liabilities	Rs	Properties and Assets	Rs
Partner's Capitals:		Fixed Assets	5,00,000
- X	4,00,000	Stock-in-Trade	3,00,000
- Y	3,00,000	Sundry Debtors	5,00,000
- Z	2,00,000	Cash in Hand	10,000
General Reserve	90,000		
Sundry Creditors	3,20,000		
Total	13,10,000	Total	13,10,000

Partners of the firm decided to dissolve the firm on the above date. It was found that a credit purchase of Rs.20,000 in March had not been recorded in the books of the firm.

1. Fixed assets realised Rs.5,20,000 and book debts Rs.4,40,000
2. Stocks were valued at Rs.2,50,000 and it was taken over by partner Y.
3. Creditors allowed discount of 5% and the expenses of realisation amounted to Rs.6000.

Prepare realisation account, partners' capital account and cash account

10. A, B and C are in partnership sharing profits and losses in the ratio of 5:4:4.

The Balance Sheet of the firm as on 31st March, 2018 is as below:

Liabilities	Rs	Assets	Rs
A's Capital	1,20,000	Factory Building	1,93,280
B's Capital	80,000	Plant and Machinery	1,30,200
C's Capital	1,00,000	Trade Receivable	43,200
B's Loan	36,000	Inventories	99,120
Trade Payables	1,32,000	Cash at Bank	2,200
Total	4,68,000	Total	4,68,000



On Balance Sheet date, all the three partners have decided to dissolve their partnership. The partners decided to distribute amounts as and when feasible and for this purpose they appoint C who was to get as his remuneration 1% of the value of the assets realised other than cash at bank and 10% of the amount distributed to the partners.

Assets were realised piecemeal as under:

	Rs
First instalment	1,49,200
Second instalment	1,38,602
Third instalment	80,000
Last instalment	56,000
Dissolution expenses were provided for estimated amount of	24,000
The trade payables were settled finally for	1,27,200

You are required to prepare a statement showing distribution of cash amongst the partners by "Highest Relative Capital Method".

11. Suvidhi Ltd. offered 50 shares to each of its 1500 employees on 1 April, 2017, for Rs.30. Option would be exercisable within a year it is vested. The shares issued under the plan shall be subject to lock-in on transfer for three years from the grant date. The market price of shares of the company is Rs.50 per share on grant date. Due to post vesting restrictions on transfer, the fair value of the shares issued under the plan is estimated at Rs.38 per share.

On 31st March, 2018, 1200 employees accepted the offer and paid Rs.30 per share purchased. Nominal value of each share is Rs.10.

Record the issue of shares in the books of the company under aforesaid plan.

12. Discuss the conditions essential to be complied with on buyback of securities.
13. The following was the balance sheet of C Ltd. As on 31st March, 2014.

Equity and Liabilities	Rs in lakhs	Assets	Rs in lakhs
<u>Share Capital:</u>		Fixed Assets	14,000
Equity shares of Rs. 10 each fully paid up	8,000	Investments	3,000
10% Redeemable Pref. shares of 110 each fully paid up	2,500	Cash at Bank	1,650
<u>Reserves &amp; Surplus:</u>		Other current assets	8,250
Capital Redemption Reserve	1,000		
Securities Premium	800		
General Reserve	6,000		
Profit & Loss A/c	300		
<u>Secured Loans:</u>			
9% Debentures	5,000		
<u>Current Liabilities:</u>			
Trade payables	2,300		
Sundry Provisions	1,000		
<b>Total</b>	<b>26,900</b>	<b>Total</b>	<b>26,900</b>

On 1st April, 2014 the company redeemed all its preference shares at a premium of 10% and bought back 15% of its equity shares at Rs.20 per share. In order to make cash available, the company sold all the investments for Rs.3,150 lakhs and raised a bank loan amounting to Rs.400 lakhs on the security of the company's plant.

You are required to;

- i) Pass journal entries for the above and
- ii) Prepare the company's balance sheet immediately thereafter

**SECTION – C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. Siya Ltd. provides you the following information:

No. of employees	2,500
No. of options to be granted to each employee	500
Vesting period	4 years
No. of employees not expected to fulfill the vesting condition other than market conditions	
1 <sup>st</sup> Year	20%
2 <sup>nd</sup> Year	15%
3 <sup>rd</sup> Year	10%
4 <sup>th</sup> Year	10%
Fair value of the option per share	Rs. 5
Exercise price	Rs. 50
Exercise period	3 Years
Face value of each share	Rs. 10

At the end of third year it has been re-estimated that all vesting conditions have been fulfilled and no other further conditions are required for options to vest and 600 employees exercise their option at the end of 4<sup>th</sup> year, 800 employees exercise their option at the end of 5<sup>th</sup> year and 100 employees exercise their option at the end of 6<sup>th</sup> year. Rights of 30 employees expire and exercised at the end of 6<sup>th</sup> year. You are required to pass necessary journal entries for first 3 years.

15. Alpha Ltd. furnishes the following summarised Balance Sheet as at 31<sup>st</sup> March, 2017;

Particulars	Rs in lakhs	Rs in lakhs
<b><u>Equity &amp; Liabilities:</u></b>		
Shareholder's Funds		
Equity and share capital (fully paid up shares of Rs. 10 each)		2,400
<b><u>Reserves and Surplus:</u></b>		
Securities premium	350	
General Reserve	530	
Capital Redemption Reserve	400	
Profit and Loss A/c	<u>340</u>	1,620
Non-current liabilities		1,500
12% debentures		
Current Liabilities		
Trade Payables	1,490	
Other current liabilities	<u>390</u>	<u>1,880</u>
<b><u>Total</u></b>		<b><u>7,400</u></b>
<b><u>Assets:</u></b>		
<b><u>Non-Current Assets:</u></b>		
Fixed Assets		4,052
<b><u>Current Assets:</u></b>		
Current Investments	148	
Inventories	1,200	
Trade receivables	520	
Cash and Bank	<u>1,480</u>	<u>3,348</u>
<b><u>Total</u></b>		<b><u>7,400</u></b>

On first April, 2017, the company announced buyback of 25% of its equity shares at Rs.5 per share. For this purpose, it sold all its investment for Rs.150 lakhs.

- (i) On 10th April, 2017 the company achieved the target of buyback.
- (ii) On 10<sup>th</sup> April 2017, the company achieved the target of buy-back.
- (iii) On 30th April, 2017, the company issued one fully paid up with the share of Rs.10 each by way of bonus for every four equity shares held by the equity shareholders by capitalisation of capital redemption reserve

You are required to pass necessary journal entries and prepare balance sheet of alpha LTD after bonus issue

16. P, Q, R and S had been carrying on business in partnership sharing profits and losses in the ratio of 4:3:2:1. They decided to dissolve the partnership on the basis of following balance sheet as on 30 April 2011:

Liabilities		Rs	Assets		Rs
Capital Accounts			Land & Building		2,46,000
P	1,68,000		Furniture & Fixtures		65,000
Q	<u>1,08,000</u>	2,76,000	Stock		1,00,000
General Reserve		95,000	Debtors		72,500
Capital Reserve		25,000	Cash in Hand		15,500
Sundry Creditors		36,000	Capital overdrawn		
Mortgage Loan		1,10,000	R- 25,000 S- 18,000		43,000
Total		5,42,000	Total		5,42,000

- i. The assets were realised as under
  - Land and building Rs.2,30,000
  - Furniture and fixtures Rs.42,000
  - Stock Rs.72,000
  - Debtors Rs.65,000
- ii. Expenses of dissolution amounted to Rs.7800
- iii. Further creditors of Rs.18,000 had to be met or became insolvent and nothing was realised from his private estate.

Applying the principles laid down by Garner Vs. Murray, prepare the realisation account, partners' capital account and cash account.

#### SECTION - D

**Answer the following: Compulsory**

**(10)**

17. What are the three tests to be applied on buyback of shares?

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G 352.5(P)

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. Vocational Semester V – Degree Examination**

**January - 2021**

**ACCOUNTING STANDARDS AND GUIDELINES**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following:**

**(5x2=10)**

1. What is Contingent Liability in the context of AS 29 (Revised)?
2. What is Guaranteed Residual Value in the case of lessor and lessee?
3. State any two examples of costs that cannot be attributed to contract activity or cannot be allocated to a contract under AS 7.
4. How is revenue arising from the use by others of enterprise resources yielding for Interest and Dividend recognized as per AS 9.
5. In the context of AS 19, Explain:
  - Accounting treatment for Lease Income from Operating Leases.
  - Contingent rent
6. What is the measurement criteria for the following intangible assets as per AS 26:
  - Direct purchase
  - (Internally generated Intangible Assets) i.e Research & Development expenses
7. As a statutory auditor, how would you deal with the following?

A husband and wife are controlling 34% of voting power in XY Ltd. They are having a separate partnership firm which supplied raw materials to the Company. The management says that the above transactions need not be disclosed

**SECTION - B**

**Answer any FOUR questions of the following:**

**(4x12=48)**

8. An enterprise acquired patent right for Rs 400 lakhs. The product life cycle has been estimated to be 5 years and the amortization was decided in the ratio of estimated future cash flows which are as under:

Year	Estimated Future Cash Flows (Rs in lakhs)
1	200
2	200
3	200
4	100
5	100

After 3rd year, it was ascertained that the patent would have an estimated balance future life of 3 years and the estimated cash flow after 5th year is expected to be Rs 50 lakhs. Determine the amortization under Accounting Standard 26.

9. Prakash Limited leased a machine to Badal Limited on the following terms:

Fair value of the machine = Rs 48.00 Lakhs

Lease term = 5 years

Lease rent = Rs 8.00 lakhs p.a.

Guaranteed residual value = Rs 1.6 lakhs

Expected residual value = Rs 3 lakhs

Internal rate of return = 15%

Discounted rates for 1st year to 5th year are 0.8696, 0.7561, 0.6575, 0.5718, and 0.4972 respectively.

Ascertain Unearned Finance Income.

10. Given the following information of M/s. Paper Products Ltd.

- i. Goods of Rs 60,000 were sold on 20-3-2015 but at the request of the buyer these were delivered on 10-4-2015.
- ii. On 15-1-2015 goods of Rs 1,50,000 were sent on consignment basis of which 20% of the goods unsold are lying with the consignee as on 31-3-2015.
- iii. Rs 1,20,000 worth of goods were sold on approval basis on 1-12-2014. The period of approval was 3 months after which they were considered sold. Buyer sent approval for 75% goods up to 31-1-2015 and no approval or disapproval received for the remaining goods till 31-3-2015.
- iv. Apart from the above, the company has made cash sales of Rs 7,80,000 (gross). Trade discount of 5% was allowed on the cash sales.

You are required to advise the accountant of M/s. Paper Products Ltd., with valid reasons, the amount to be recognized as revenue in above cases in the context of AS-9 and also determine the total revenue to be recognized for the year ending 31-3-2015.

11. a) In view of the provisions of Accounting Standard 25 on Interim Financial Reporting, on what basis will you calculate, for an interim period, the provision in respect of defined benefit schemes like pension, gratuity etc. for the employees?
- b) An enterprise reports quarterly, estimates an annual income of Rs 10 lakhs. Assume tax rates on 1st Rs 5,00,000 at 30% and on the balance income at 40%. The estimated quarterly income are Rs 75,000, Rs 2,50,000, Rs 3,75,000 and Rs 3,00,000.

Calculate the tax expense to be recognized in each quarter.

12. a) What are the objectives of AS 28 Impairment of Assets?
- b) Venus Ltd has a fixed asset, which is carried in the Balance Sheet on 31.3.2017 at Rs 500 lakhs. As at that date, the value in use is Rs 400 lakhs and the net selling price is Rs 375 lakhs.

From the above data:

- i. Calculate impairment loss
  - ii. Prepare journal entries for adjustment of impairment loss
  - iii. Show, how impairment loss will be shown in the Balance Sheet.
13. The fair value of plan assets of Anupam Ltd. was Rs 2,00,000 in respect of employee benefit pension plan as on 1<sup>st</sup> April, 2016. On 30<sup>th</sup> September, 2016 the plan paid out benefits of Rs 25,000 and received inward contributions of Rs 55,000. On 31<sup>st</sup> March, 2017 the fair value of plan assets was Rs 3,00,000. On 1<sup>st</sup> April, 2016 the company made the following estimates, based on its market studies and prevailing prices.

	%
Interest and dividend income (after tax) payable by fund	10.25
Realized gains on plan assets (after tax)	3.00
Fund administrative costs	<u>(3.00)</u>
Expected rate of return	<u>10.25</u>

Calculate the expected and actual returns on plan assets as on 31<sup>st</sup> March, 2017, as per AS 15.

### SECTION - C

Answer any **TWO** questions of the following:

(2x16=32)

14. Sun Limited leased a machine to Moon Limited on the following terms:

	(Amount in Rs)
Fair value at inception of lease	50,00,000
Lease Term	4 Years
Lease Rental per annum	16,00,000
Guaranteed residual value	3,00,000
Expected residual value	4,50,000
Implicit Interest rate	15%

Discounted rates for 1st year, 2nd year, 3rd year and 4th year are 0.8696, 0.7561, 0.6575 and 0.5718 respectively.

Calculate the value of Lease Liability and ascertain Unearned Finance Income as per AS- 19.

15. The following information is available for AB Ltd. for the accounting year 2017-18 and 2018-19:

Net profit for		Amount in Rupees
Year	2017-18	22,00,000
Year	2018-19	30,00,000

## G 352.5(P)

No of shares outstanding prior to right issue 10,00,000 shares.  
 Right issue: One new share for each five shares outstanding i.e. 2,00,000 shares.

: Right Issue price Rs 25

: Last date to exercise right 31<sup>st</sup> July, 2018

Fair value of one equity share immediately prior to exercise of rights on 31.07.2018 is Rs 32.

You are required to compute:

- (i) Basic earnings per share for the year 2017-18.
- (ii) Restated basic earnings per share for the year 2017-18 for right issue.
- (iii) Basic earnings per share for the year 2018-19.

16. A Construction Contractor has a fixed price contract for Rs 18,000 lacs to build a bridge in 3 years time frame. A summary of some of their financial data is as under:

	(Amount Rs in lacs)		
	Year 1	Year 2	Year 3
Initial Amount for revenue agreed in contract	18,000	18,000	18,000
Variation in Revenue (+)	-	400	400
Contracts costs incurred up to the reporting date	4,186	12,336*	16,200**
Estimated profit for whole contract	1,900	2,000	2,000

\*Includes Rs 200 lacs for standard materials stored at the site to be used in year 3 to complete the work.

\*\*Excludes Rs 200 lacs for standard material brought forward from year 2.

The variation in cost and revenue in year 2 has been approved by customer.

Compute year wise amount of revenue, expenses, contract cost to complete and profit or loss to be recognized in the Statement of Profit and Loss as per AS-7 (revised).

## SECTION - D

Answer the following: Compulsory

(10)

17. a) Mini Ltd. took a factory premises on lease on 1.4.2016 for ` 2,00,000 per month. The lease is operating lease. During March 2017, Mini Ltd. relocates its operation to a new factory building. The lease on the old factory premises continues to be live upto 31.12.2019. The lease cannot be cancelled and cannot be sub-let to another user. The auditor insists that lease rent of balance 33 months upto 31.12.2019 should be provided in the accounts for the year ending 31.3.2017. Mini Ltd. seeks your advice.
- b) An engineering goods company provides after sales warranty for 2 years to its customers. Based on past experience, the company has been following policy for making provision for warranties on the invoice amount, on the remaining balance warranty period:
- Less than 1 year: 2% provision
  - More than 1 year: 3% provision



The company has raised invoices as under:

Invoice Date	Amount (Rs)
19th January, 2017	40,000
29th January, 2018	25,000
15th October, 2018	90,000

Calculate the provision to be made for warranty under Accounting Standard 29 as at 31st March, 2017 and 31st March, 2018. Also compute amount to be debited to Profit and Loss Account for the year ended 31st March, 2018.

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G 353.5(P)

Reg. No. :

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Vocational Semester V – Degree Examination  
January - 2021**

**AUDITING AND ASSURANCE**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

**Answer any FIVE questions of the following: (5x2=10)**

1. State the applicability of Cost Audit as per Companies Act, 2013.
2. Briefly explain any 2 Modes of creation of security.
3. Name any 6 types of audit reports to be issued in a bank audit.
4. The auditor shall determine those matters that required significant auditor attention in performing the audit. What shall he take into account while determining key audit matters?
5. Define Key Audit Matters as per SA 701.
6. What is statistical sampling approach?
7. What is the meaning of analytical procedure?

**SECTION - B**

**Answer any FOUR questions of the following: (4x12=48)**

8. a) Explain the types of sample selection methods? **6 Marks**  
b) State the advantages & disadvantages of Joint Audit. **6 Marks**
9. What are the special features of Co-operative society? Explain every feature.
10. As an auditor, how do you audit the following **(4 Marks each)**
  - a) Reserves & Surplus
  - b) Cash & Cash equivalents
  - c) Intangible assets
11. Explain appointment of First & subsequent auditors of both government & non-government company.
12. What audit approach & procedures should the auditor adapt while auditing Income of a Bank?
13. Define assertion. Explain how to audit "SHARE CAPITAL" in detail.

**SECTION – C**

**Answer any TWO questions of the following: (2x16=32)**

14. Explain all the 18 stages of Bank Audit.
15. Explain all the matters to be included in Companies (Auditor's Report) Order, 2020.
16. a) What should the audit programme of an NGO include? **8 Marks**  
b) Write down the steps on audit of Educational Institutions. **8 Marks**

**SECTION – D**

**Answer the following: Compulsory (10)**

17. How should the auditor deal with manner of qualification & the manner of disclosure to be made in the auditor's report.

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G 354.5 (P)

Reg. No. :

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (Vocational) Semester V – Degree Examination  
January - 2021**

**STRATEGIC MANAGEMENT**

**Time: 3 hrs.**

**Max Marks: 100**

**SECTION – A**

**Answer any FIVE questions of the following: (5x2=10)**

1. Strategic Management is a bundle of tricks and magic. State with reasons if the statement is correct or incorrect.
2. What is Market Penetration?
3. What do you understand by Business Model?
4. What is Concentric Diversification?
5. What do you mean by Bargaining Power of Suppliers?
6. What is Person Marketing?
7. Who is an Entrepreneur?

**SECTION - B**

**Answer any FOUR questions of the following: (4x12=48)**

8. a) Strategy is partly proactive and partly reactive. Explain. (7 marks)  
b) What is Strategic Management? State the Limitations of Strategic Management. (5 marks)
9. Write a short note on BCG Matrix.
10. What is Strategic Decision Making? What are the major dimensions of Strategic Decisions?
11. Write a short note on Stability Strategy.
12. What are the factors that lead to cutthroat competition and low industry profitability?
13. What is value chain analysis? What are the primary and secondary activities as given by Porter?

**SECTION – C**

**Answer any TWO questions of the following: (2x16=32)**

14. What is meant by Growth/ Expansion Strategy? State the Characteristics and Types.
15. What is meant by Differentiation Strategy? How does an organisation achieve Differentiation? State the Advantages & Disadvantages.
16. a) Write a short note on SWOT Analysis. (5 marks)  
b) write a short note on product life cycle. (7 marks)  
c) What do you mean by Best Cost Provider Strategy? (4 marks)

**SECTION – D**

**Answer the following: Compulsory (10)**

17. What are the variables of Marketing Mix?

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

**B.Com. Vocational Semester V – Degree Examination**

January - 2021

**Financial Management**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

Answer any **FIVE** questions of the following: (5x2=10)

1. If Reliance Energy is issuing preferred stock at ₹100 per share, with a stated dividend of ₹12, and a floatation cost of 3% then, what is the cost of preference share?
2. Explain Creditors turnover Ratio
3. A Company produces and sells 10,000 shirts. The selling price per shirt is ₹500. Variable cost is ₹200 per shirt and fixed operating cost is ₹25, 00,000. Calculate operating leverage.
4. Rupa Company 's EBIT is ₹5, 00,000. The company has 10%, 20 lakh debentures. The equity capitalization rate i.e. Ke is 16%.  
You are required to calculate Overall cost of capital
5. Explain the objectives of Financial Management.
6. Calculate the cost of equity capital of H Ltd., whose risk free rate of return equals 10%. The firm's beta equals 1.75 and the return on the market portfolio equals to 15%.
7. Explain lease Financing.

**SECTION - B**

Answer any **FOUR** questions of the following: (4x12=48)

8. The assets of SONA Ltd. consist of fixed assets and current assets, while its current liabilities comprise bank credit in the ratio of 2:1. You are required to prepare the Balance Sheet of the company as on 31st March 2013 with the help of following information: Share Capital ₹5,75,000
 

Working Capital (CA-CL)	₹1,50,000
Gross Margin	25%
Inventory Turnover	5 times
Average Collection Period	1.5 months
Current Ratio	1.5:1
Quick Ratio	0.8: 1
Reserves & Surplus to Bank & Cash	4 times

9. The following is the capital structure of Simons Company Ltd. as on 31.12.2013
 

Equity shares: 10,000 shares (of ₹100 each)	10, 00,000
10% Preference Shares (of ₹100 each)	4, 00,000
12% Debentures	<u>6, 00,000</u>
	<u>20, 00,000</u>

The market price of the company's share is ₹110 and it is expected that a dividend of ₹10 per share would be declared for the year 2013. The dividend growth rate is 6%:

- a) If the company is in the 50% tax bracket, compute the weighted average cost of capital.
- b) Assuming that in order to finance an expansion plan, the company intends to borrow a fund of ₹10 lakhs bearing 14% rate of interest, what will be the company's received weighted average cost of capital? This financing decision is expected to increase dividend from ₹10 to ₹12 per share. However, the market price of equity share is expected to decline from ₹110 to ₹105 per share.

## G 355.5 (P)

10. 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 within 11 per cent dividend, and the sale of equity shares at ₹16 per share. The company presently has 8,00,000 shares outstanding and is in a 40 percent tax bracket.
- (a) If earnings before interest and taxes are presently ₹15, 00,000, what would be earnings per share for the three alternatives, assuming no immediate increase in profitability?
- (b) Which alternative do you prefer? How much would EBIT need to increase before the next alternative would be best?
11. RES Ltd. is an all equity financed company with a market value of ₹25, 00,000 and cost of equity  $K_e = 21\%$ . The company wants to buyback equity shares worth ₹5, 00,000 by issuing and raising 15% perpetual debt of the same amount. Rate of tax may be taken as 30%. After the capital restructuring and applying MM Model (with taxes), you are required to calculate:
- (i) Market value of RES Ltd.  
 (ii) Cost of Equity  $K_e$   
 (iii) Weighted average cost of capital and comment on it.

12. : The following annual figures relate to XYZ Co.,
- |   |           |
|---|-----------|
| Sales (at two months' credit)   | 36,00,000 |
| Materials consumed (suppliers extend two months' credit)  | 9,00,000  |
| Wages paid (monthly in arrear)  | 7,20,000  |
| Manufacturing expenses outstanding at the end of the year<br>(Cash expenses are paid one month in arrear) | 80,000    |
| Total administrative expenses, paid as above  | 2,40,000  |
| Sales promotion expenses, paid quarterly in advance   | 1,20,000  |
- The company sells its products on gross profit of 25%, depreciation as part of Cost of production. It keeps one months' stock each of raw materials and finished goods, and a cash balance of ₹1,00,000. Assuming a 20% safety margin, work out the working capital requirements of the company on cash cost basis. Ignore work-in-process.

13. A trader whose current sales are in the region of ₹6 lakhs per annum and an average collection period of 30 days wants to pursue a more liberal policy to improve sales. A study made by a management consultant reveals the following information:-
- | Credit Policy | Increase in collection period | Increase in sales | Present default anticipated |
|---------------|-------------------------------|-------------------|-----------------------------|
| A             | 10 days                       | ₹30,000           | 1.5%                        |
| B             | 20 days                       | ₹48,000           | 2%                          |
| C             | 30 days                       | ₹75,000           | 3%                          |

The selling price per unit is ₹3. Average cost per unit is ₹2.25 and variable costs per unit are ₹2. The current bad debt loss is 1%. Required return on additional investment is 20%. Assume a 360 days year.

Which of the above policies would you recommend for adoption?

## SECTION - C

Answer any **TWO** questions of the following:

(2x16=32)

14. From the following financial data of Company A and Company B: Prepare their Income Statements.

	Company A	Company B
	Rs	RS
Variable Cost	56,000	60% of sales
Fixed Cost	20,000	-
Interest Expenses	12,000	9,000
Financial Leverage	5: 1	-
Operating Leverage	-	4: 1
Income Tax Rate	30%	30%
Sales	-	1, 05,000

15. The following details of RST Limited for the year ended 31st March 2006 are given below:

Operating leverage	1.4
Combined leverage	2.8
Fixed Cost (Excluding interest)	₹2.04 lakhs
Sales	₹30.00 lakhs
12% Debentures of ₹100each	₹21.25 lakhs
Equity Share Capital of ₹10each	₹17.00 lakhs
Income tax rate	30 percent

Required:

- Calculate financial leverage
- Calculate P/V ratio and Earning per Share (EPS)
- If the company belongs to an industry, whose assets turnover is 1.5, does it have a high or low assets leverage?
- At what level of sales the Earning before Tax (EBT) of the company will be equal to zero?

16. The following accounting information and financial ratios of PQR Ltd. relate to the year ended 31st December,2013:

Accounting Information:

Gross Profit	15% of Sales
Net profit	8% of sales
Raw materials consumed	20% of works cost
Direct wages	10% of works cost
Stock of raw materials	3 months' usage
Stock of finished goods	6% of works cost
Debt collection period	60 days
All sales are on credit	

**II Financial Ratios:**

Fixed assets to sales 1:3

Fixed assets to Current assets 13:11 Current ratio 2:1

Long-term loans to Current liabilities 2:1 Capital to Reserves and Surplus 1 :4

If value of fixed assets as on 31st December,2012 amounted to ₹26 lakhs, prepare a summarized Profit and Loss Account of the company for the year ended 31st December, 2013 and also the Balance Sheet as on 31st December, 2013.

### SECTION - D

**Answer the following: Compulsory**

**(10)**

17. The following is the capital structure of Simons Company Ltd. as on 31.12.2013:

	Rs
Equity shares: 10,000 shares (of `100 each)	10, 00,000
10% Preference Shares (of `100 each)	4, 00,000
12% Debentures	6, 00,000
	<b>20, 00,000</b>

Contd...4

The market price of the company's share is Rs 110 and it is expected that a dividend of Rs 10 per share would be declared for the year 2013. The dividend growth rate is 6%:

- a) If the company is in the 50% tax bracket, compute the weighted average cost of capital.
- b) Assuming that in order to finance an expansion plan, the company intends to borrow a fund of 10 lakhs bearing 14% rate of interest, what will be the company's received weighted average cost of capital? This financing decision is expected to increase dividend from Rs.10 to Rs 12 per share. However, the market price of equity share is expected to decline from Rs.110 to Rs 105 per share

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (Vocational) Semester V – Degree Examination  
January - 2021**

**MONEY AND PUBLIC FINANCE**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

**Answer any FIVE questions of the following:**

(5x2=10)

1. Define 'mixed income of self- employed'.
2. Define 'Private income' as used in India.
3. Define average propensity to consume?
4. Explain the free rider problem. Give examples.
5. Critically examine money's function as standard of deferred payment.
6. What is meant by crowding out?
7. Explain the term 'recessionary gap'.

**SECTION - B**

**Answer any FOUR questions of the following:**

(4x12=48)

8. Calculate the Operating Surplus with the help of following data.

Particulars	₹ in Crores
Sales	4000
Compensation of employees	800
Intermediate consumption	600
Rent	400
Interest	300
Net indirect tax	500
Consumption of Fixed Capital	200
Mixed Income	400

9. Explain with illustrations the limitations of national income computation?
10. The government of Country X, an underdeveloped country, having a severe problem of unemployment of labour embarks on a massive development programme. It has recognized the imminent need for boosting up investments to take the country to a higher than average growth trajectory.

The following steps were taken by the government:

- i) Invited tenders for a huge network of highways, solar energy generation, communication systems and computerized systems
- ii) Large number of schools throughout the country
- iii) Research grants for universities and private research institutes
- iv) Announced a number of free healthcare programmes for all
- v) All citizens assured of social security
- vi) Increase in payments under existing social security schemes
- vii) Tax exemption limit raised for individuals, instituted progressive taxes with high marginal rates - increased corporate taxes



**G 356.5(P)**

Very soon prices started spiraling and there was general unrest among people especially the poor.

- i) Analyze each of the above measures from a fiscal policy perspective.
- ii) Why did overall prices increase?
- iii) What policies do you suggest to solve the problem of price rise?

What are the limitations of such policies?

11. List out the factors that determine the demand for money in the Baumol-Tobin analysis of transactions demand for money? How does a change in each factor affect the quantity of money demanded?
12. Identify the market outcomes for each of the following situations
  - (a) A few youngsters play loud music at night. Neighbours may not be able to sleep.
  - (b) Ram buys a large SUV which is very heavy
  - (c) X smokes in a public place
  - (d) Rural school students are given vaccination against measles
  - (e) Traffic congestion making travel very uncomfortable
  - (f) Piracy of computer programs
  - (g) Some species of fish are now getting extinct because they have been caught indiscriminately.
  - (h) The municipality provides sirens four times a day
  - (i) Burglar alarms are installed by many in your locality
  - (j) Global warming increases due to emissions of fossil fuels
13. The pharmaceutical industry is involved in innovation, development, production, and marketing of medicines in India. Ensuring the availability of lifesaving drugs at reasonable prices is the duty of the government. The National Pharmaceutical Pricing Authority (NPPA) is the watchdog in India, which controls the prices of drugs. Government has to consider the interest of both the producers and the buyers.

**Questions**

- i. Elucidate the market outcomes if matters relating to drugs are entirely left to the pharmaceutical industry.
- ii. Appraise the need for government action in the above case. Do you consider government action necessary in the case of medicines? Why?
- iii. What are the different policy options available to government to meet its public health objectives?

**SECTION - C**

**Answer any TWO questions of the following:**

**(2x16=32)**

14. Calculate Gross Domestic Product at market Prices (GDPMP) and derive national income from the following data (in Crores of ₹)

Inventory Investment	100
Exports	200
Indirect taxes	100
Net factor income from abroad	- 50
Personal consumption expenditure	3500
Gross residential construction investment	300
Depreciation	50
Imports	100
Government purchases of goods and services	1000
Gross public investment	200
Gross business fixed investment	300

15. Describe with illustrations how changes in high powered money, required reserves, excess reserves and currency ratio, influence the money supply in an economy?
16. Define the concept of market failure. Describe the different sources of market failure.

#### SECTION - D

**Answer the following: Compulsory**

**(10)**

17. Assume that an economy's consumption function is specified by the equation  $C = 500 + 0.80Y$ .

- What will be the consumption when disposable income (Y) is ₹ 4,000, ₹ 5,000, and ₹ 6,000?
- Find saving when disposable income is ₹ 4,000, ₹ 5,000, and ₹ 6,000.
- What amount of consumption for consumption function C is autonomous?

What amount is induced when disposable income is ₹ 4,000? ₹ 5,000? ₹ 6,000?

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G 357.5 (P)

Reg. No. :

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Vocational Semester V – Degree Examination  
January - 2021**

**ENTERPRISE INFORMATION SYSTEMS**

Time: 3 hrs.

Max Marks: 100

**SECTION – A**

**Answer any FIVE questions of the following: (5x2=10)**

1. Write a short note on Letter of Credit and Guarantee provided by banks.
2. What are the components of Web 3.0? Explain briefly.
3. Mention any 2 controls for Water Exposure.
4. Write a short note on Functional Audit.
5. List out any 2 risks and their corresponding control objectives in the Inventory Cycle at the Transactions level.
6. Define Money Laundering.
7. Mention any 2 drawbacks of Cloud Computing.

**SECTION - B**

**Answer any FOUR questions of the following: (4x12=48)**

8. Describe the Business Process Flow of Mortgages given by banks.
9. Explain the working of the Sales & Distribution Module of a Financial and Accounting System by describing the key features and the process.
10. Differentiate between Private Cloud and Public Cloud by explaining the advantages and disadvantages of each of them.
11. List out the methods that can be used to justify the proposal for Business Process Automation.
12. XBRL is in many ways, for different purposes. List out some of the users of XBRL and explain how they use the same.
13. From traditional payment methods, India is moving towards newer methods of digital payments. Explain some of these new methods of digital payments.

**SECTION – C**

**Answer any TWO questions of the following: (2x16=32)**

14. Vroom Cars gives 2 pricing models: Hourly pricing and Daily pricing. The details of hourly pricing of cars on hire is shown below:

Time slot for hire of car	Hire Charges for that slot (per hour)
Morning (5 a.m. to 11.59 a.m.)	Rs. 200/hour
Afternoon (12 p.m. to 3.59 p.m.)	Rs. 300/hour
Evening (4 p.m. to 7.59 p.m.)	Rs. 400/hour
Night (8.00 pm to 11.59 p.m.)	Rs. 450/hour

If a customer chooses to hire during 12.00 am to 5.00 am then the system should display a message saying 'Car not available for hire'. In order to promote their business, Vroom cars also allows cars to be taken on a full day basis (Daily pricing model) at a flat rate of Rs. 4,500/day for weekdays and Rs. 6,000/day for weekends. The total charges include a deposit amount of Rs. 2,000 flat irrespective of the pricing model. It is assumed that there are 150 customers. Draw a flowchart to illustrate the above process and ensure that complete details for each customer such as name of customer, time slot or day the car is hired for, No. of hours/days and the total charges (inclusive of deposit) are printed.

15. A bank has 500 employees. The salary paid to each employee is sum of his Basic Pay (BP), Dearness Allowance (DA) and House Rent Allowance (HRA). For computing HRA, bank has classified his employees into three classes A, B and C. The HRA for each class is computed at the rate of 30%, 20% and 10% of the BP Pay respectively. The DA is computed at a flat rate of 60% of the Basic Pay. Draw a flow chart to determine percentage of employee falling in the each of following salary slabs:
- (i) Above Rs. 30,000
  - (ii) Rs. 15,001 to Rs. 30,000
  - (iii) Rs. 8,001 to Rs. 15,000
  - (iv )Less than or equal to Rs. 8,000
16. Explain the various People and Technological Issues involved in the implementation of an ERP.

#### SECTION – D

**Answer the following: Compulsory**

**(10)**

17. Explain the various Green Computing Best Practices that an organisation can adopt.

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