

PH 311.1

Reg. No.

--	--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru
Semester I – P.G. Examination - M.Com.
November - 2019
ACCOUNTING THEORY AND PRACTICE

Time: 3 hrs.

Max Marks: 70

Answer any **FIVE** of the following.**SECTION - A ST.ALOYSIUS COLLEGE**PG Library
MANGALORE-575 003

(5×4=20)

1. Explain the nature and scope of Accounting.
2. Describe the role of Accounting Theory and define its purpose.
3. Give the meaning of Accounting Standards. What are their objectives?
4. Define Revenue according to AS9 explain with illustrations the timing of revenue recognition.
5. A company has purchase plant in the year 2016-17 for ₹45 lakh. A balance of ₹ 5 lakh is still payable to the supplier for the same. The supplier waived off the balance amount during the financial year 2018-19. The company treated it as income and credited it to the profit and loss A/c during 2018-19. Explain in the light of AS10 if the accounting treatment of the company is correct.
6. Write a note on Monetary Assets.
7. What is cash flow statement? Explain its usefulness.

SECTION - BAnswer any **FOUR** of the following.

(4×10=40)

8. Explain in detail the basic accounting concepts.
9. What are the types of accounting theory? Explain in detail the approaches in accounting theory.
10. Explain the scope and functions of the Accounting Standard Board and describe the procedure for issuing Accounting Standards.
11. List out in detail the various elements included in calculating the cost of inventories according to AS- 2. What are the related costs that are excluded from Inventory valuation?
12. From the information contained in the Income statement and Assets and Liabilities of A Ltd. prepare Cash Flow statement according to AS-3.

Income statement for the year ended 31st March 2019

		₹
(A)		
Net sales		2,52,00,000
Less :- cash cost of sales		1,98,00,000
Depreciation		6,00,000
Salaries and wages		24,00,000
Operating expenses		8,00,000
Provision for taxation		8,80,000
	(B)	2,44,80,000
Net operating profit (A-B)		7,20,000
Non recurring Income - profits on sale of Equipment		1,20,000
		8,40,000
Retained Earnings and profits brought forward		15,18,000
		23,58,000
Dividends declared and paid during the year		7,20,000
Surplus A/c balance as on March 31,2019		16,38,000

Contd...2

PH 311.1

Equity & Liabilities	March 31, 2018	March 31, 2019	Assets	March 31, 2018	March 31, 2019
Share capital	36,00,000	44,40,000	Fixed Assets		
Surplus A/c	15,18,000	16,38,000	land	4,80,000	9,60,000
Sundry creditors	24,00,000	23,40,000	Buildings & Equipment	24,00,000	44,40,000
Outstanding expenses	2,40,000	4,80,000	Current Assets:		
Income tax payable	1,20,000	1,32,000	Cash	6,00,000	7,20,000
			Debtors	16,80,000	18,60,000
			Stock	26,40,000	9,60,000
			Advances	78,000	90,000
	78,78,000	90,30,000			
				78,78,000	90,30,000

Book value of equipment sold during the year 2018-19 was ₹ 2,40,000.

13. The authorised capital of X Ltd is ₹ 5,00,000 consisting of 2000 6% preference shares of ₹ 100 each and 30,000 equity shares of ₹ 10 each. Following was the trial balance of X Ltd as on 31.3.2018.

Trial Balance as on 31.03.2018

	Dr. ₹	Cr. ₹
Investment in shares at cost	50,000	
Purchases	4,90,500	
Selling expenses	79,100	
Salaries and wages	68,500	
Cash in hand	12,000	
Preference dividend for half year to 30.9.2017	6,000	
Bills receivable	41,500	
Interest on Bank Overdraft	7,800	
Interest on Debentures upto 30.9.2017	3,750	
Sundry Debtors & Creditors	50,100	87,850
Freehold property at cost	4,86,500	
Furniture & fittings (at cost less depreciation of ₹ 15,000)	35,000	
6% preference share capital		2,00,000
Equity shares capital fully paid up		2,00,000
5% mortgage debentures secured on freehold properties		1,50,000
Income tax paid in advance for 2017-18	10,000	
Dividend received		4,250
Surplus A/c (1.4.2017)		28,500
Sales (Net)		6,70,350
Bank overdraft		1,50,000
Audit fees	5,000	
Stock on 1.4.2017	1,45,200	
	14,90,950	14,90,950

You are required to prepare final accounts of X Ltd. in the statutory format after taking into account the following:

- Closing stock was valued at ₹ 1,42,500.
- Purchases include ₹ 5,000 worth of goods and articles distributed among customers.
- Salaries and wages include ₹ 2000 being wages incurred for installation of furniture and fitting.
- Depreciation on furniture is to be charged at 10% on written down value.
- Corporate dividend tax is to be ignored.

Contd...3

St Aloysius College (Autonomous)
Mangaluru
Semester I – P.G. Examination - M.Com.
November – 2019

FINANCIAL MANAGEMENT AND POLICY

Time: 3 Hours

Max. Marks: 70

SECTION - A

ST.ALOYSIUS COLLEGE

PG Library

MANGALORE-575 005 (5x4=20)

Answer any **FIVE** of the following:

1. A 5-year debenture of a firm can be sold for a net price of ₹ 96.50. The coupon rate of interest is 14% annum, and the debenture will be redeemed at 5% premium on maturity. The firm's tax rate is 40%. Compute the after-tax cost of debenture.
2. There are 2 firms X and Y which are exactly identical except that X does not use any debt in its financing, while Y was ₹ 1,00,000 in its financing. Both the firms have earnings before interest and tax of ₹ 25,000 and the equity capitalization rate is 10%. Assuming the corporation tax of 50%. Calculate the value of the firm using M.M. approach.
3. A simplified income statement of XYZ Ltd. is given below. Calculate and interpret its degree of operating leverage, degree of financial leverage and degree of combined leverage.

Income statement of XYZ Ltd for the year ended 31st March 2017.

Sales	10,50,000
(-) V.C.	7,67,000
Contribution	2,83,000
(-) Fixed cost	75,000
EBIT	2,08,000
(-) Interest	1,10,000
	98,000
(-) Tax @ 30%	29,400
Net income	68,600

4. X Ltd is expecting an annual EBIT of ₹ 1,00,000. The company has ₹ 4,00,000 in 10% debentures. The equity capitalization rate is 12.5%. You are required to calculate the total value of the firm according to Net Income Approach.
5. Explain various steps involved in strategic financial planning.
6. Critically analyse the traditional approach to the capital structure.
7. Explain different forms of dividend.

Contd...2

PH 312.1

SECTION - B

(4x10=40)

Answer any **FOUR** of the following:

8. The following is the capital structure of a company.

Source of capital	Book value	Market value
Equity shares of 100 each	8,00,000	16,00,000
9% cumulative preference shares @ 100 each.	2,00,000	2,40,000
11% debentures	6,00,000	6,60,000
Retained earnings	4,00,000	---
	20,00,000	25,00,000

The current market price of the company's equity share is ₹ 200. For the last year the company had paid equity dividend at 25% and its dividend is likely to grow 5% every year. The corporate tax rate is 30% and share holders personal income tax rate is 20%.

You are required to calculate

- Cost of capital for each source of finance.
 - Weighted average cost of capital on the basis of book value as weights.
 - Weighted average cost of capital on the basis of market value as weight.
9. The following information is available in respect of a firm.
- Capitalization rate: 10%
- Earnings per share : ₹ 50
- Assumed rate of return on investment
- 12%
 - 8%
 - 10%
- Show the effect of dividend policy on market price of shares applying Walter's formula when dividend payout ratio is a) 0%, b) 20% c) 40%, d) 80% and e) 100%.

10. A Ltd. company has equity share capital of ₹ 5,00,000 dividend in to shares of ₹ 100 each. If wishes to raise further ₹ 3,00,000 for expansion cum modernization plans. The company plans the following financing plans.

- All common stock
- ₹ 1 lakh in common stock and ₹ 2 lakhs in debt @ 10% p.a.
- All debts @ 10% p.a.
- ₹ 1 lakh in common stock and ₹ 2 lakh in preference capital with the rate of dividend at 8%.

The company's expected earnings before interest and tax (EBIT) are ₹ 1,50,000. The corporate rate of tax is 50%. Determine Earning per share in each plan and comment on the implication on the financial leverage.

- Explain various factors influencing capital structure.
- Investment, financing and dividend decisions are all inter-related. Explain.

Contd...3

13. Explain Wealth maximization and Profit Maximization objectives of Finance Manager of I.T Industry. In what respect is the objective of wealth maximization superior to profit maximization objective.

SECTION - C (Compulsory)**(1x10=10)**

14. D Ltd. has 10 lakh equity shares outstanding at the beginning of the current year 2011. The current market price of the share is ₹ 150 each. The Board of Directors of the company has recommended ₹ 8 per share as dividend. The rate of return capitalization, appropriate to the risk class to which the company to 12%.

i) Based on M.M. approach, calculate the market price of the share of the company when the recommended dividend is-

a) declared and b) not declared

ii) How many new shares are to be issued by the company at the end of the accounting year on the assumption that the net income for the year is ₹ 2 crores and the investment budget is 4 crores when

a) the above dividend are distributed b) dividends are not distributed

iii) show the market value of the share at the end of the accounting year will remain the same whether dividends are distributed or not declared.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

PH 313.1

Reg. No:

--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru
Semester I - P.G. Examination - M.Com.
November - 2019
INCOME TAX

Time: 3 Hours

Max. Marks: 70

Answer any **FIVE** of the following:

SECTION - A

ST. ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

(5x4=20)

1. "Income tax is charged on Income of the previous year." Do you fully agree with this statement? If not, what are the exceptions?
2. Shri Amar Nath was employed in a company. He retired from service on 1st January, 2019 after completing 30 years of service. From 1st July, 2017 his pay scale was ₹ 8,000-200-10,000-300-13,000 and he was getting dearness allowance @ 20% of his pay under the terms of employment. He had seven months' earned leave to his credit (on the basis of 30 days per year) which was approved.
Hence he was paid ₹ 57,400 as salary and ₹ 11,480 as dearness allowance. Compute the amount exempt regarding encashment of earned leave for the Assessment year 2019-20.
3. Mr. Yogesh takes a loan of ₹ 450,000 @ 15% p.a. for constructing a house on 1.06.2013. Construction of the house was completed on 20.01.2019. Date of loan repayment is 30.09.2016. Compute the duration of pre-construction period and the amount of interest.
4. What are Bond Washing transactions?
5. Explaining the meaning of Business and Profession.
6. Explain briefly the rules regarding exception of Capital Gains.
7. Ms Sumana is employed in a private company at ₹ 70,000 per month, ₹ 6,000 per month as dearness pay and ₹ 10,000 p.a. as commission during the previous year. He received ₹ 5,000 per month as HRA and he paid ₹ 7,000 p.m as rent. Compute exempted HRA.

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Mr X owns four houses, the municipal valuations of which are ₹ 10,00,000, ₹ 8,00,000, ₹ 6,00,000 and ₹ 6,00,000 respectively. He lives in the first house and runs his business in the second house. The third house is let out for ₹ 25,000 per month.

Contd...2

PH 313.1

A loan was taken on 1st April 2013 for the construction of the fourth house, the construction of which began on 1st May 2013 and ended on 31 January 2015. The house was let out on 1st February 2015 for ₹ 20,000 per month. For the previous year 2018-19, the interest paid by him in respect of the loan amounted to ₹ 15,000 and for the previous years 2013-14 and 2014-15, the interest paid has been amounted ₹ 22,000 and ₹ 20,000 respectively. Municipal taxes paid @ 10% of the municipal valuation. Ascertain his income from house property for the AY 2019-20.

9. Aditi went first time out of India to Japan on 10th December 2012. She came back to India from Japan on 1st April 2014. On 15th October 2016, she went to America and came back to India on 1st April 2017. In the previous year 2018-19, she was in India for only 62 days.

She has the following incomes in the previous year 2018-19:

- i) Capital gains on the sale of property received in Japan ₹ 2,52,000. 50% was spent on education of children.
- ii) Income from House property situated in Japan. 60% was received and remaining amount deposited in a bank there ₹ 3,20,000.
- iii) Profit of a business situated in America ₹ 8,40,000.
(The business was controlled from India)
- iv) Dividend from an American company ₹ 2,50,000 of this 40% was received in India and remainder in Japan.

You are required to determine residential status of Aditi for the PY 2018-19 and on the basis of residential status determine her taxable income.

10. Explain the provisions relating to set-off and carry forward of losses.
11. Discuss the allowable deductions U/S 80C, 80D and 80E.
12. Shri Sharma sells his only residential house in Mangaluru on 24th August 2018 for ₹ 35,00,000 and incurs an expenditure of ₹ 100,000 in connection with the transfer, cost of the house for him in 1998 was ₹ 180,000 and the FMV of the house as on 1 April 2001 was ₹ 800,000. On 16 January 2019, he deposits ₹ 20,00,000 in the capital gain account scheme.

Compute taxable capital gain for the Assessment year 2019-20.

The CII for 2001-02-100 and for 2018-19 -280.

Contd...3

13. Dr Sathish is a Medical Practitioner. He gives the following summary of cash book

To Balance	10,000	By rent of clinic	18,000
To consultation fees	60,000	By purchase of Medicine	38,000
To Visiting fees	45,000	By staff salaries	24,000
To gifts & presents	8,000	By surgical equipment	40,000
To Sale of medicine	42,000	By Motor Car expenses	8,000
To Dividend from UTI	6,000	By purchase of Motor Car	1,40,000
To Life Insurance maturity	100,000	By House hold expenses	7,000
To interest from NSC	6,000	By balance	2,000
	2,77,000		2,77,000

Other information:

- 50% of the Motor Car expenses incurred in connection with the profession. Car was purchased in December 2018.
- Household expenses include ₹ 6,800 for life insurance premium.
- Gifts and presents include ₹ 3,000 from relatives.
- Closing stock of medicine ₹ 12,000 and on 01.04.2018, opening stock was ₹ 4,000.

Compute his professional gain for the Assessment year 2019-20.

SECTION - C ST.ALOYSIUS COLLEGE

PG Library
MANGALORE-575 003 (1x10=10)

Case Study

14. Mr Sharma is an executive in a private company in Bengaluru. He submits the following particulars of his income for the financial year 2018-19.

Basic Salary ₹ 50,000 p.m

Dearness allowance 50% of Basic (enters in to retirement benefits)

Entertainment allowance ₹ 1,000 p.m

Medical allowance ₹ 500p.m; Daily allowance ₹ 1,500pm.

The company has provided him a rent free accommodation with furniture costing ₹ 20,000. The electric bills and telephone bills ₹ 12,000 p.a and ₹ 15,000 p.a. respectively by the company. The company also provided with a service of domestic servant ₹ 2,000 p.m. The company provides free lunch in the office for 300 working days which costs the company ₹ 24,000. He contributes 14% of his salary to Recognised Provident Fund, the company also contributing equal sum.

The amount of interest credited to his provident fund@ 8.5% p.a

He paid ₹ 2,400 professional tax during the year.

Compute Mr Sharma's taxable income from salary for the Assessment year 2019-20.

PS 314.1

Reg. No.

--	--	--	--	--	--	--	--

St Aloysius College (Autonomous)

Mangaluru

Semester I – P.G. Examination - M.Com.

November – 2019

ECONOMIC ENVIRONMENT AND POLICY

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Mention any five objectives of macro economic policy.
2. Briefly explain the nature of modern business.
3. Distinguish between money market and capital market.
4. Define disinvestment mechanism. What are the reasons for disinvestment in India?
5. What is a Special Economic Zone (SEZ)? Describe the objectives of Special Economic Zones.
6. What is the need for the protection of intellectual property rights?
7. Describe the competition Act 2002.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Briefly explain Business Environment. Discuss the internal and external factors influencing business environment.
9. What are the various components of a financial system? How does a financial system influence economic development?
10. What are the objectives and salient features of Industrial Policy 1991?
11. Discuss FDI in Retail Sector in India. What are the pros and cons of allowing FDI in Retail Sector?
12. Write short notes on
 - a) Intellectual Property rights (IPR)
 - b) Patents
 - c) Trademarks
 - d) Copyrights
13. Discuss the salient features of Consumers Protection Act 1986. To what extent is it protecting the rights of consumers?

Contd...2

SECTION – C (Compulsory)**(1x10=10)**

14. In February 2000, as part of the disinvestment, the Government of India (GOI) sold Modern Food Industries (India) Limited (MFIL) to Hindustan Limited (HLL) for ₹ 1.05 billion. This was hailed as a major step in the GOI's disinvestment plan. However, some analysts questioned the GOI's decision to sell MFIL a company with 14 production units spread across the country and almost 0.5 million square meters of land for just ₹ 1.05 billion.

In 2000-01, employees at MFIL accused HLL for trying to shut down some manufacturing units by retrenching more than half of the 2,000 workforce and relying on third parties to meet production needs. By December 2000, 10 months after HLL took over MFIL, its accumulated losses went up to ₹ 470.40 million as against its net worth of ₹ 330.1 billion. Subsequently, under the Sick Industries Act (SICA), MFIL was referred to the Board of Industrial and Financial Reconstruction (BIFR).

In 2001, HLL announced that MFIL would be able to make a cash profit in two years. It announced a turnaround strategy which involved improving the quality of the product and the raw-materials (refined flour), improving the manufacturing process controls, and modernizing the Plant and Machinery. Existing distributors would be trained and new ones identified. HLL was also looking for new outlet that could sell bread. To implement this strategy, HLL invested ₹ 80-90 million in MFIL.

Questions:

- iii) Examine the factors behind government's disinvestment decision.
- iv) Do you think that the strategy of HLL will be successful? Give reasons.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

--	--	--	--	--	--	--

St Aloysius College (Autonomous)

Mangaluru

Semester I- P.G. Examination - M.Com

November - 2019

MANAGEMENT & ORGANISATIONAL BEHAVIOUR

Max Marks: 70

Time: 3 hrs.

ST. ALOYSIUS COLLEGE

PG Library

MANGALORE-575 003

SECTION - A

(5x4=20)

Answer any **FIVE** questions.

1. Enumerate the different managerial roles.
2. Review the key determinants of personality?
3. What are the problems in implementation of turn-around strategies in organizations?
4. How does stress impact individual performance?
5. Discuss the term organisational change.
6. Elaborate the relevance of organizational creativity.
7. State the difference between attitude and perception.

SECTION - B

(4x10=40)

Answer any **FOUR** questions.

8. Elucidate in detail the management process.
9. Gross cultural difference at workplace is a challenge or boon to organization. Explain.
10. Discuss the methods that can be deployed for conflict management in any organization of your choice.
11. Describe in detail the creative enhancement techniques.
12. Explain the content theories of motivation.
13. Discuss the various sources of stress at work.

SECTION - C

14. Analyse the case (Compulsory)

(10)

Susan Harrington continued to drum her fingers on her desk. She had a real problem and wasn't sure what to do next. She had a lot of confidence in Jack Reed, but she suspected about the last person in the office who did. Perhaps if she ran through the entire story again in her mind she would see the solution.

Susan had been distribution manager for Clarkston Industries for almost twenty years. An early crush with the law and a short stay in prison had made her realize the importance of honesty and hard work. Henry Clarkston had given her a chance despite her record, and Susan had made the most of it. She now was one of the most respected manager in the company. Susan had hired Jack Reed fresh out of prison six months ago.

Contd...2

PS 315.1

Susan understood how Jack felt when Jack tried to explain his past and asked for another chance. Susan decided to give him that chance just as Henry Clarkston had given her one. Jack eagerly accepted a job on the loading docks and could soon load a truck as fast as anyone in the crew. Things had gone well first. Everyone seemed to like Jack and he made several new friends. Susan had been vaguely disturbed about two months ago, however when another dock worker reported his wallet missing. She confronted Jack about this and was reassured when Jack understood her concern and earnestly but calmly asserted his innocence. Susan was especially relieved when the wallet was found a few days later. But this events had caused a serious unrest among other workers.

To her dismay, Susan found that re-thinking the story did little to solve the problem. Someone in the book-keeping discovered some money missing from petty cash. The evidence, of course was purely circumstantial, yet everybody else to see things quite clearly. Susan feared that if she did not fire Jack, she would lose everyone's trust and that some people might even begin to question her own motives.

Questions:

- a) Explain the events in this case in terms of perception and attitudes.
- b) Does personality play an important role in framing our perception about others? Give reasons for your stand.
- c) What should Susan do? Should she fire Jack or give him another chance.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

PS 316.1

Reg. No:

--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru
Semester I - P.G. Examination - M.Com.
November - 2019

QUANTITATIVE TECHNIQUES FOR DECISION MAKING

Max. Marks: 70

Time: 3 Hours

SECTION - A

Answer any FIVE of the following:

ST. ALOYSIUS COLLEGE (5x4=20)
 P.G. Library
 MANGALORE-575 003

1. Explain the scope of operation Research?
2. How you are applying Linear Programming to take important management decision.
3. Solve the following game whose pay off matrix is given by player B. Is the game fair

Player B

	B_1	B_2	B_3
A_1	1	3	1
A_2	0	-4	-3
A_3	1	5	-1

4. Obtain Initial feasible solution with the help of North West corner rule.

	D_1	D_2	D_3	Supply
O_1	2	7	4	5
O_2	3	3	1	8
O_3	5	4	7	7
O_4	1	6	2	14
Requirement	7	9	18	34

5. Briefly explain the process of Simulation?
6. What are the limitations of Operation Research?
7. Explain the steps for Crashing Activity?

SECTION - B

Answer any FOUR of the following:

(4x10=40)

8. Solve with a help of VAM and Test for optimality.

	D_1	D_2	D_3	D_4	Supply
O_1	2	2	2	1	3
O_2	10	8	5	4	7
O_3	7	6	6	8	5
Demand	4	3	4	4	15

9. Solve the following LPP by graphical method

Minimize $Z = 20x_1 + 10x_2$

Sub to $x_1 + 2x_2 \leq 40$

$3x_1 + 2x_2 \geq 30$

$4x_1 + 3x_2 \geq 60$

and $x_1, x_2 \geq 0$

Contd...2

PS 316.1

10. For the following problem find a solution by using principle of Dominance.

	N_1	N_2	N_3	N_4
M_1	-2	0	0	5
M_2	3	2	1	3
M_3	-4	-3	0	-2
M_4	5	3	-4	5

ST. ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

11. The following table shows the jobs of the network along with the time estimates

Jobs	1-2	1-6	2-3	2-4	3-5	4-5	6-7	5-8	7-8
Optimistic	1	2	2	2	7	5	5	3	8
Most likely	7	5	14	5	10	5	8	3	17
Pessimistic time	13	14	26	8	19	17	29	9	32

Calculate critical path, project length value and project length duration.

12. Following are the time and cost table (Time in week +cost in Rs). Use it to arrive at the network associated with computing the project with minimum time, minimum cost

Activity	Normal		Crash	
	Time	Cost	Time	Cost
1-2	2	800	1	1400
1-3	5	1000	2	2000
1-4	5	1000	3	1800
2-4	1	500	1	500
2-5	5	1500	3	2100
3-4	4	2000	3	3000
3-5	6	1200	4	1600
4-5	5	900	3	1600

13. Using the following cast matrix find the cost assignment.

	A	B	C	D
M_1	1	4	6	3
M_2	9	7	10	9
M_3	4	5	11	7
M_4	8	7	8	5

SECTION - C (Compulsory)

(1x10=10)

14. A project schedule given in the table

Activity	1-2	1-3	2-4	3-4	3-5	4-9	5-6	5-7	6-8	7-8	8-10	9-10
Time (Days)	4	1	1	1	6	5	4	8	1	2	5	7

From the following Draw a Network, Determine critical path, total project duration and also calculate the floats.

St Aloysius College (Autonomous)
Mangaluru

Semester I – P.G. Examination - M.Com.

November - 2018

ACCOUNTING THEORY AND PRACTICE

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following

(4×5=20)

1. What is Accounting Standard? Explain the procedure for issuing Accounting Standards by ICAI?
2. Describe the role of Accounting Theory in modern business.
3. What are the merits of Accounting Standards?
4. What are Non-monetary assets?
5. What are the objectives of cash flow statements?
6. What is inventory as per AS 2? State the items of inventory excluded from AS 2.
7. Write a note on AS 26.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

SECTION - B

Answer any **FOUR** of the following

(10×4=40)

8. On 1st January 20x1, X Ltd purchased second-hand machine for ₹58,000 and spent ₹ 2,000 on its overhauling. On 1st July 20x1, additional machinery at a cost of ₹ 20,000 was purchased. On 30th September 20x2, repairs and renewals of machinery amounted to ₹ 2,000. On 1st July 20x3, the machine purchased on 1st January 20x1 became obsolete and was sold for ₹ 30,830 and ₹ 330 was paid as commission to the broker through whom the sale was effected. On the same date a new machinery was purchased at a cost of ₹ 40,000.
Prepare the machinery account for the first four calendar years if the depreciation is to be provided @10% per annum according to written down value method and at the end of 20x4, it is decided to change the method of depreciation from written down value method to straight line method @ 5% per annum retrospectively (i.e. with effect from 1st January 20x1).
9. Explain the accounting assumptions as per AS-1.
10. Explain the process of recognition of an asset according to AS 26. Also describe the provisions relating to measurement after recognition.
11. a) X Ltd purchased a machine in the year 2000 for ₹ 100 lakhs and cleared by customs without levy of custom duty. In 2003 custom authorities alleged suppression of facts. The company paid the duty with penalties of ₹ 5 lakhs. According to AS 10 how would depreciation be charged on this amount?

(5)

Contd...2

- b) During the year 2017-18, A Ltd made the following expenditure relating to its plant building:

	₹ in lakhs
Routine repair	4
Repairing	1
Partial replacement of roof tiles	0.5
Substantial improvements to the electrical wiring system which will increase efficiency	10

What amount should be capitalized?

(5)

12. Explain in detail the roots of accounting theory.

13. The summarized Balance sheets of Kanyon Ltd as on 31.12.2017 and 31.12.2018 are as follows:

Liabilities	2017 ₹	2018 ₹	Assets	2017 ₹	2018 ₹
Share capital	4,50,000	4,50,000	Fixed assets	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and Loss A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Tax Provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage Loan	---	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional information:

- i) Investments costing ₹ 8,000 were sold for ₹ 8,500.
 ii) Tax provision made during the year was ₹ 9,000.
 iii) During the year, part of the fixed assets costing ₹ 10,000 was sold for ₹ 12,000 and the profit was included in profit and loss account.

You are required to prepare the Cash Flow Statement according to AS3.

SECTION - C (Compulsory)

(1×10=10)

14. The Directors of Rajni Ltd ask you to prepare the final accounts in the statutory format for the year ended 31st March 2018. Given below in the trail balance of Rajni Ltd.

Debit balance	₹	Credit balance	₹
Land and Building (original cost ₹ 30,000)	14,000	Share capital	20,000
Furniture (original cost ₹ 1,500)	800	General reserve	3,000
Plant and machinery (original cost ₹ 20,000)	10,000	8% debentures	10,000

Contd...3

Stock on 1.4.2017	15,000	Bank overdraft	150
Purchases	2,00,000	Sundry creditors	1,600
Salaries	800	Security premium	1,000
Printing and stationery	120	Debenture redemption reserve	4,000
Debtors	7,000	Sales	2,11,800
Investments (at cost)	600	Profit and loss a/c	850
Cash	200		
Preliminary expenses	400		
Cash at bank	2,400		
Interest	200		
Debenture interest	400		
Director's fees	200		
Rent, rates and insurance	280		
	2,52,400		2,52,400

The following further information is given:

- a) Depreciation is to be provided as under
 - i) Land and buildings at 5% on straight line basis
 - ii) Furniture and plant and machinery at 10% on reducing Balance method.
- b) Provide for 5% provision on debtors for doubtful debts.
- c) Provide for
 - i) Outstanding audit fees ₹ 250 and ii) Provision for income tax ₹ 2,400.
- d) Insurance is prepaid to the extent of ₹ 80.
- e) The Directors have recommended
 - i) Transfer of ₹ 1,000 to debenture redemption reserve
 - ii) Transfer of ₹ 400 to general reserve
 - iii) Equity dividend 8% on paid up capital.
- f) It has been decided to write off half of the preliminary expenses.

189

St Aloysius College (Autonomous)
Mangaluru

Semester I – P.G. Examination - M.Com.

November – 2018

FINANCIAL MANAGEMENT AND POLICY

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Strategic financial management has a multi-dimensional purview. Explain.
2. Explain the significance of cost of capital and its different concepts.
3. Explain the traditional theory of capital structure.
4. Explain the scope of financial management.
5. A firm has sales of ₹ 10,00,000, variable cost of ₹ 7,00,000 and fixed cost of ₹ 2,00,000 and debt of ₹ 5,00,000 at 10% rate of interest. What are the Operating, Financial and Combined leverage.
6. A company issues ₹ 10,00,000, 10% redeemable debentures at a discount of 5%. The cost of floatation amount to ₹ 30,000. The debenture are redeemable after 5 years. Calculate before tax and after tax cost of debt assuming a tax rate of 50%.
7. The following is the data regarding 2 companies 'A' and 'B', belonging to the same equivalent risk class.

	Company A	Company B
Number of ordinary shares	1,00,000	1,50,000
8% debentures	50,000	---
Market price per share	₹ 1.30	₹ 1.00
Profit before interest	₹ 20,000	₹ 20,000

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

All profits after paying debenture interest are distributed as dividends.

You are requested to explain how under Modigliani and Miller approach an investor holding 10% of shares in company 'A' will be better off in switching his holdings to company 'B'.

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. The following information is available in respect of rate of return on investment; the cost of capital and earning per share of ABC Ltd.
Rate of return : 15%, 12%, 10%
Cost of capital : 12%
Earning per share : ₹ 10
Determine the value of its share using Gordon's Model assuming the following:

	Dividend payment ratio	Retention ratio
(a)	100	0
(b)	80	20
(c)	40	60

Contd...2

9. ABC Ltd. has the following book value capital structure.

	(₹ million)
Equity capital (10 million shares, ₹ 10 par)	100
Preference share capital, 11% (1,00,000 shares, ₹ 100 par)	10
Retained earnings	120
13.5% debentures (5,00,000 debentures ₹ 100 par)	50
12% term loan	80
	<hr/> 360

The net expected dividend per share is ₹ 1.50. The dividend per share is expected to grow at the rate of 7%. The market price per share is ₹ 20. Preference stock, redeemable after 10 years is currently selling for ₹ 75 per share. Debentures redeemable after 6 years are selling for ₹ 80 per share. The tax rate for the company is 50%.

Calculate the weighted average cost of capital using

a) book value proportions and b) market value proportions.

10. The project cost of ABC Ltd. is ₹ 20,00,000. The annual net profit of the business is expected to be ₹ 3,00,000. It is considering the possibility of issuing equity shares plus raising a debt of ₹ 4,00,000, ₹ 8,00,000 or ₹ 12,00,000. The current market price per share is ₹ 50 per share, which is expected to drop to ₹ 40 per share if the market borrowing were to exceed ₹ 8,50,000. The cost of borrowing is indicated below -

Up to ₹ 5,00,000 - 10%

Between ₹ 5,00,001 and ₹ 10,00,000 - 14%

Between ₹ 10,00,001 to ₹ 15,00,000 - 16%

Assuming a tax rate of 50%, calculate the EPS and the scheme which would be best from the shareholders point of view.

11. Examine major determinants of capital structure. Explain the features of optimal capital structure.

12. How do you estimate the financial requirements of an enterprise? Explain the steps involved in financial planning.

13. "Maximisation of profit is regarded as the proper objectives of investment decision, but it is not as exclusive as maximizing shareholders wealth". Explain.

SECTION - C (Compulsory)

(1x10=10)

14. Aries Ltd. wishes to raise additional finance of ₹ 10 lakhs for meeting its investment plans. It has ₹ 2,10,000 in the form of retained earnings available for investment purposes. The following are the further details.

a) Debt - Equity mix ; 30% : 70%

b) Cost of debt:

i) Upto ₹ 1,80,000 : 10% (before tax)

ii) Beyond ₹ 1,80,000 : 16% (before tax)

iii) Earning per share : ₹ 4

iv) Dividend payout : 50% of earnings

v) Expected growth rate of dividend : 10%

vi) Current market price/share : ₹ 44

vii) Tax rate : 50%

You are required:

a) To determine the pattern for raising additional finance.

b) To determine the post-tax average cost of additional debt.

c) To determine the cost of retained earnings and cost of equity.

d) Compute the overall weighted average after tax cost of additional finance.

PH 313.1

Reg. No.

--	--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru

Semester I – P.G. Examination – M.Com.

November - 2018

INCOME TAX

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Explain the meaning of 'Assessment year' and 'Previous year'.
2. State the conditions to be satisfied to treat an income U/S 22, bringing out the exceptions, if any.
3. Write a note on bond washing transactions.
4. How do you treat the following items in the computation of Business/ Professional income?
 - a) Expenses incurred on Income tax appeal.
 - b) Membership fees paid by a chartered Accountant to CA institute.
 - c) Capital expenditure on family planning.
 - d) Donation to National Fund for Rural Development.
5. Mr. Hemanth owns a big house, 25% of which is used for own profession, 25% self occupied, 30% is let out at ₹ 3,000 per month and 20% let out at ₹ 1,000 p.m. Its municipal value is ₹ 80,000 whereas standard Rent is ₹ 70,000. Municipal taxes are levied at 10% of AMV and the assessee bears 50% of the same. Find out the Annual value of the house property.

6. From the following particular find out taxable HRA.

Basic as on 1st January 2018 ₹ 10,000 p.m

D.A ₹ 1000 p.m (DA is considered for PF)

HRA at ₹ 2,500 p.m, Actual rent paid for the house at Mysore ₹2000p.m.

Annual increment of ₹ 500 falls due on 1st August every year.

7. Discuss the provision U/S 80C.

ST.ALOYSIUS COLLEGE
 PG Library
 MANGALORE-575 003

SECTION - B

(4x10=40)

Answer any **FOUR** of the following:

8. Explain the provisions of Income Tax Act relating to statutory Provident Fund, Recognized Provident Fund and Public Provident Fund.

Contd...2

PH.313.1

9. From the following information compute taxable capital gains.

- i) a) Cost of acquisition of residential house in May 2009 ₹ 2,00,000
- b) Sale of consideration on 15.8.2017 ₹ 15,00,000.
- c) Cost of new house purchased for residential purposes by due date of filing tax return (including the cost of site ₹ 50,000) ₹ 5,00,000
- d) Amount deposited as per the scheme by the due date of filing the return ₹ 1,00,000.

ii) Would it make any difference if the assessee deposits ₹ 500,000 as per the scheme by the due date of filing the return for the AY 2018-19 list does not utilize the amount for acquiring the new house before 15.8.2020.

(CII 2009-10:148; 2017-18-272)

10. Discuss the provision relating to set-off and carry forward of losses.

11. Mr. Abdul owns four houses, the details of which are as under:

	I	II	III	IV
Annual Municipal Value	100,000	80,000	120,000	150,000
Fair Rental Value	120,000	150,000	100,000	120,000
Rent Received	150,000	144,000	Self	Self
Standard Rent	136,000	180,000	150,000	100,000
Municipal taxes paid	8000	6000	NIL	1200
Repairs	-	12000	40,000	60000

For the construction of IV house, he had borrowed ₹ 800,000 at 15% p.a on 1.1.2012. The house was completed on 1.8.2014. This loan is not cleared. Compute his income from house properly.

12. Mr. Karan furnishes the following particulars of his income. Compute the taxable income from other sources.

- a) Dividend from Unit Trust of India ₹ 30,000.
- b) Dividend from Infosys Ltd ₹10,000
- c) Dividend from a co-operative society ₹ 2,000.
- d) Interest on FD in Corporation Bank ₹ 5,000.
- e) Directors fees ₹ 10,000
- f) Family pension ₹ 800 p.m
- g) Royalties from mining(Expenses ₹ 2,000) ₹ 20,000
- h) Income from letting plant and Machinery ₹ 20,000
- i) Winning from lottery(Net) ₹ 35,000
- j) Interest ₹ 4,000 on tax free debentures of ABC Ltd.

ST.ALOYSIUS COLLEG.
PG Library
MANGALORE-575 002

Contd...3

13.13.1

13. Dr Rao is a medical practitioner, who maintains cash system of accounting. Compute his income from profession.
Receipt and Payments A/c for the year

To balance b/d	24,000	By Rent Clinic 2016-17 14,000 2017-18 140,000	154,000
To Consultation fees 2016-17 2017-18 2018-19	20,000 450,000 30,000	By Electricity & Water By Purchase of professional books	30,000 30,000
To Visiting fees	400,000		
To Loan from Bank	250,000	By car purchased on 1.6.2017	500,000
To Gifts & Presents	50,000	By Repairs to car	40,000
To Honorarium from private hospital	100,000	By Salary to staff	140,000
To Dividend from foreign company	140,000	By LIC Premium	126,000
To sale of Medicine	250,000	By Interest on bank loan	20,000
To Interest on POSB a/c	16,000	By purchase of medicine	180,000
		By purchase of surgical equipments	160,000
		By personal expenses	130,000
		By balance c/d	220,000
	17,30,000		17,30,000

Additional Information:

- Allowable depreciation on car is 15% and car is used equally for personal and professional purposes.
- ₹ 40,000 received on daughter's marriage is included in gifts and presents.
- Bank loan is taken for daughter's wedding
- o/s salary to staff ₹ 10,000
- Allowable depreciation on surgical equipments 15% and books 60%.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

SECTION - C (Compulsory)**(1x10=10)**

14. From the particulars given below, compute taxable salary of Mr Das who is working in a company in Delhi (population exceeding 25 lakhs) and the deduction allowable U/S 80C

- Basic Salary ₹ 25,000 p.m
- D.A 20% of basic (enters into retirement benefits)
- City compensatory allowance ₹ 2000 p.m
- Conveyance allowance ₹ 1,200 p.m
- Helper allowance ₹ 1,500 pm (Actually spent ₹ 1000 p.m)

Contd..4

PH 313.1

- f) Medical allowance ₹ 3000 p.m
- g) The employer paid the wages to the following servants provided to Mr. Das
- a. Cook ₹ 5000 p.m b. Sweeper ₹ 2000pm
- h) The employee provided him a rent-free accommodation for the rental value ₹ 1,20,000.
- i) He contributes 13% of his salary to RPF to which the company contributes equally.
- j) He has been provided with a big car for official and personal use. All expenses including drivers salary is borne by the company.
- k) During the year he invested ₹ 5000 in PPF, ₹ 12000 in NSC and repaid housing loan of ₹ 30,000(including interest of ₹ 14,000)

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

Reg. No.

--	--	--	--	--	--	--

**St Aloysius College (Autonomous)
Mangaluru****Semester I – P.G. Examination - M.Com.****November – 2018****ECONOMIC ENVIRONMENT AND POLICY**

Time: 3 Hours

Max. Marks: 70

SECTION - AAnswer any **FIVE** of the following:

(5x4=20)

1. What are the major components of micro and macro environment of business?
2. State the features of Mixed economy.
3. Write a note on 'Informal Financial System'.
4. What are the characteristics of Special Economic Zones?
5. What are the reasons for the protection of IPR?
6. Distinguish between Consumer Protection Council and Consumer Disputes Redressal Agency.
7. Critically evaluate the objectives of Competition Act 2002.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

SECTION - BAnswer any **FOUR** of the following:

(4x10=40)

8. "Capitalist economic system creates favourable environment for the growth of business, but Socialism will not". Comment.
9. Explain the role of Financial Markets in the economic development of a country.
10. "Industrial Policy Resolution of 1991 is entirely different from all other earlier Industrial Policy Resolutions". Discuss.
11. Explain the outcomes of Uruguay Round Conference with reference to Intellectual Property Rights.
12. How Consumer Protection Act 1986 is protecting the interests of consumers in India? Explain.
13. "FDI in retail sector is a threat to Indian economy". Comment on this statement.

SECTION - C (Compulsory)

(1x10=10)

14. Many companies have planned for significant investment in organized retailing in India. Several factors have prompted their decisions in this regard. The income of the customer is rising. People have developed a taste for better quality products even though they may have to pay more. The aspiration levels have increased. The government has also liberalized its economic policies in this regard and permitted even cent percent FDI in some sectors of retailing.

Questions:

- i) Identify the economic, social, technological, political and legal changes in business environment that have facilitated the companies' decisions to plan significant investment in organized retailing.
- ii) What has been the impact of these changes with regard to globalization and privatization?

Reg. No.

--	--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru

Semester I- P.G. Examination - M.Com
November - 2018

MANAGEMENT & ORGANISATIONAL BEHAVIOUR

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** questions.

(5x4=20)

1. Mention briefly the different levels of management?
2. What are the points of distinction between formal and informal groups at workplace?
3. Discuss the term 'organization culture' in detail?
4. Enumerate the importance of creativity.
5. Work-life balance is the key to success in an organization. Explain.
6. What is meant by motivation cycle?
7. Review the challenges in managing diversity at workplace.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

SECTION - B

Answer any **FOUR** questions.

(4x10=40)

8. Discuss the historical development of management thought that has evolved over the years.
9. Describe the sources and causes of organizational conflict.
10. Elucidate the reasons for resistance to change and the essential skills to overcome it?
11. Explain any four methods in detail that help in developing creativity.
12. Discuss in detail the process theories of motivation.
13. Describe the different job design techniques.

SECTION - C

14. **Analyse the case (Compulsory)**

(10)

In ten years, Plant World had grown from a one-person venture into the largest nursery and landscaping business in its area. It's founder, Myta Ong, combined a lifelong interest in plants with a botany degree to provide a unique customer service. Ong had managed the company's growth so that even with twenty full-time employees working in six to eight crews, the organization culture was still as open, friendly and personal as it had been when her only employees were friends who would volunteer to help her move a heavy tree.

To maintain that atmosphere, Ong involved herself increasingly with people and less with plants as the company grew. With hundreds of customers and scares of jobs at any one time, she could no longer say without hesitation whether she had a dozen arborvitae bushes in stock or when Mrs.Carnack's estate would need a new load of coffee seed.

Contd...2

PS 315.1

Paying a lot of attention to employee needs may have led Ong to make a single bad decision that almost destroyed the company. She provided extensive landscaping to a new mall on credit, and when the mall never opened and its owners bankrupt, Plant World found itself in deep trouble. The company had virtually no cash and had to pay the bills for the mall plants, most of which were not even salvageable.

One Friday, Ong called a meeting with her employees and leveled with them. Either they would not get paid for a month or Plant World would shut. The news hit the employees hard. Many counted on Saturday paycheck to buy groceries for the week. The local unemployment rate was low, however, and they knew they could find other jobs. Ong gave her employees the weekend to think over their decision. Whether to take their pay and look for another job or to dig into their savings and go on working. But she arrived at office Monday morning, she found all her workers ready to work even harder to pull the company through.

Questions:

- a) Identify the key problems of this case?
- b) How would you describe the organization culture at Plant World?
- c) Discuss the measures to resolve the much required organizational change at Plant World.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

St Aloysius College (Autonomous)
Mangaluru

Semester I- P.G. Examination - M.Com
November - 2018

QUANTITATIVE TECHNIQUES FOR DECISION MAKING

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** questions.

(5x4=20)

1. Define feasible solution, basic solution and optimal solution in transportation problem.
2. What do you understand by a linear programming problem?
3. What is game theory? Discuss its importance to business decision making.
4. What is financial management simulation?
5. What are the cost considerations in PERT/CPM and what is the cost slope?
6. Explain the meaning of degeneracy in a transportation problem. How do you resolve it?
- 7.

	Destination				Supply
	D ₁	D ₂	D ₃	D ₄	
O ₁	6	4	1	5	14
O ₂	8	9	2	7	16
O ₃	4	3	6	2	5
Demand	6	10	15	4	35

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

Solve with a help of least cost method.

SECTION - B

Answer any **FOUR** questions.

(4x10=40)

8. Discuss the Monte Carlo method of solving a problem, illustrating it by outlining a procedure to solve a specified problem of your choice.
- 9.

	D ₁	D ₂	D ₃	a _i
O ₁	2	2	3	10
O ₂	4	1	2	15
O ₃	1	3	1	40
b _j	20	15	30	65

Solve for minimizing transportation cost and also find optimal solution by using north west corner rule.

10. Find the optimal assignment for the job.

	A	B	C	D	E
1	4	3	6	2	7
2	10	12	11	14	16
3	4	3	2	1	5
4	8	7	6	9	6

Contd...2

PS 316.1

11. Solve the following problem using principle of dominance.

		Player B		
		B ₁	B ₂	B ₃
Player A	A ₁	1	7	2
	A ₂	6	2	7
	A ₃	5	1	6

12. $Max Z = 5x_1 + 3x_2$

Sub to $2x_1 + x_2 \leq 1$

$x_1 + 4x_2 \geq 6$

$x_1 + x_2 \geq 0$

Solve with a help of Simplex method.

- 13.

Jobs	a	m	b
1-2	1	7	13
1-6	2	5	14
2-3	2	14	26
2-4	2	5	8
3-5	7	10	19
4-5	5	5	17
6-7	5	8	29
5-8	3	3	9
7-8	8	17	32

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

Find the probability that, the project will be completed within 40 days.

SECTION - C

14. **Compulsory**

(10)

Determine total float, free-float and independent float.

Activity	Time (Days)
1-2	4
1-3	1
2-4	1
3-4	1
3-5	6
4-9	5
5-6	4
5-7	8
6-8	1
7-8	2
8-10	5
9-10	7

PH 312.1

Reg. No.

--	--	--	--	--	--	--	--	--	--

208

St Aloysius College (Autonomous)
Mangaluru

Semester I – P.G. Examination – M.Com.
November - 2017

FINANCIAL MANAGEMENT AND POLICY

Time: 3 hrs.

SECTION - A

Max Marks: 70

Answer any **FIVE** of the following:

(5x4=20)

1. Explain the different types of financial decision.
2. What is cost of capital? What is the importance of cost of capital in decision-making?
3. State the assumptions of capital structure theories.
4. Consider the following information for Kaunark Ltd.

₹ in lakh

EBIT	1120
PBT	320
FC	700

ST. ALOYSIUS COLLEGE
 PG Library
 MANGALORE-575 003

Calculate percentage change in EPS if sales increased by 5%.

5. What are the factors that influence the dividend policy of a company?
6. Write a note on planning for sustainable growth.
7. A share of Star Ltd is currently quoted at ₹55. The retained earning per share being 40% is ₹4 per share. If the investors expect annual growth rate of 10%, what would be the cost of equity of Star Ltd?

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. "The profit maximization is not an operationally feasible criterion". Discuss.
9. A company has on its books the following amounts and specific costs of each type of capital.

Type of capital	Book value (₹)	Market value (₹)	Specific cost (%)
Debt	4,00,000	3,80,000	5
Preference	1,00,000	1,10,000	8
Equity	6,00,000		15
Retained earning	2,00,000	12,00,000	13
	13,00,000	16,90,000	

Determine the weighted average cost of capital using

- a) Book value weights and b) Market value weights

How are they different?

Contd...2

PH 312.1

10. Summer Ltd & Winter Ltd are identical in all respects including risk factor except for debt/equity mix. Summer Ltd. having issued 12% debentures of ₹30 lakhs while Winter Ltd. issued only equity capital. Both the companies earn 24% before interest & taxes on their total assets of ₹50 lakhs.

Assuming the corporate effective tax rate of 40% and capitalization rate of 18% for an all-equity company, Compute the value of Summer Ltd & Winter Ltd using:

- a) NI Approach and,
- b) NOI Approach

ST. ALOYSIUS COLLEGE
MANGALORE-575 003

- 11. a) Briefly explain Walter's theory of dividend policy.
- b) The earning per share of a company are ₹10. It has an internal rate of return of 15% and the capitalization rate of its risk class is 12.5%. If Walter's Model is used:
 - i) What should be the optimum payout ratio of the firm?
 - ii) What would be the price of the share at this payout?
 - iii) How shall the price of the share be affected if a different payout were employed?

12. What is financial planning? Discuss the steps involved in financial planning.

13. The balance sheet of Alpha Numeric company is given below:

Liability	₹	Asset	₹
Equity capital (₹10 per share)	90,000	Net fixed assets	2,25,000
10% long term debt	1,20,000	Current assets	75,000
Retained earning	30,000		
Current liability	60,000		
	3,00,000		3,00,000

The company's total asset turnover ratio is 3, its fixed operating cost is ₹1,50,000 & its variable operating cost ratio is 50%. The income tax rate is 50%.

You are required to:

- a) Calculate the different types of leverage for the company.
- b) Determine the likely level of EBIT if EPS is:
- c) ₹1 ii) ₹2 and iii) ₹0

SECTION - C (Compulsory)

(1x10=10)

14. XYZ Ltd is considering three financial plans for which the key information is as below:

- a) Total investment to be raised ₹4,00,000
 b) Plan of Financing proportion:

Plans	Equity	Debt	Preference share
A	100%	--	--
B	50%	50%	--
C	50%	--	50%

- c) Cost of debt 8%, cost of preference shares 8%
 d) Tax rate 50%
 e) Equity shares of the face value of ₹10 each will be issued at a premium of ₹10 per share.
 f) Expected EBIT is ₹1,60,000
- Determine for each plan:
- i) EPS
 ii) Financial break-even point
 iii) Compute the EBIT range among the plans for point of indifference.

ST.ALOYSIUS COLLEGE
 PG Library
 MANGALORE-575 003

St Aloysius College (Autonomous)
Mangaluru
Semester I – P.G. Examination - M.Com.
November – 2017

INCOME TAX

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Explain the term "Assessee".
2. Discuss the fully tax free allowances.
3. Explain 'Speculation Profits'.
4. A company took a house on rent and allotted to its employee. From the following information find out the value of perquisite of accommodation.

	₹
Rent paid for the year	1,20,000
Salary	10,00,000
Cost of the furniture provided to the employee	60,000
Rent charged from the employee per month	4,000

5. Mr. Karan went to America on 1st April 2016 for a film shooting. Due to ill health, he had to stay there just after shooting. He came back to India on 25th September 2016. He had to go again on 8th December 2016 and returned India on 15th February 2017. Find out Residential status of Mr. Karan for the Assessment year 2017-18.
6. What do you understand by the term 'Capital Asset' u/s 2(14) of Income Tax Act of 1961.
7. Discuss the rules governing set-off and carry forward of capital losses.

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. From the following particulars compute the gross total income of Mr. Ratan for the AY 2017-18 if he is
 - a) Ordinarily Resident b) Not Ordinarily Resident c) Non-Resident
 - i) Income from agriculture in Lahore, received there and brought to India ₹ 1,20,000.
 - ii) Income from property in U.K. ₹ 2,50,000
 - iii) Income earned from business in Australia, which is controlled from Delhi (₹ 50,000 received in India) ₹ 3,00,000.
 - iv) Income earned from business in Mumbai, which is controlled from Japan ₹ 1,76,000.
 - v) Interest on debenture of Indian Company received in Canada ₹ 85,000.
 - vi) Dividend on shares of foreign company ₹ 48,000
 - vii) Gift in foreign currency from a relative received in India ₹ 92,000
 - viii) Past untaxed Indian income ₹ 1,10,000
 - ix) Payment from Public Provident Fund ₹ 62,000
 - x) Interest accrued but not received on F.D. in Canara Bank, Delhi ₹ 25,000.

Contd...2

9. Compute the income from house property from the following particulars.

Use	I House Self occupied ₹	II House Self occupied ₹	III House Let out ₹	IV House Let out ₹
Municipal value	3,00,000	1,50,000	1,20,000	1,20,000
Fair Rental value	3,30,000	2,10,000	1,60,000	1,00,000
Rent received	--	--	1,80,000	1,50,000
Municipal taxes paid	--	15,000	--	10,000
Municipal taxes due	20,000	--	18,000	--
Repairs	10,000	5,000	2,000	--
Vacancy period (in months)	--	--	2	1
Interest on housing loan	20,000	10,000	15,000	18,000

He had borrowed ₹ 1,80,000 @ 10% p.a. on 1st Jan 2014 for the construction of the IV house, which was completed on 1st Aug 2016.

10. Discuss the tax provisions governing clubbing of income.
11. Discuss the exemptible capital gain under different sections of Income Tax Act 1961.
12. Dr. Naveen is a renowned medical practitioner who maintains books of account on cash basis, furnishes his Receipts and Payments A/c for the financial year 2016-17.

To Balance b/d	14,000	By Rent of clinic	
To consultation fees		2015-16	600
2015-16	3,000	2016-17	4,800
2016-17	15,000	2017-18	600
2017-18	2,000	By Electricity & water bills	2,000
To Visiting fees	30,000	By Professional Books (Annual Publications)	4,000
To Loan from bank for professional purposes	25,000	By Household expenses	7,800
To sale of Medicine	60,000	By collection charges on dividend income	100
To Gifts and Presents	5,000	By Motor car purchased	30,000
To Remuneration from Articles published in professional journals	6,000	By Surgical equipments	4,800
To Dividend	10,000	By Income tax	10,000
To POSB a/c Interest	7,000	By Salary of staff	15,000
		By Life Ins. Premium	15,000
		By Gift to wife	5,000
		By Interest on loan	2,000
		By Car expenses	15,000
		By Purchase of Medicine	40,000
		By balance c/d	20,300
	1,77,000		1,77,000

Contd...3

Compute his Taxable Professional Income for the AY 2017-18, after taking in to account the following points.

- 1/3 of the use of car relate to personal use.
- Depreciation on Motor car allowable is 15%, on books it is 100% and on surgical equipments it is 15%.
- Closing stock of medicines amounted to ₹ 5,500.

13. Mr. Manohar purchased a residential property in June 1985 ₹ 60,000. In January 1988 he remodeled the house spending ₹ 20,000. In January 1989, he concluded an agreement to sell the property to Aravind who could not pay the consideration amount. Therefore, Manohar forfeited the advance of ₹ 10,000 received from Aravind.

In 1990-91, Manohar spent ₹ 55,500 in renovation of the house. On 30.6.2016, the house was sold for ₹ 45,00,000. The brokerage paid was at 2% of sale proceeds.

Compute taxable capital gain for the AY 2017-18, assuming Mr. Manohar purchased a new house property ₹ 20,00,000 on 15th April 2017.

The CII 1985-86:133; 1987-88:150; 1990-91:182, 2016-17:1125.

SECTION - C (Compulsory)

(1x10=10)

14. From the following particulars, compute taxable income from salary of Mr. Nuraj for the AY. 2017-18. Also compute, deductions allowable u/s 80C.

Basic Salary ₹ 5,40,000

Dearness Allowance ₹ 50% of Basic Salary (60% enters in to retirement benefits.

Bonus ₹ 25,000, Entertainment allowance - ₹ 500 pm

Medical Allowance ₹ 1000 pm

Children's Education Allowance ₹ 500 p.m. (child for 2 children)

Conveyance allowance ₹ 2000 pm

Travelling Allowance ₹ 5000 (80% is spent for travelling)

The employer provided Mr. Naveen a rent free accommodation owned by the company (city population 20 lakhs)

Club bills paid by the employer ₹ 5,000 p.a. He is also provided with a small car which he uses for both official and personal purposes. The running and maintenance of the car met by Mr. Naveen.

He contributes 15% of his salary to RPF where equal contribution is made by the company. Interest credited to accumulated balance of provident fund at 10.5% ₹ 10,500. He paid LIC premium ₹ 5000. Deposited ₹ 50,000 in PPF.

Paid ₹ 24,000 EMI of housing loan which include ₹ 10,000 forwards principal amount.

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

Reg. No.

--	--	--	--	--	--	--

St Aloysius College (Autonomous)
Mangaluru**Semester I – P.G. Examination - M.Com.****November – 2017****ECONOMIC ENVIRONMENT AND POLICY**

Time: 3 Hours

Max. Marks: 70

SECTION - AAnswer any **FIVE** of the following:

(5×4=20)

1. Distinguish between micro and macro environment of business.
2. Mention the four components of a financial system.
3. What is the rationale of second generation reforms?
4. Write short notes on a) copyrights b) trademarks
5. Mention the objectives of industrial policy 1991.
6. What are the objectives of Special Economic Zones (SEZs)?
7. Write a note on consumer protection councils.

SECTION - BAnswer any **FOUR** of the following:

(4×10=40)

8. Briefly explain about business environment. Discuss how internal and external factors influence the business environment.
9. What is a financial system? How does a financial system contribute to economic development? Describe the various aspects involved.
10. What are the salient features of Industrial Policy 1991?
11. Discuss the types of intellectual property rights.
12. Discuss the salient features of Consumer Protection Act 1986. Describe the recent changes to protecting the rights of consumers.
13. Briefly explain FDI in Retail Sector in India. What are the advantages and disadvantages of allowing FDI in Retail Sector?

SECTION - C (Compulsory)

(1×10=10)

14. In February 2000, as part of the disinvestment, the Government of India (GOI) sold Modern Food Industries (India) Limited (MFIL) to Hindustan Limited (HLL) for ₹ 1.05 billion. This was hailed as a major step in the GOI's disinvestment plan. However, some analysts questioned the GOI's decision to sell MFIL a company with 14 production units spread across the country and almost 0.5 million square meters of land for just ₹ 1.05 billion.

Contd...2

ST.ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

PS 314.1

In 2000-01, employees at MFIL accused HLL for trying to shut down some manufacturing units by retrenching more than half of the 2,000 workforce and relying on third parties to meet production needs. By December 2000, 10 months after HLL took over MFIL, its accumulated losses went up to ₹ 470.40 million as against its net worth of ₹ 330.1 billion. Subsequently, under the Sick Industries Act (SICA), MFIL was referred to the Board of Industrial and Financial Reconstruction (BIFR).

In 2001, HLL announced that MFIL would be able to make a cash profit in two years. It announced a turnaround strategy which involved improving the quality of the product and the raw-materials (refined flour), improving the manufacturing process controls, and modernizing the Plant and Machinery. Existing distributors would be trained and new ones identified. HLL was also looking for new outlet that could sell bread. To implement this strategy, HLL invested ₹ 80-90 million in MFIL.

Questions:

- i) Examine the factors behind government's disinvestment decision.
- ii) Do you think that the strategy of HLL will be successful? Give reasons.

ST. ALOYSIUS COLLEGE
PG LIBRARY
MANGALORE-575 003

St Aloysius College (Autonomous)
Mangaluru
Semester I - P.G. Examination - M.Com.
November - 2017

MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Trace the evolution of management with reference to the contributions made by management thinkers.
2. Explain Hawthorne experiments conducted by Elton Mayo.
3. Discuss the different roles played by a manager in a multinational corporations.
4. Explain the various types of groups and how they are formed in the organizations.
5. Explain the concept of workplace diversity with examples.
6. Explain the importance of creativity in the organizational context.
7. Explain Maslow's Hierarchy of need theory of Motivation.

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Discuss the issue and challenges faced by organization in the present scenario.
9. Discuss the theories of personality in detail.
10. What is perception? What are the factors that affect perception? Discuss in detail.
11. Explain various techniques of motivating employees in present business environment.
12. Define power and politics. Explain various power bases.
13. What is interpersonal conflict explain with the help of transactional analysis and johari window.

SECTION - C (Compulsory)

(1x10=10)

14. Arun doing MBA in a management institute in Andrapradesh has taken up a summer job with a factory at Hyderabad. He has been assigned to a small group of men who are responsible for loading and unloading the boxcars that supply materials and carry away the finished goods of the factory.

Contd...2

PS 315.1

After few days spent on the job, Arun was amazed at how little work the men in his group accomplished. They seemed that they were forever standing around and talking or in some cases, even going off to hide when there was work to be done. Arun often found himself unloading the box car while other members were off messing around some where else. When he complained to his co-workers, they made it very plain that if he did not like it, he could quit, but if he complained to the supervisor he would be sorry.

Arun has been deliberately excluded from any of the crew's activities such as taking breaks together or having snacks at the popular restaurants across the streets. One day he went up to one of the older members of the crew and said, "I don't know why you behave like this. I am just trying to do my job because I am here only for my summer assignment. I get a good salary which is all that I care about. I would have liked to know you all better, but frankly I am sure that I am not like you all". The elder man replied, "Arun, if you has been here as long as I have, you would have been just like us".

Questions

- a) Explain the group process involved in this case.
- b) Describe the type of motivation of Arun and other members.
- c) Do you think Arun would change his attitude if he were to stay longer in the job? Explain the reason for your answer.

ST. ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

St Aloysius College (Autonomous)
Mangaluru
Semester I - P.G. Examination - M.Com.

November - 2017

QUANTITATIVE TECHNIQUES FOR DECISION MAKING

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

- Construct a mathematical model for transportation.
- Briefly explain steps involved in the Vogel's Approximation Method.
- Explain Hungarian Method procedure.
- State the role of LPP in management decision making.
- Write a note on Monte Carlo Simulation method?
- Obtain Initial Basic Feasible Solution with a help of Least Cost Method.

	D ₁	D ₂	D ₃	D ₄	a _i
O ₁	1	2	3	4	6
O ₂	4	3	2	0	8
O ₃	0	2	2	1	10
b _j	4	6	8	6	24

ST. ALOYSIUS COLLEGE
PG Library
MANGALORE-575 003

- Solve the payoff matrix of player A

	B ₁	B ₂	B ₃
A ₁	2	6	8
A ₂	7	6	8
A ₃	8	3	2

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

- Solve with a help of (NWCR) North West Corner Rule and Test for Optimality.

	D ₁	D ₂	D ₃	D ₄	Supply
O ₁	6	4	1	5	14
O ₂	8	9	2	7	16
O ₃	4	3	6	2	5
Demand	6	10	15	4	35

- For the following problem, find a solution by using principle of Dominance

	N ₁	N ₂	N ₃	N ₄
M ₁	-2	0	0	5
M ₂	3	2	1	3
M ₃	-4	-3	0	-2
M ₄	5	3	-4	5

Contd...2

PS 316.1

10. Solve with a help of simplex method

$$\begin{aligned} \text{Max } Z &= 3x_1 + 2x_2 \\ \text{Sub to } x_1 + x_2 &\leq 4 \\ x_1 - x_2 &\leq 2 \\ x, x_2 &\geq 0 \end{aligned}$$

11. Using the following cost matrix find cost assignment.

	A	B	C	D
M ₁	1	4	6	3
M ₂	9	7	10	9
M ₃	4	5	11	7
M ₄	8	7	8	5

SJ ANJOYSTUS COLLEGE
MANGALORE-575,003

12. The following table shows the jobs of the network along with the time estimation.

Job	1-2	1-6	2-3	2-4	3-5	4-5	6-7	5-8	7-8
Optimistic	3	2	6	2	5	3	3	1	4
Most likely	6	5	12	5	11	6	9	4	19
Pessimistic time	15	14	30	8	17	15	27	7	28

- Calculate critical path, project length value and project length duration.
- Probability of completing the project within 31 days

13.

Activity	Time estimate (weeks)		Direct cost (₹)	
	Normal	Crash	Normal	Crash
1-2	2	1	10	15
1-3	8	5	15	21
2-4	4	3	20	24
3-4	1	1	7	7
3-5	2	1	8	15
4-6	5	3	10	16
5-6	6	2	12	36

- Draw the project network
- Determine Critical path and crash the activity.

SECTION - C (Compulsory)

(1x10=10)

14.

Job	1-2	1-3	2-3	2-5	3-4	3-6	4-5	4-6	5-6	6-7
Duration (Days)	15	15	3	5	8	12	1	14	3	14

From the following Draw a Network, Determine critical path, total project duration and also calculate the floats.
