

St Aloysius College (Autonomous)**Mangaluru**
Semester II – P.G. Examination – M.Com.
July - 2022
CORPORATE ACCOUNTING & REPORTING

Time: 3 hrs.

Max Marks: 70

SECTION - A**Answer any FIVE of the following.**

(5x4=20)

1. Define the term "Related party" according to IND AS 24.
2. Explain the various methods of Amalgamation.
3. Give the meaning of corporate restructuring and list the various forms of reconstruction
4. Explain briefly the objectives of Corporate Reporting.
5. Explain IND AS - 36 relating to Impairment of Assets.
6. Describe the provisions of IND AS 33 with regard to calculating the earnings per share.
7. When the purchase price exceeds the net value of the business how is the difference dealt with in the case of amalgamation?

SECTION - B**Answer any FOUR of the following.**

(4x10=40)

8. Liabilities and assets of Dreamers Ltd. as on 31st March, 2012 stood as under:

Liabilities	₹ in Lakh	Assets	₹ in Lakh
Share Capital		Fixed Assets	130
10% Preference Shares		Investments	24
of ₹ 100 each	30	Current Assets	20
Equity Shares of ₹ 10 each	60		
General Reserve	36		
12% Debentures	28		
Current Liabilities	20		
	<u>174</u>		<u>174</u>
	=====		=====

Performers Ltd. signified their agreement to takeover the assets and liabilities of Dreamers Ltd. as per the following terms and conditions:

- (i) Fixed assets at 90% of the book value.
- (ii) Investments at 10% above the par value.
- (iii) Current assets and liabilities at book value except that stock-in-trade at cost amounting to ₹10 lakh was agreed to be taken over at a discount of 20%.
- (iv) 12% Debentures are to be discharged at a premium of 15% by issuing 12% debentures of Performers Ltd.

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- (v) Preference shareholders are to be discharged at a premium of 15% by issuing 10% preference shares of ₹ 100 each.
- (vi) Equity shareholders in Dreamers Ltd. are to be issued 5 equity shares of ₹ 10 each in Performers Ltd. for every 3 shares held by them.

Work out the consideration for the takeover under:

- Net assets method; and
- Net payment method.

9. The paid up capital of Science Traders Ltd amounted to ₹ 5,00,000 consisting of 2000 5% Cumulative preference shares of ₹100 each and 30,000 Equity shares of ₹ 10 each. The preference dividends were in arrears for ₹ 30,000.

A succession of losses having been incurred by the company, the Directors recommended to the shareholders the proposal to reduce the capital to provide a sum sufficient for the following purposes:

- (a) To write down the book value of Patents by ₹ 70,000; Plant and Machinery by ₹ 17,000 and Tools and Equipments by ₹ 2,000
- (b) To write off debit balance of Surplus account of ₹ 1,98,000
- (c) Any balance made available by the reduction of capital to be used to write off "Experiment & Research Expenses".

The scheme duly approved and authorized, provided as follows:

- (i) For every five 5% Preference Shares, three 4% Cumulative preference shares of ₹100 each and twenty Equity shares of ₹ 2 each.
- (ii) For every ₹ 10 of accumulated arrears of Preference Dividend, one Equity share of ₹2 each and
- (iii) For every five old Equity Shares, one new Equity share of ₹ 2 each.

Pass journal entries to give effect to the above in the books of Science Traders Ltd.

10. Beekay Ltd having obtained the sanction of the debenture holders and the court, decided to reduce its capital and reorganize as at 31st December 2015 and the following balance sheet shows the position as on that date.

Balance Sheet as on 31st December 2015

	Rs.		Rs.
<u>Share capital:</u>		<u>Fixed Assets:</u>	
Authorised, Issued and Paid-up: 15% Preference Shares of Rs.10 each	4,00,000	Land, Building & Plant	4,67,000
Ordinary Shares of Rs.10 each	10,00,000	<u>Current Assets:</u>	
Reserves	4,53,500	Stock	8,12,500
10% Mortgage Debentures of Rs. 10 each	2,00,000	Sundry Debtors	4,67,500
<u>Current Liabilities</u>	2,74,500	Cash with Bankers	25,000
		Profit & Loss Account	5,56,000
	23,28,000		23,28,000

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The following are the details of the scheme:

- I) Each debenture is to be exchanged for Rs.5 of New 12% debenture, one new 20% preference share of Rs.2.50 and new ordinary share of Rs.2.50.
- II) Each existing preference share is to be reduced from Rs.10 to Rs.3.75 of which Rs.2 will be represented by new 20% preference shares and Rs.1.75 by ordinary shares.
- III) Each existing ordinary share is to be reduced from Rs.10 to Rs.2.50 and then both preference and ordinary shares are to be consolidated into shares of Rs.10 each.

The reduction in share capital and the reserves are to be applied for wiping out the balance of profit and loss account and the balance, if any, is to be utilized in writing down the land, building and stock pro-rata.

- a) Show the journal entries for giving effect to the scheme mentioned above.
 - b) Draft the summarized Balance Sheet after reconstruction.
11. Explain in detail the objectives of interim reporting and the users of accounting information.
 12. Discuss in detail the Issues and problems with special reference to published financial statements.
 13. What is the objective of preparing consolidated financial statements? Explain the consolidation procedure.

SECTION - C (Compulsory)

(1x10=10)

14. Balance sheet taken from the books of Star Ltd and Moon Ltd as on 31st March, 2022 are as under.

Credit balances	Star Ltd (Rs)	Moon Ltd (Rs)	Debit balances	Star Ltd (Rs)	Moon Ltd (Rs)
Equity shares of Rs 10 each	2,10,000	1,50,000	Goodwill	15,000	-
9% Redeemable Preference shares of Rs 100 each	90,000	-	Land	-	30,000
Securities premium reserve	10,500	-	Building	-	75,000
Capital redemption reserve	60,000	-	Plant	3,00,000	1,35,000
General reserve	49,500	75,000	Fixtures	5,000	15,000
8% Debentures	60,000	90,000	Vehicles	10,000	15,000
Creditors	1,20,000	1,35,000	Stocks	1,20,000	75,000
			Debtors	80,000	50,000
			Advances	50,000	35,000
			Cash & bank	20,000	20,000
	6,00,000	4,50,000		6,00,000	4,50,000

On 1st April, 2022, Sun Ltd. was formed by amalgamating in the nature of purchase Star Ltd. and Moon Ltd. on the following terms.

1. Sun Ltd is to take over 8% debentures and to convert these into 60-10% Debentures of 1,000 each.
2. Debenture holders of Moon Ltd insisted that they should be allotted equity shares in Sun Ltd. Accordingly they are allotted 7,500 shares of Rs 10 each @ Rs 12 per share.
3. Preference shareholders of Star Ltd insisted for allotment of 900-11% Redeemable Preference shares of Rs 100 each.
4. Equity shareholders of Star Ltd .are to be allotted 10 equity shares at par for 7 equity shares held by them. The shares of Sun Ltd .are Rs 10 each.
5. The assets of Star Ltd. are taken over at book value except plant which is taken over at Rs 2,90,000.
6. The assets of Moon Ltd. are valued as under, :
Goodwill Rs 30,000; Land Rs 1,50,000; Building Rs 45,000; Plant Rs 1,20,000; Other fixed assets Rs 15,000; all current assets Rs 1,50,000; all current liabilities Rs 1,50,000.
The balance of consideration is to be paid by allotment of equity shares at par to Moon Ltd.
You are required to show the Purchase consideration payable to Star Ltd. and Moon Ltd.

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

July - 2022

CORPORATE FINANCING AND INVESTMENT DECISIONS

Max Marks: 70

Time: 3 hrs.

SECTION - A

(5x4=20)

Answer any **FIVE** of the following.

1. Explain capital budgeting process.
2. Write a note on Hybrid instruments.
3. Explain the concepts and types of angel investors.
4. Explain different type real options.
5. From the following information calculate, Discounted payback period

Year	Project X	Project Y
1	4,000	8,000
2	8,000	9,000
3	12,000	10,000

Assuming cost of capital is 10%, advice the project

6. Explain the book building process of shares.
7. The initial cash outlay of a project is ₹50,000 and it generates cash inflows of ₹20,000, ₹15,000, ₹25,000 and ₹10,000 in four years. Using profitability index method, appraise profitability of the proposed investment assuming 10% rate of discount.

SECTION - B

(4x10=40)

Answer any **FOUR** of the following.

8. Give a comparative description of net present value and internal rate of return method.
9. a) A textile company is considering two mutually exclusive investment proposals. Their expected cash flow streams (CFAT) are given as follows:

Year	Proposal X	Proposal Y
0	(500)	(700)
1	145	100
2	145	110
3	145	130
4	145	150
5	145	160
6	145	150
7		120
8		120
9		110
10		100

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The company employees the risk adjusted method of evaluating risky projects and selects the appropriate rate of return as follows:

Project Pay back	Required rate of return (%)
Less than 1 year	8
1 to 5 years	10
5 to 10 years	12
Over 10 years	15

Which proposal should be acceptable to the company?

b) Determine the average rate of return from the following data of two machines A and B.

Particulars	Machine A ₹	Machine B ₹
Cost	56,125	56,125
Annual estimated income after depreciation and income tax:		
Year 1	3,375	11,375
Year 2	5,375	9,375
Year 3	7,375	7,375
Year 4	9,375	5,375
Year 5	11,375	3,375
	36,875	36,875
Estimated life (years)	5	5
Estimated salvage values	3000	3000

Depreciation has been charged on straight line basis

10. From the following information calculate the net present value of the two projects and suggest which of the two projects should be accepted assuming a discount rate of 10%.

	Project X	Project Y
Initial Investment	20,000	30,000
Estimated life	5 years	5 years
Scrap value	₹ 1,000	₹ 2,000

The profits before depreciation and after tax (cash flows) are as follows

	Year 1	Year 2	Year 3	Year 4	Year 5
Project X	5,000	10,000	10,000	3,000	2,000
Project Y	20,000	10,000	5,000	3,000	2,000

11. Explain the stages and methods of Venture Capital.
12. The initial investment outlay for a capital investment project consists of ₹100 lakh for plant and machinery and ₹40 lakh for working capital. Other details are summarised below:

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Sales (lakh units per annum for years 1 to 5)	1
Selling price (per unit)	120
Variable (per unit)	60
Fixed overheads (excluding depreciation) (lakh per annum for years 1 to 5)	15
Rate of depreciation on plant and machinery (% on WDV)	25
Salvage value of plant and machinery (Equal to the WDV at the end of year 5)	
Applicable tax rate (%)	40
Time horizon (years)	5
Post tax cut-off rate (%)	12

Required:

- a) Indicate the financial viability of the project by calculating NPV.
 - b) Determine the sensitivity of the projects NPV if variable cost and selling price is increased by 5%.
13. Mr. X is considering an investment proposal of ₹20,000. The expected returns during the life of the investment are as under

Year-1

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

Year -2, Cash inflow in year 1 are

Event	₹ 8,000		₹12,000		₹ 10,000	
	Cash Inflow	Probability	Cash Inflow	Probability	Cash Inflow	Probability
A	15,000	0.2	20,000	0.1	25,000	0.2
B	20,000	0.6	30,000	0.8	40,000	0.5
C	25,000	0.2	40,000	0.1	60,000	0.3

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

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SECTION - C (Compulsory)

(1x10=10)

14. A company is considering 2 mutually exclusive projects X and Y, Project X Costs of ₹ 30,000 and Project Y ₹ 36,000. You have been given below the net present value probability distribution for each:

Project X		Project Y	
NPV Estimate	Probability	NPV Estimate	Probability
3,000	0.1	3,000	0.2
6,000	0.4	5,000	0.3
12,000	0.4	10,000	0.3
15,000	0.1	18,000	0.2

1. Compute the expected net present value of Project X and Y.
2. Compute the risk involved to each project using standard deviation method.
3. Which project do you consider more risky and why?

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Mangaluru

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

July - 2022

BUSINESS TAXATION

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following.

(5x4=20)

1. What is taxable event? How is it different in GST regime?
2. Define scope of supply provided under section 7 of the CGST Act 2017.
3. What do you mean by the term Aggregate Turnover?
4. What is Baggage?
5. What do you mean by time of supply? Explain its significance.
6. Explain the meaning of Reverse Charge Mechanism.
7. KK Ltd has opted for composition scheme in the financial year 2021-22. Its aggregate turnover in financial year 2020-21 is Rs 70 lakhs. In financial year 2021-22, the entity desires to supply services (other than restaurant services) also but in such a manner so that it may continue to remain eligible for composition scheme. Under section 10(1), what is the maximum value of services that can be supplied by the firm?

SECTION - B

Answer any **FOUR** of the following.

(4x10=40)

8. Explain the provisions of GST in respect of place of supply of goods.
9. What are the provisions relating to voluntary registration? Also explain the advantages and disadvantages of voluntary registration.
10. Kedar & Co. furnish the following expenditure incurred by them to find the transaction value for the purpose of paying GST.
 - (i) Direct material cost inclusive of IGST at 18% ₹ 4,00,000
 - (ii) Direct wages ₹ 15,000
 - (iii) Other direct expenses ₹ 1,000
 - (iv) Indirect materials ₹ 3,500
 - (v) Factory overheads ₹ 1,000
 - (vi) Administrative overhead ₹ 2,000
 - (vii) Selling and distribution expenses ₹ 21,000
 - (viii) Sale of scrap realized ₹ 200
 - (xi) Servicing expenses ₹ 3,200
 - (x) Actual profit margin 15%

Determine the transactional value

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11. A Company imported a machine from Europe. From the following information determine the Assessable Value and customs duty payable.
- Cost of Machine 15,000 Euro, but does not include the following:
The importer sent goods to the exporter for the machine. It was used in manufacturing the machine ₹2,00,000
 - Design and development expenses incurred outside India 6,000 Euro
 - Technical fees paid to the exporter after import of machine 3,000Euro
 - Installation charges of the machine in the factory ₹ 60,000
 - Packing charges 600 Euro
 - Insurance premium paid in India 600 Euro
 - Transportation charges 2,000 Euro
 - Transportation & Insurance charges from port to factory ₹ 40,000
 - Exchange rate declared by the board ₹ 74 per Euro
 - Exchange rate declared by the RBI ₹ 72 per Euro
12. What is input tax credit? What are the conditions for availing it?
13. Discuss the dual GST model in India.

SECTION – C (Compulsory)**(1x10=10)**

14. M/s RL Traders registered taxable person under GST, provides the following particulars for a tax period. Compute Net GST payable.
- Supply of goods (18%): Intra state ₹ 25,00,000, Inter-state ₹ 28,00,000
 - Supply of goods (1%): Intra state ₹ 10,00,000, Inter-state ₹ 22,00,000
 - Supply of goods (18%): Intra state ₹ 10,00,000, Inter-state ₹ 8,00,000
 - Purchase of goods (18%): Intra state ₹ 9,00,000, Inter-state ₹ 11,00,000
 - Purchase of goods (12%): Intra state ₹ 13,00,000, Inter-state ₹ 7,00,000
 - Services received (18%): Intra state ₹ 6,00,000, Inter-state ₹ 5,00,000
- The above amounts are excluding GST. The ITC at the beginning of the relevant period: IGST ₹1,50,000; CGST ₹ 1,60,000 and SGST ₹ 1,50,000. Assume that details of all invoices debit note have been uploaded by all the suppliers in the relevant returns within the due date.

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St Aloysius College (Autonomous)

Mangaluru

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

July - 2022

BUSINESS STATISTICS

Time: 3 hrs.

Max Marks: 70

SECTION - A

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

1. Assume that the number of network errors experienced in a day on a local area network (LAN) is distributed as a Poisson variable. The mean number of network errors experienced in a day is 2.4. What is the probability that in any given day:
 - a. Zero network errors will occur.
 - b. Exactly one network error will occur.
 - c. Two or more network errors will occur.
 - d. Fewer than three network errors will occur.
2. From the following data compute coefficient of correlation between X and Y:

Particulars	X Series	Y Series
No. of items	15	15
Arithmetic mean	25	18
Square of deviations from arithmetic mean	136	138
Summation of products of deviations of X and Y series from their respective arithmetic mean	122	

3. Fit trend line to the following data by the method of moving averages.

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

4. Fit a 3-yearly moving average.
4. A coin is tossed six times. What is the probability of obtaining four or more heads?
5. What is a scatter diagram? How does it help in studying the correlation between two variables, in respect of both its direction and degree?

Contd...2

6. You are working as a purchase manager for a company. The following information has been supplied to you by two manufacturers of electric bulbs:

	Company A	Company B
Mean life (in hours)	1,300	1,288
Standard deviation (in hours)	82	93
Sample size	100	100

Which brand of bulbs are you going to purchase if you desire to take a risk of 5%?

7. Discuss the components of time series with an example for each component.

SECTION - B

(4x10=40)

Answer any **FOUR** of the following.

8. To test the efficiency of a new drug a controlled experiment was conducted where in 300 patients were administered the new drug and 200 other patients were not given the drug. The patients were monitored, and the results were obtained as follows:

	Cured	Conditioned Worsened	No Effect	Total
Given the drug	200	40	60	300
Not given the drug	120	30	50	200
Total	320	70	110	500

Use χ^2 test for finding the effect of the drug.

9. Below are given the figures of production (in thousand tons) of a sugar factory:

Year	2014	2015	2016	2017	2018	2019	2020
Production	77	88	94	85	91	98	90

(i) Fit a straight line by the method of 'least squares' and show the trend values.

(ii) Plot the actual values and trend values on the graph.

10. Toby's Trucking Company determined that the distance traveled per truck per year is normally distributed, with a mean of 50 thousand miles and a standard deviation of 12 thousand miles.

a. What proportions of trucks can be expected to travel between 34 and 50 thousand miles in a year?

b. What percentage of trucks can be expected to travel either below 30 or above 60 thousand miles in a year?

c. How many miles will be traveled by at least 80% of the trucks?

11. Two housewives, Geeta and Rita, were asked to express their preference for different kinds of detergents. Their replies in form of ranks were as follows

Detergent	A	B	C	D	E	F	G	H	I	J
Geeta	4	2	1	3	7	8	6	5	9	10
Rita	4	1	2	3	8	7	5	6	9	10

To what extent the preferences of these two ladies go together?

12. Calculate the 5 - yearly moving average for the following data of a number of commercial industrial failures in a country during 2005 to 2021

Year	No. of failures	Year	No. of failures
2005	23	2014	9
2006	26	2015	13
2007	28	2016	11
2008	32	2017	14
2009	20	2018	12
2010	12	2019	9
2012	12	2020	3
2013	10	2021	1

13. The procedure of testing hypothesis requires a researcher to adopt several steps. Describe in brief all such steps.

SECTION - C (Compulsory)

(1x10=10)

14. The heights of a sample of 10 fathers and their eldest sons are given below (to the nearest cm):

Height of Father (X)	170	167	162	193	167	166	169	171	164	165
Height of Son (Y)	168	167	166	166	168	165	168	170	165	168

- (i) Compute the correlation coefficient r .
 (ii) Find the regression of Y on X.

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St Aloysius College (Autonomous)
Mangaluru
Semester II – P.G. Examination – M.Com.
July - 2022
RESEARCH METHODOLOGY AND ETHICS

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following.

(5x4=20)

1. What features are specifically considered while formulating the research problem?
2. What is the need for reviewing literature for research?
3. Explain the meaning and significance of a research design.
4. Explain the types of sampling errors with examples.
5. Describe the precautions that the researcher should take while interpreting the findings.
6. What do you understand by the term, "Peer Review"? Discuss the "Simple Blind" and "Double blind" Peer Review methods.
7. What is plagiarism? Describe methods to avoid plagiarism.

SECTION – B

Answer any **FOUR** of the following.

(4x10=40)

8. Explain the steps of research process with examples.
9. Discuss the types of sampling using suitable examples.
10. Discuss the meaning and types of hypotheses.
11. What do you mean by the term measurement? Explain the characteristics and types of measurement scales
12. Discuss preparation of final bibliography and explain writing mechanism of bibliography.
13. What are ethical issues concerning the research participants of a research activity. Explain.

SECTION – C (Compulsory)

(1x10=10)

14. Discuss the basic structure of a research report.
