

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

**St Aloysius College (Autonomous)  
Mangaluru**

**Semester I- P.G. Examination – M.Com.(Finance and Analytics)  
January – 2023**

**FINANCIAL STATEMENTS ANALYSIS**

Time: 3 hrs.

Max Marks: 70

## SECTION - A

Answer any **FIVE** questions.

(5x4=20)

1. What constitute Financial Statements? State the nature and limitations of each of the financial statements.
2. State the Significance of Financial Statement Analysis towards stakeholders of the company.
3. Explain briefly the meaning and usefulness of the following ratios
  - a. Liquidity Ratio
  - b. Quick assets Ratio
  - c. Operating Ratio
  - d. Current Ratio
4. State the limitations of Historical Accounting.
5. Write a note on the methods of measurement of social cost benefit.
6. "In recent case of BYJUS there is a clear violation of revenue realization concept".  
Comment.
7. List out the various utility and limitations of Environmental Accounting.

## SECTION - B

Answer any **FOUR** questions.

(4x10=40)

8. State the different types of Financial Statement Analysis. Write the limitations of analysis and interpretation of financial statement.
9. "Financial Statement reflects a Combination of recorded facts, accounting conventions and personal judgment." Discuss
10. Outline the different methods of evaluation of Human Resources in an organization.
11. Swara Sudha Ltd Buy and sell tape recorders. During the three months ended 31<sup>st</sup> March 2019 the company enters into the following transactions.
  - 1<sup>st</sup> Jan, 2019 Buy 500 units costing ₹ 500 each
  - 31<sup>st</sup> Jan 2019 sell 400 units at ₹ 800 each and replace them with units costing ₹ 700 each
  - 28<sup>th</sup> Feb 2019 sell 200 units at ₹ 850 each and buy 50 units at ₹ 800 each
  - 31<sup>st</sup> Mar 2019 sell 200 units at ₹ 900 each and buy 100 units costing ₹ 800 each

The Retail price index during the period was as follows:

- ❖ 1<sup>st</sup> Jan 2019 is 150,
- ❖ 31<sup>st</sup> Jan 2019 is 160,
- ❖ 28<sup>th</sup> Feb 2019 is 170,
- ❖ 31<sup>st</sup> Mar 2019 is 180

You are required to prepare trading accounts using the following convention.HCA (FIFO Basis), CPP and CCA.

Contd...2

12. Blue Jersey Ltd supplies you the following balance sheet on 31 MARCH

Liabilities	2020	2021	Assets	2020	2021
Share capital	70,000	74,000	Bank balance	9000	7800
Bonds	12,000	6000	Receivables	14,900	17,700
Payables	10,360	11,840	Inventories	49200	42,700
Provision for doubtful debts	700	800	Land	20,000	30,000
Reserve & surplus	10,040	10,560	Goodwill	10,000	5,000
	<b>1,03,100</b>	<b>1,03,100</b>		<b>1,03,100</b>	<b>1,03,100</b>

Additional Informations:

- ❖ Dividend amounting to ₹ 3,500 were paid during the year
  - ❖ Land was purchased for ₹ 10,000
  - ❖ ₹ 5000 were written off on goodwill during the year
  - ❖ Bonds of ₹ 6,000 were paid during the course of the year. You are required to prepare a Cash flow Statement
13. What is consolidation of financial statements? Explain the treatment of dividend and interim dividend while preparing a consolidated balance sheet.

**SECTION - C (Compulsory)**

**(1x10=10)**

14. The standard ratios for the industry and the ratios of company Raj given blow.

Particulars	Industry Standards	Company Raj
Current Ratio	2.4	2.67
Debtors Turnover Ratio	8.0	10.00
Stock Turnover Ratio	9.80	3.33
Asset Turnover Ratio	2.00	1.43
Net Profit Ratio	3.3%	2.1%
Net Profit On Total Assets Ratio	6.6%	3%
Net Profit On Net Worth	10.7%	4.8%
Total Debts On Total Assets	63.5%	37.7%

Comment on the strength and weakness of the firm on the basis of the profitability of the firm, the liquidity of the firm and asset utilization

\*\*\*\*\*

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

**St Aloysius College (Autonomous)  
Mangaluru**

**Semester I- P.G. Examination – M.Com.(Finance and Analytics)  
January – 2023**

**WORKING CAPITAL MANAGEMENT**

Time: 3 hrs.

Max Marks: 70

**SECTION – A**

Answer any **FIVE** questions.

(5x4=20)

1. Explain the three motives for holding cash.
2. Discuss the working capital needs of different types of businesses.
3. Why are accrued expenses and deferred income the sources of short-term finance?
4. Explain the Economic Order Quantity Model.
5. Explain the variables that are impacted by the credit policy of an organization?
6. From the following information extracted from the books of a manufacturing company, compute the operating cycle in days:

Period covered: 365 days

Average period of credit allowed by suppliers, 16 days

Other data are as follows:

Particulars	₹ '000
Average debtors (outstanding)	480
Raw material consumption	4,400
Total production cost	10,000
Total cost of sales	10,500
Sales for the year	16,000
Value of average stock maintained:	
Raw material	320
Work-in-process	350
Finished goods	260

7. Precision Engineering Factory consumes 50,000 units of a component per year. The ordering, receiving and handling costs are ₹ 3 per order while the trucking costs are ₹ 12 per order. Further details are as follows: deterioration and obsolescence cost ₹0.004 per unit per year; interest cost ₹ 0.06 per unit per year; storage cost ₹1,000 per year for 50,000 units. Calculate the economic order quantity?

**SECTION – B**

Answer any **FOUR** questions.

(4x10=40)

8. What is aging schedule? How does it help in monitoring accounts receivable?
9. What are the components of credit terms? Explain each component briefly.
10. Discuss the principles of cash management.
11. How do Indian banks arrive at the maximum permissible bank finance for financing working capital requirements?

Contd...2

12. In order to increase sales from the normal level of ₹ 2.4 lakh per annum, the marketing manager submits a proposal for liberalising credit policy as under: Normal sales, ₹2.4 lakh, Normal credit period, 30 days

Proposed increase in credit period beyond normal 30 days	Increase in normal sales
15	₹ 12,000
30	₹ 18,000
45	₹ 21,000
60	₹ 24,000

The contribution to volume/profit-volume ratio is 33.33 per cent. The company expects a pre-tax return of 20 per cent on investment. Evaluate the above 4 alternatives and advise the management (assume 360 days a year).

13. Shriram Enterprises manufactures a special product "Zed." The following particulars were collected for the current year:  
 Monthly demand of Zed, 1000 units  
 Cost of placing an order, ₹100  
 Annual carrying cost per unit, ₹15  
 Normal usage, 50 units per week  
 Maximum usage, 75 units per week  
 Minimum usage, 25 units per week  
 Reorder period, 4 to 6 weeks
- Compute from the above:
- Reorder quantity
  - Reorder level
  - Minimum level
  - Maximum level
  - Average stock level.

**SECTION – C (Compulsory)**

**(1×10=10)**

14. A proforma cost sheet of a company provides the following particulars:

Particulars	Amount per unit
Elements of Cost:	
Raw Materials	₹ 80
Direct Labour	₹ 30
Overhead	₹ 60
<b>Total Cost</b>	<b>₹ 170</b>
Profit	₹ 30
Selling Price	₹ 200

The following further particulars are available:

Raw materials in stock, on average, one month; Materials in process (completion stage, 50 per cent), on average, half a month; Finished goods in stock, on average, one month.

Credit allowed by suppliers is one month; Credit allowed to debtors is two months; Average time-lag in payment of wages is 1.5 weeks and one month in overhead expenses; one-fourth of the output is sold against cash; cash in hand and at bank is desired to be maintained at ₹ 3,65,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried on evenly throughout the year, and wages and overheads accrue similarly. For calculation purposes, 4 weeks may be taken as equivalent to a month.

**St Aloysius College (Autonomous)**  
**Mangaluru**  
**Semester I- P.G. Examination – M.Com.(Finance and Analytics)**  
**January - 2023**  
**INCOME TAX**

Time: 3 hrs.

Max Marks: 70

**SECTION – A****Answer any FIVE questions.****(5x4=20)**

- Mr. Suraj a citizen of India, serving in England since 2009 came to India for the first time on August 31, 2017. He stayed here for 3 years and left for Germany on September 1, 2020. He returned to India on April 2, 2021 and remained in India until July 31, 2021, when he went back to England. He again came to India by assuming the responsibilities as an employee of the business firm of England in India, on January 01, 2022. What is his residential status for AY 2022-2023?
- From the following particulars find out the taxable HRA for AY 2022-23.
  - Basic as on January 1<sup>st</sup> of Previous year 2020-21 is ₹ 10,000.
  - DA ₹ 1,000 p.m. (DA is considered for PF)
  - HRA ₹ 2,500 p.m. Actual rent paid in Mysore ₹ 2,000 p.m.
  - Annual increment of ₹ 500 falls due on 1<sup>st</sup> August every year.
- How do you determine the Gross Annual value of Let-out property and self-occupied house property?
- From the following particulars of Income of Mr. Dhanush, compute his Income from other sources.
  - 10% ₹ 18,000 tax-free Debentures (listed) of a steel company.
  - Dividend received of ₹ 5,000 from units of UTI
  - Gift from foreign friend on the occasion of wedding anniversary ₹ 50,000.
  - Winning from lottery ₹ 3,50,000 (Net).
- Explain the mode of computation of depreciation and additional depreciation on block of assets.
- Distinguish between Short-term Capital Gains and Long-term Capital Gains.
- Who is eligible for deduction u/s 80U? State the provisions of the section.

**SECTION – B****Answer any FOUR questions.****(4x10=40)**

- What are perquisites? Explain the provisions for the treatment of:
  - Rent-free Accommodation
  - Motor Car.
- Mr. Chinmay is the owner of the following properties in Tirupathi. The particulars in respect of which for the year ended 31-03-2022 are as follows:

S.I. No	Particulars	I House (₹)	II House (₹)	III House (₹)
1	Actual rent for twelve months	90,000	18,000	Dwelling
2	Standard rent	70,000	20,000	**
3	Municipal valuation	84,000	18,000	35,600
4	Total Municipal tax	8,400	1,800	3,200
5	Municipal tax paid by Mr. Chinmay	8,400	900	3,200
6	Municipal tax paid by tenant	**	900	**
7	Repairs	10,000	5,000	2,000
8	Vacancy period	1 month	Nil	Nil
9	Interest on loan for repairing house	3,000	6,000	**

Unrealized rent allowed in the AY 2016-17 recovered during the year for the I House ₹4,000.

Compute his Income from House property for the AY 2022-23.

**Contd...2**

10. From the Profit & Loss Account for the relevant assessment year, compute income from business of Sri Babu Rao.

Profit and Loss Account  
(For the year ended 31st March, 2022)

Particulars	₹	Particulars	₹
To Salaries	88,000	By Gross Profit	3,80,000
To Rent	42,000	By Sundry receipts	20,000
To General expenses	20,000	By dividends	40,000
To Advertisement	25,000	By Commission	30,000
To Legal expenses	15,000	By Bad debts recovered (earlier allowed)	10,000
To Sales-tax	10,000	By Rent of building let out	44,000
To Wealth-tax	20,000		
To Telephone expenses	12,000		
To Gratuity paid	30,000		
To Provision for bad debts	10,000		
To Advance income-tax	20,000		
To Depreciation	38,000		
To Office expenses	12,000		
To Municipal taxes of property let out	10,000		
To Contribution to employees provident fund	6,000		
To Net profit	1,66,000		
	<b>5,24,000</b>		<b>5,24,000</b>

Other information:

- a) Legal expenses were found to have been incurred for the registration of a business asset.
  - b) 50% of the business premises were used for residential purposes.
  - c) General expenses include a donation of ₹ 10,000 towards Karnataka Chief Minister's Relief Fund.
  - d) Advertisement expenses were paid in Cash.
  - e) Allowable depreciation as per income-tax rules, Rs. 46,000.
11. Explain the following:
- a. Assessment Year
  - b. Assessee
  - c. Previous Year
  - d. Income
12. Discuss the provisions of the Income tax Act regarding the carry forward and set-off of losses.
13. Mr. Ajay, aged 55 years provides the following information for the year ending 31-03-2022. You are required to compute the Deduction eligible for Mr. Ajay u/s 80C for the AY 2022-23.
- a) Life Insurance premium paid for the policy taken on 01-04-2021 on himself is ₹ 35,000. The capital sum of the policy assured is ₹ 2,20,000.
  - b) Tuition fees payment is ₹12,000 each for three children who are pursuing full-time graduation course.
  - c) Repayment of the principal amount of housing loan ₹26,000 (to SBI) and ₹10,000 to his friend, which is borrowed for the same purposes.
  - d) Deposits under Post-office Time Deposit Scheme ₹ 25,000.
  - e) Contribution to Public Provident Fund is ₹ 30,000 in the name of his mother.
  - f) Term Deposit of ₹ 20,000 in a Scheduled Bank for 5 years.

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

14. From the following information calculate the Income from Salary of Mr. Anand for the AY 2022-23.

1. Basic salary ₹ 40,000 p.m.
2. Dearness allowance 60% of basic, forming part of salary.
3. Commission ₹18,000.
4. Bonus ₹ 60,000.
5. Employer and employee's contribution to RPF is 15% of salary.
6. Interest credited to RPF is ₹12,000 at 10% p.a.
7. CCA ₹500 p.m.
8. Medical allowance ₹ 800 p.m.
9. He is provided with rent-free furnished house by the employer for which his employer paid a rent of ₹5,000 p.m. to the owner of the house. Cost of Furniture is ₹1,20,000.
10. He is also provided with a car less than 1.6 litre capacity by the employer both for personal and official use. All the expenses of the car including salary of the driver are paid by the employer.
11. Free telephone at his residence by the employer valued at ₹12,500.
12. Professional tax paid by him ₹450 p.m.
13. Gift vouchers worth ₹12,500 were issued by the employer.

\*\*\*\*\*

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

**St Aloysius College (Autonomous)  
Mangaluru**

**Semester I- P.G. Examination – M.Com.(Finance and Analytics)**

**January – 2023**

**BUSINESS STATISTICS**

**Time: 3 hrs.**

**Max Marks: 70**

**SECTION – A**

**Answer any FIVE questions.**

**(5x4=20)**

- List out the major limitations of Statistics.
- Distinguish between primary and secondary data
- List out the characteristics of a good average
- From the following data of wages of 11 workers, compute the median wage:  
4580 4600 4300 4660 4670 4650 4640 4200 4690 4500 4290

- Following are preferences with regard to size of TV screen (inches) by 40 persons in a survey. Find the modal size of the TV screen

32	40	55	49	55	65	55	43	55	32
43	65	32	55	32	40	49	55	65	55
32	55	43	49	55	65	55	40	40	40
55	49	43	55	65	55	43	49	40	55

- What do you understand by correlation analysis? Explain positive and negative correlation with examples
- Write a note on the significance of probability in management decision making.

**SECTION – B**

**Answer any FOUR questions.**

**(4x10=40)**

- "Statistics is a body of knowledge for making wise decisions in the face of uncertainty". Discuss
- A market survey was conducted with a sample of size 50 regarding the acceptability of a new product which the company wants to launch. The scores of the respondents on the appropriate scale are as follows:

40	45	41	45	45	30	39	8	48	25
26	9	23	24	4	29	8	40	41	42
39	35	18	25	35	40	42	43	44	36
27	32	28	27	25	26	38	37	36	35
32	28	40	41	43	3	45	40	39	41

Prepare a frequency table with class intervals of 0-5, 5-10, 10-15 and so on and also present it as a histogram

**Contd...2**



10. Find out standard deviation for the following data:

Class Interval	Frequency
20-25	5
25-30	15
30-35	28
35-40	42
40-45	15
45-50	12
50-55	3
55-60	8

11. The following data show the marks of 10 students in Economics and Management in an examination.

Marks in Economics	55	65	58	29	89	43	52	72	67	56
Marks in Management	49	58	64	35	66	55	58	68	72	62

Find Karl Pearson's coefficient of correlation and its probable error

12. On the basis of figures recorded below for 'Supply' and 'Price' for nine years, calculate the regression coefficients and the value of  $r$

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Supply	86	80	89	93	87	90	91	95	92
Price	150	155	148	143	149	146	145	140	144

13. One thousand refrigerators are inspected as they come out of production line and the number of defects per refrigerator is recorded below:

No. of defects (X)	0	1	2	3	4
No. of refrigerators	736	144	104	14	2

Estimate the average number of defects per refrigerator and expected frequencies of 0, 1, 2, 3 and 4 defects assuming Poisson distribution.

### SECTION – C (Compulsory)

(1x10=10)

14. Following are the sales figures (₹ in thousands) achieved by two salesmen during ten days in a month. Determine which of the two salesmen is more consistent in his performance?

Day	Salesman A	Salesman B
1	5	7
2	6	3
3	4	8
4	6	2
5	8	9
6	7	8
7	6	3
8	5	7
9	6	4
10	4	7

\*\*\*\*\*

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

**St Aloysius College (Autonomous)  
Mangaluru**

**Semester I- P.G. Examination – M.Com.(Finance and Analytics)  
January – 2023**

**FINANCIAL MANAGEMENT AND POLICY**

Time: 3 hrs.

Max Marks: 70

**SECTION – A**

**Answer any FIVE questions.**

(5x4=20)

1. Define Financial Management and explain its objectives.
2. What are the determinants of Cost of Capital?
3. Explain the relevance of Capital structure theories.
4. What are the different forms of dividend?
5. Following are the details of XYZ Ltd for the year ended 31" March 2017.  
Operating Leverage 1.4  
Combined Leverage 2.8  
Fixed cost (Excluding interest) ₹2.04 Lakhs  
Sales ₹30 Lakhs  
12% Debentures of ₹100 each ₹21.25 lakhs  
Equity share capital of 10 each ₹17.00 Lakhs  
Income tax rate 30%.  
Calculate financial leverage  
Calculate EPS  
If the company belongs to an industry, whose asset turnover is 1.5 does it have high or low assets leverage?
6. Premier Bank is planning to issue 12% perpetual debenture of ₹100 each, tax rate applicable to bank is 30%. Issue expenses are estimated to be 10% of net sale proceeds the issue of debenture. What will be the cost of debenture when it is issued
  - a. At par
  - b. At a discount of 10%
7. Explain the Bird in hand argument.

**SECTION – B**

**Answer any FOUR questions.**

(4x10=40)

8. What is agency problem? How do you resolve it?
9. PLC Ltd. has currently adopted an all-equity structure, consisting of 15,000 equity shares of ₹ 100 each. The management is planning to raise another ₹ 25 lakhs to finance a major expansion program and is considering three alternative methods of financing.
  - i. To issue 25,000 equity shares of ₹ 100 each
  - ii. To issue 25,000, 8% debentures of ₹ 100 each
  - iii. To issue 25,000, 8% preference shares of ₹ 100 each

The company's expected EBIT is ₹8 lakhs, assuming a corporate tax rate 30%, determine the EPS in each financial plan.

**Contd...2**

10. GHC Ltd has on its books the following amounts and specific costs of each type of capital

Type of Capital	Book Value (₹)	Market Value (₹)	Specific Cost (%) After tax
Debt	4,00,000	3,80,000	5
Preference Shares	1,00,000	1,10,000	8
Equity Shares	6,00,000	12,00,000 (Equity + Retained earnings)	15
Retained Earnings	2,00,000		13

Calculate the Book Value weighted average cost of capital and Market value cost of capital.

11. Explain in detail with the help of illustrations the NI Approach and NOI Approach of Capital Structure theories.
12. ABC Ltd requires ₹5 lakhs in order to introduce a new product in the market. All financing for this project will come from external sources. The finance department of the company has submitted following plans for the consideration of the board.  
The financial plans are;  
Plan 1 - Issue of 25000 Equity Shares of ₹10 each and remaining with 8% Bonds.  
Plan 2 - Issue of 2500 8% Preference Shares of ₹100 each and remaining in equity shares with a face value of ₹10.  
Find out the Indifference Point of these plans by assuming corporate tax of 30%
13. The two companies, U and L belong to an equivalent risk class. These two firms are identical in every respect except that U Company is unlevered while Company L has 10% debentures of ₹ 30 Lakhs. The other relevant information regarding their valuation and capitalization rates are as follows:

Particulars	Firm U	Firm L
Net Operating income (EBIT)	₹ 7,50,000	₹ 7,50,000
Interest on debt (I)	-	3,00,000
Earnings to equity holders (NI)	7,50,000	4,50,000
Equity-capitalisation rate ( $K_e$ )	0.15	0.20
Market value of equity (S)	50,00,000	22,50,000
Market value of debt (B)	-	30,00,000
Total value of firm (S+B) = V	50,00,000	52,50,000
Implied overall capitalization rate ( $K_o$ )	0.15	0.143
Debt-equity ratio (B/S)	0	1.33

(a) An investor owns 10 per cent equity shares of company L. Show the arbitrage process and the amount by which he could reduce his outlay through the use of leverage.

(b) According to Modigliani and Miller, when will this arbitrage process come to an end?

### SECTION - C (Compulsory)

(1x10=10)

14. From the following information calculate Market price of the shares under Walter's Model and Gordon's Model.

Particulars	G Ltd.	M Ltd	N Ltd.
Return on investment	20%	15%	10%
Cost of Equity	15%	15%	15%
EPS	₹ 8	₹ 8	₹ 8
Retention Ratio	25%	25%	25%

\*\*\*\*\*