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St Aloysius College (Autonomous)
Mangaluru

Semester I – P.G. Examination - M.Com. (Finance and Analytics)
November/December - 2023

FINANCIAL STATEMENTS ANALYSIS

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5×4=20)

1. Define the term Financial Statements. Explain the nature of financial statements.
2. Explain the solvency ratios.
3. Distinguish between cash flow statement and fund flow statement.
4. Explain difference between Fund Flow Statement and Schedule of changes in working capital.
5. From the following information, calculate the Net Monetary Gain/Loss for the year ended 30/6/2022.

Net Monetary assets as on 1/7/2021 ₹ 500

Net Monetary assets as on 30/6/2019 ₹ 3,500

Transactions during the year

Cash sales ₹ 4,000

Credit sales ₹ 5,000

Credit purchase of goods ₹ 3,500

Wages paid ₹ 1,000

Other operating expenses ₹ 500

Interest paid on 30/6/2022 ₹ 1,000

Index as on 1/7/2021 - 100

Index as on 30/6/2022 - 150

Average index is 125

6. The information given below was taken from the financial statements of XYZ Corporation. During the year 2023 the corporation has made the purchases from a new supplier.

Particulars	2022 ₹	2023 ₹
Gross Profit on Sales	2,60,000	4,50,000
Net Income as a % of Sales	10%	5%
Net Income	80,000	60,000

Prepare a Comparative Income Statement and comment on the efficiency of the firm.

7. Prepare a Common Size Profit & Loss a/c from the following data:

Particulars	2022	2023	Particulars	2022	2023
To COGS	600	750	By Net Sales	800	1000
To Operating Expenses:			By Non-Operating Income	50	100
Administrative Expenses	30	40			
Selling Expenses	40	50			
To Non-Operating Expenses	30	40			
To Net Profit	150	220			
Total	850	1100	Total	850	1100

Contd...2

SECTION - B

Answer any **FOUR** of the following:

(4×10=40)

8. Explain the significance and relevance of financial statements in assessing a company's financial health and performance?
9. Explain the key principles that guide the practice of social accounting.
10. Enumerate and describe the various categories or types of financial statements typically prepared by companies.
11. Following are the details relating to Inventory as per Current purchasing power method

	HCA	Index
Opening stock as on 1/1/2022	4,000	80
Purchases during the year 2022	20,000	125
Closing stock (out of the purchases in the last quarter)	3,000	120
Index as on 31/12/2022	-	140

Calculate the Cost of Sales under FIFO under CPP Method.

12. Calculate the Cost of Sales and closing inventory under CPP Method assuming that the firm follows LIFO Method for inventory valuation.

	HCA Rs Amt	Index
Inventory as on 1/1/2022	4,000	100
Purchases during 2022	24,000	140
Inventory as on 31/12/2022	6,000	125

13. Describe consolidated financial statements and identify the crucial constituents that constitute their content and purpose.

SECTION - C (Compulsory)

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14. From the following Balance Sheet of X Ltd, Prepare a Cash Flow Statement.

LIABILITIES	Amt (₹) 2021	Amt (₹) 2022	ASSETS	Amt (₹) 2021	Amt (₹) 2022
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable Preference share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss a/c	30,000	48,000	Stock	77,000	1,09,000
Proposed Dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Creditors	55,000	83,000	Bills Receivables	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash in hand	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information

1. Depreciation of ₹ 10,000 and ₹ 20,000 have been charged on plant and Land & building respectively in the year 2022
2. Interim dividend of ₹ 20,000 have been paid in the year 2022
3. ₹ 35,000 income tax was paid during the year 2022.

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**St Aloysius College (Autonomous)
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**Semester I- P.G. Examination – M.Com.(Finance and Analytics)
November/December – 2023**

WORKING CAPITAL MANAGEMENT

Time: 3 hrs.

Max Marks: 70

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SECTION – A

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

1. Define the operating cycle of a business and discuss its components.
2. Explain the matching approach in working capital financing.
3. Write a note on commercial paper as a source of working capital finance.
4. What is the primary objective of cash management?
5. How important is receivables management for a company?
6. Define Economic Order Quantity (EOQ) and its role in inventory management.
7. Good Luck Company estimates its carrying cost at 15 per cent and its ordering cost at ₹ 9 per order. The estimated annual requirement is 38,000 units at a price of ₹ 4 per unit. What is the most economical number of units to order and how often will an order need to be placed?

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

8. Explain the concept of negative working capital and its implications for a company. Provide examples.
9. Can you provide a detailed overview of the Electronic Clearance Service (ECS) and its role in cash management?
10. Disbursements should be delayed to the extent that it does not jeopardize relationships with suppliers. Elaborate.
11. How ratio analysis is used in inventory control.
12. Cost sheet of a company provides the following particulars:

Particulars	Amount Per Unit
Raw Materials	100
Direct Labour	50
Overhead	80
Total Cost	230
Profit	30
Selling Price	260

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;

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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.

13. Using real-world examples, illustrate how a company can optimize its working capital management to improve its financial performance.

SECTION – C (Compulsory) (1x10=10)

14. Explain in detail, the components of credit policy.

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

November/December – 2023

INCOME TAX

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any **FIVE** questions.

(5x4=20)

1. State any 4 instances where the income of previous year is assessable in the previous year itself instead of assessment year.
2. Describe the taxable amount of R.P.F. using the following details provided by the taxpayer:
 - a. Monthly Salary: ₹ 50,000
 - b. Bonus Received: ₹ 1,50,000
 - c. Employer's contribution to R.P.F.: 15% of the salary
 - d. Interest credited during the year to R.P.F. Balance @ 10% is ₹ 80,000.
3. Demonstrate any 4 incomes taxable under the head Income from Other Sources.
4. From the following data examine the taxable HRA of Mr. Anirudh

Basic as on 1st January 2022 ₹ 10,000 p.m
Dearness Allowance ₹ 1,000 p.m (DA is considered for PF)
HRA at ₹ 2,500 p.m. Actual rent paid for the house at Mysore is ₹ 2,000 p.m
Annual increment of ₹ 500 falls due on 1st August every year
5. Explain the situations in which income earned by one person is legally attributed and taxed as the income of another person?
6. Demonstrate the deductions available under section 80D and 80DD.
7. Mr. A, an Indian Citizen, is living in Mumbai since 1950, he left for China on July 1, 2017 and comes back on August 7, 2022. Sketch his residential status for the assessment year 2023-24.

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SECTION – B

Answer any **FOUR** questions.

(4x10=40)

8. Mr. A had the following income during the previous year ended 31st March, 2023:
 - i) Salary Received in India for three Months - ₹ 9,000
 - ii) Income from house property in India - ₹ 13,470
 - iii) Interest on Saving Bank Deposit in State Bank of India - ₹ 1,000
 - iv) Amount brought into India out of the past untaxed profits earned in Germany - ₹ 20,000
 - v) Income from agriculture in Indonesia being invested there - ₹ 12,350
 - vi) Income from business in Bangladesh, being controlled from India - ₹ 10,150
 - vii) Dividends received in Belgium from French companies, out of which ₹ 2,500 were remitted to India- ₹ 23,000

Compute his total income for the assessment year 2023-24 if he is : (i) Ordinary resident; (ii) Not ordinarily resident, and (iii) Non-resident.

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9. Following details are furnished by Mr. R an Indian citizen for the year ending 31-3-2023.
1. Salary ₹ 2,40,000
 2. R's contribution to Recognized Provident Fund ₹ 40,000
 3. Employer's contribution to Recognized Provident Fund ₹ 40,000
 4. Rent of residential house provided by employer and deducted out of salary ₹ 9,600
 5. Professional Tax deducted at source ₹ 2,400
 6. Interest credited to Provident Fund @ 8.75% per annum- ₹ 44,000
 7. Leave Travel Allowance received ₹ 7,800
 8. Rent free house provided to employee at Hyderabad [Population 30 lakhs]
 9. Bonus equal to one month salary
 10. Remote Locality Allowance @ ₹ 3,000 p.m. [Notified to be exempted upto ₹ 200 p.m].
 11. Running Allowance ₹ 2,000 p.m.
 12. Children Education Allowance for 3 children @ ₹ 400 p.m. each.
 13. Entertainment Allowance ₹ 700 per month
 14. Amount contributed to PPF ₹ 1,30,000.

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Develop a statement showing taxable income from salary.

10. Mr. Vikram Verma is a practicing accountant. His receipts and payments a/c is given below.

Receipts and Payments Account

Particulars	₹	Particulars	₹
To bal. b/d	9,500	By office expenses	25,000
To remuneration for lectures	4,000	By municipal taxes (LOP)	500
To examiners fees	1,500	By personal expenses	5,000
To interest on securities	1,550	By membership fees	500
To rent from Let Out Property	3,000	By Life insurance premium	12,000
To Royalty on a book	15,000	By car purchased	4,24,500
To audit fees	5,60,000	By car expenses	12,000
		By balance c/d	1,15,050
	5,94,550		5,94,550

Office expenses include ₹ 500 paid as typing charges for preparing manuscript of his book.

½ of the car expense relate to personal use.

Car purchased on 1- 04- 2022 being P&M, depreciation is allowed @15%.

Compute his Professional income.

11. Examine the provisions under section 111A, 112 and 112A of Capital Gain under Income Tax Act of 1961.
12. Explain the payments qualifying for deductions under section 80C.
13. Examine the taxability of any 10 allowance under the head income from salary.

SECTION - C

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14. Compulsory

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

Particulars	Houses I	Houses II	Houses III	Houses IV
Annual Municipal Value	1,00,000	80,000	1,20,000	1,50,000
Fair Rental Value	1,20,000	1,50,000	1,00,000	1,20,000
Rent Received	1,50,000	1,44,000	Self-occupied	Self-occupied
Standard Rent	1,36,000	1,80,000	1,50,000	1,00,000
Municipal taxes paid	8000	6000	NIL	1200
Repairs	NIL	12,000	40,000	60000

For the construction of IV house, he had borrowed ₹ 800,000 at 15% p. a on 1.1.2020. The house was completed on 1.8.2022. This loan is not cleared. Compute his income from house properly for AY 2023-24.

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

November/December – 2023

BUSINESS STATISTICS

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any **FIVE** questions.

(5x4=20)

- Examine the scope and limitations of statistics.
- Classify the data classification in statistics.
- The following data relates to the record of time (in minutes) of trucks waiting to unload material.

Company A	0.51	0.68	0.23	0.59	0.93	0.15	0.85
Company B	0.62	0.25	0.36	0.89	1.05	0.2	0.95

Test the absolute and relative range.

- Construct standard deviation from the following frequency distribution.

Weight (kg.)	No. of persons
44-46	3
46-48	24
48-50	27
50-52	21
52-54	5

- Twelve dice were thrown 4096 times. Each 4, 5, or 6 spot appearing was considered to be a success while 1, 2, or 3 spot was failure. Compute the theoretical frequencies for 0, 1, 2... 12 successes.
- A firm declares bonus according to salary group of employees as given below. Compute D_6 and D_3 for the following rate of bonus of employees

Rate of Bonus	60	70	80	90	100	110	115	120
No. of employees	3	4	15	5	7	10	25	6

- An advertising company kept an account of response letters received each day over a period of 50 days. The observations were 0 2 1 1 1 2 0 0 1 0 1 0 0 1 0 1 1 0 2 0 0 2 0 1 0 1 0 1 0 3 1 0 1 0 1 0 2 5 1 2 0 0 0 0 5 0 1 1 2 0
Construct a frequency table and draw a chart to present the data.

SECTION – B

Answer any **FOUR** questions.

(4x10=40)

- List types of frequency distribution used in statistics.
- Discuss the different methods of collecting primary and secondary data.

Contd...2

10. The following distribution gives the pattern of overtime work done by 100 employees of a company. Construct the average overtime work done per employee.

Overtime hours :	10-15	15-20	20-25	25-30	30-35	35-40
Number of employees :	11	20	35	20	8	6

11. Construct the coefficient of correlation between X and Y series from the following data:

	Series	
	X	Y
No. of pairs of observations	15	15
Arithmetic mean	25	18
Standard Deviation	3.01	3.03
Sum of squares of deviations from mean	136	138

Summation of products of deviations of X and Y series from their respective arithmetic means = 122

12. Critique a research study that claims to have found a different mean number of bacteria per milliliter of a liquid is known to be 6. Find the probability that in 1 ml of the liquid, there will be:
- (a) 0 (b) 2 bacteria (c) Exactly 4 bacteria
13. The monthly production of units by a sample of 200 workers in a bulbs manufacturing firm is given in the following table.

Output (Units)	200-225	225-250	250- 275	275- 300	300- 325	325- 350	350- 375	375-400
No. of workers	12	21	25	40	49	28	17	8

- i) Draw a histogram and frequency polygon.

- ii) Demonstrate the mode graphically.

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SECTION - C (Compulsory)

(1x10=10)

14. Given below are the data relating to the sales of a product in a district.

Year	1995	1996	1997	1998	1999	2000	2001	2002
Sales	6.7	5.3	4.3	6.1	5.6	7.9	5.8	6.1

Construct a straight line trend by the method of least squares and tabulate the trend values.

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Semester I- P.G. Examination – M.Com.(Finance and Analytics)
November/December – 2023
FINANCIAL MANAGEMENT AND POLICY

Time: 3 hrs.

Max Marks: 70

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

1. Explain the fundamental characteristics of financial management.
2. Define operating leverage and financial leverage.
3. Discuss the relevance of capital structure in financial management.
4. Explain the concept of the Traditional Approach for building optimal capital structure.
5. List the factors that influence a company's decision to pay dividends.
6. Calculate the explicit cost of debt for the following information
 Coupon rate of interest on redeemable debentures is 10%, face value of debentures is ₹ 100, tax rate is 35%, maturity period is 10 years
 Debentures are sold at premium and flotation cost is 5% of issue price
7. Evaluate how dividend policy affects the value of a firm according to the M&M, Walter, and Gordon models.

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

8. Elaborate on the duties and obligations that financial managers have to fulfill in an organisation.
9. a) A company issues 15,000 equity shares of ₹ 100 each. It's current market price is ₹ 1,000 and the current dividend is ₹ 50. Compute the cost of equity capital.
 b) A company issued 5,000 equity shares of ₹ 100 each as fully paid. The market price of the share is ₹ 160. The company has paid a dividend of ₹ 8 share. Find out the cost of equity capital.
10. State the factors or determinants that influence a company's choice of capital structure.
11. Skyline Software Ltd has appointed you as its financial manager. The company wants to implement a project for which 30 lakhs is required to be raised from the market as a means of financing the project. The following financing plans and options are at hand.

Particulars	Plan A	Plan B	Plan C
Option 1: Equity shares	30	30	30
Option 2:			
Equity shares	15	20	10
12% Preference shares	Nil	10	10
10% Non convertible debentures	15	Nil	10

Contd...2

Assuming corporate tax to be 35% and the face value of all the shares and debentures to be 100 each. Calculate the indifference points and earnings per share (EPS) for each of the financing plans. Which plan should be accepted by the company? Give reasons.

12. The following information is supplied to you about the company

Earnings of the company	25,00,000
Dividends paid	15,00,000
No of shares issued	5,00,000
Price- Earnings ratio	10
Rate of Return on investment	15%

Compute the theoretical market price as per Walter's approach and the optimum dividend ratio for the firm.

13. Examine the arguments against profit maximization that emphasize other important factors that businesses should consider.

SECTION – C (Compulsory) (1x10=10)

14. Calculate the WACC using the following data by using:

- a. Book value weights
b. Market value weights

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The capital structure of the company is as under:

	(₹)
Debentures (₹ 100 per debenture)	5,00,000
Preference shares (₹ 100 per share)	5,00,000
Equity shares (₹ 10 per share)	20,00,000

The market prices of these securities are: Debentures ₹ 105 per debenture

Preference shares ₹ 110 per preference share Equity shares ₹ 24

each. Additional information:

- ₹ 100 per debenture redeemable at par, 10% coupon rate, 4% flotation costs, 10 years maturity.
- ₹ 100 per preference share redeemable at par, 5% coupon rate, 2% flotation cost and 10 years maturity.
- Equity share has ₹ 4 flotation cost and market price ₹ 24 share.
- Expected dividend for next year is ₹ 1 with annual growth of 5%. The firm has practice of paying all earnings in the form of dividend.
- Corporate Tax is 50%. Assume that flotation cost is to be calculated on face value.
