PH 351.2 Reg. No.

St Aloysius College (Autonomous)
Mangaluru

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

May - 2024

ACCOUNTING FOR MANAGERIAL DECISIONS

Time: 3 Hours **Max. Marks: 70**

SECTION - A

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

1. Distinguish between Managerial Accounting and Financial Accounting.
2. Sketch the advantages of Zero Based Budgeting.
3. Identify the different types of Responsibility Centres.
4. Distinguish between Gross Value Added and Net Value Added.
5. Demonstrate Kyoto protocol in brief.
6. Differentiate between Auditing and Forensic Accounting.
7. Explain the concept of carbon trading.

SECTION – B

Answer any FOUR of the following: **(4x10=40)**

8. Appraise the skills required of Management Accountants.
9. The expenses for the production of 5,000 units in a factory are given as follows:

	Per unit ₹
Materials	50
Labour	20
Variable Overheads	15
Fixed Overheads (₹50000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% Fixed)	6
Distribution expenses (10% Fixed)	5
Total cost of sales per unit	₹ 116

You are required to prepare a budget for the production of 7,000 units.

10. The sales manager of Bombay Textiles Ltd is judged by the total sales. Exceeding the sales budget is considered as good performance. The sales budget and the cost data for the current quarter are given below.

Particulars	Products			Total
	Sarees	Long Cloth	Bedsheets	
Sales budget	4,50,000	9,00,000	16,50,000	30,00,000
Variable costs	(2,25,000)	(4,05,000)	(4,95,000)	(11,25,000)
Contribution	**2,25,000**	**4,95,000**	**11,55,000**	**18,75,000**
Actual Sales	15,00,000	12,00,000	6,00,000	33,00,000

Actual prices were equal to budgeted prices and variable cost incurred were as budgeted per unit.

Investigate

i. Did the sales manager perform well? Support your answers with calculations.

ii. Suggest better performance criteria should be used by firm.

Contd...2

11. P Ltd supplies the following information using which you are required to calculate Economic Value Added

Financial Leverage 1.4 times

Equity Share Capital - 34000 shares of ₹ 1000 each

Accumulated Profit – ₹ 260 Lakhs

80 Lakhs 10% Debentures of ₹ 10 each

Dividend expectation of Equity shareholders – 17.50%

Corporate Tax Rate – 30%

12. Demonstrate the impact of window dressing on the performance of the company.

13. From the following profit and loss account of Kalyani Ltd. Prepare a Gross Value-Added Statement. Show the reconciliation between Gross Value Added and Profit Before Taxation

Profit and Loss Account for the year ended 31/03/2022

Particulars	Notes	Amount (₹ in Lakhs)	Amount in (₹ in Lakhs)
Sales			206.42
Other income			10.20
			216.62
Expenditure			
Production and other operational expenses	1	166.57	
Administrative Expenses	2	6.12	
Interest and other charges	3	8.00	
Depreciation		5.69	186.38
Profit Before Taxes			30.24
Provision for Taxation			3.00
			27.24
Investment Allowance Reserve Written back			0.46
Balance as per last Balance Sheet			1.35
			29.05
Transferred to			
General Reserve		24.30	
Proposed Dividend		3.00	27.30
Surplus carried to Balance Sheet			1.75
			29.05

Notes

1. Production and Operational Expenses

Particulars	₹ in Lakhs
Increase in Stock	30.50
Consumption of raw materials	80.57
Consumption of Stores	5.30
Salaries, wages, bonus and other benefits	12.80
GST and other taxes	3.20
Other manufacturing expenses	34.20
	166.57

Contd...3

2. Administrative Expenses include audit fee of ₹ 1.42 lakhs, salaries and commission to directors ₹ 2.20 lakhs and provision for doubtful debts ₹ 2.50 lakhs.

3. Interest and other charges

Particulars	₹ in Lakhs
Interest on fixed loans from financial institutions	3.90
Interest on Debentures	1.80
Interest on working capital loans from banks	2.30
	8.00

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

14. From the following forecasts of income and expenditure, prepare a cash budget for the months January to April, 2016:

	Months	Sales (Credit) ₹	Purchases (Credits) ₹	Wages ₹	Manufacturing Expenses ₹	Administrative Expenses ₹	Selling Expenses ₹
2015	Nov.	30000	15000	3000	1150	1060	500
	Dec.	35000	20000	3200	1225	1040	550
2016	Jan.	25000	15000	2500	990	1100	600
	Feb.	30000	20000	3000	1050	1150	620
	Mar.	35000	22500	2400	1100	1220	570
	April	40000	25000	2600	1200	1180	710

Additional information is as follows:

1. The customers are allowed a credit period of 2 months.
2. A dividend of ₹ 10000 is payable in April.
3. Capital expenditure to be incurred: Plant purchased on 15th of January for ₹ 5000; a Building has been purchased on 1st March and the payments are to be made in monthly installments of ₹ 2000 each.
4. The creditors are following a credit of 2 months.
5. Wages are paid on the 1st of the next month.
6. Lag in payment of other expenses is one month.
7. Balance of cash in hand on 1st January, 2016 is ₹ 15000.

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May – 2024

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 Hours **Max. Marks: 70**

SECTION - A

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

1. Explain the need of Capital Budgeting to an organization.
2. A Ltd is considering one of the two mutually exclusive projects X and Y with a cash outlay of ₹5,00,000 and ₹7,00,000 respectively. The current yield on Government bonds is 5% which may be considered a Risk Free Rate. The Risk Premium is 3%. The expected net cash flows are as follows. Suggest the best option.

Year-end	Cash Flow of Project X	Certainty Equivalent	Cash Flow of Project Y	Certainty Equivalent
1	₹2,00,000	0.9	₹3,00,000	0.8
2	₹3,00,000	0.8	₹4,00,000	0.7
3	₹4,00,000	0.7	₹5,00,000	0.6

3. Explain the different kinds of real options.
4. X Ltd is considering one of the two mutually exclusive projects X and Y with a cash outlay of ₹5,00,000 and ₹7,00,000 respectively. The current yield on Government bonds is 5% which may be considered as Risk Free Rate. The Risk Premium is 3%. The expected net cash flows are as follows.

Year-end	Cash Flow of Project X	Cash Flow of Project Y
1	₹2,00,000	₹3,00,000
2	₹3,00,000	₹4,00,000
3	₹4,00,000	₹5,00,000

5. A Project costs ₹10,00,000 and yields annually a profit of ₹90,000 after depreciation at 12.5%p.a. but before tax at 25% for 8 years. Calculate the payback period.
6. Define the concept of venture capital financing.
7. Outline the differences between Angel Investors and Private Equities.

SECTION – B

Answer any FOUR of the following: **(4x10=40)**

8. Explain the techniques of Capital Budgeting and their advantages.
9. XYZ Ltd wants to install a new machine in the place of an existing old one which has become obsolete, the company identifies two models of machines, both have an estimated life of 5 years with no salvage value at the end of the fifth year. Further details are as follows

Contd...2

Machine	Cost (In Lakhs)	Anticipated Cash Inflow after tax (₹) in Lakhs				
Year		1	2	3	4	5
A	25	-	5	20	14	6
B	40	10	14	16	17	8
PV Factor @16%		0.862	0.743	0.641	0.552	0.476

Make an appraisal of the two offers and advise the company based on the Profitability Index Method.

10. A Company is considering an investment proposal to purchase a machine costing ₹ 2,50,000. The machine has a life expectancy of 5 years and no salvage value. The company's tax rate is 40%. The firm uses a straight line method of depreciation.

Year	CFBT
1	70,000
2	60,000
3	1,00,000
4	90,000
5	1,50,000

Calculate
a) Payback period b) ARR c) NPV d) PI

11. Discuss the advantages and disadvantages of Sensitivity Analysis.

12. A company has to select one of the following two projects

Particulars	Project A (₹)	Project B (₹)
Initial Investment	1,10,000	1,00,000
Cash Inflow -1	60,000	10,000
2	20,000	10,000
3	10,000	20,000
4	50,000	1,00,000

Calculate NPV with present values @10%.

Year	1	2	3	4	5
PV Factor @10%	0.909	0.826	0.751	0.683	0.621

13. Compare Project and Parent Cash Flow.

SECTION – C (Compulsory) (1x10=10)

14. Based on NPV, determine which of the mutually exclusive projects should be selected if the cost of capital is 10% (Ignore Taxation)

	Project A	Project B
Investment	₹4,00,000	₹6,00,000
Life	4 years	7 years
Annual net cash inflows	₹1,50,000	₹30,000
Scarp Value	₹50,000	₹30,000

Year	1	2	3	4	5
PV Factor@10%	0.909	0.826	0.751	0.683	0.621

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1	70,000
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2	20,000	10,000
3	10,000	20,000
4	50,000	1,00,000

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May – 2024

GOODS AND SERVICES TAX & CUSTOMS

Time: 3 Hours **Max. Marks: 70**

SECTION - A

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

1. Explain who should generate the e-way bill and why?
2. Interpret the meaning of scope of supply under GST.
3. a. Suraj is a small business merchant in Arunachal Pradesh. During the FY, his aggregate turnover amounted to ₹ 75,50,000. Calculate his GST liability.

   b. Mr Ravi owns a small business and has an aggregate turnover of ₹ 82,00,000 for the FY, which includes supplies inter state amounting to ₹ 27,50,000. Is he eligible for composition scheme?
4. Explain the conditions to distribute Input Tax Credit.
5. Explain the principles of input tax credit.
6. Interpret any 4 demerits of Customs Duty.
7. Discuss Aggregate Turnover and Taxable Turnover.

SECTION – B

Answer any FOUR of the following: **(4x10=40)**

8. Critically evaluate the persons liable for registration and not liable for registration under GST.
9. Demonstrate the features and types of GST.
10. Super cars ltd. Chennai sells a car worth ₹ 4,00,000 to Ravindra Automobiles Chennai. They incurred packing charges of ₹ 5,000 on the car and provide a discount of 1% on the price, as part of Diwali scheme. Super cars ltd agreed to provide further discount of 0.5% if Ravindra Automobiles makes payment by 31st of the month via net banking. Ravindra automobile makes the payment by 31st of the month using net banking. Assuming GST of 18% on car compute the value of taxable supply and the GST?
11. Ms Radha from UP, a registered dealer has provided services within and outside the state. Output tax payable IGST ₹ 20,000; CGST ₹ 34,000 and SGST ₹ 34,000 and the ITC available on purchase of goods and services- IGST ₹ 46,000; CGST ₹ 18,000 and SGST ₹ 18,000. Compute GST payable.
12. Demonstrate the meaning and role of customs duty in the economic growth of India.

Contd...2

13. L & T Mumbai, has to supply a machinery to the production dept. of ITC ltd., Chennai under the following terms and conditions:

- Price of the machinery (net of taxes and duties) 8,00,000

Expenses charged separately in invoice:

- Installation and erection 52,000
- Packing charges (primary and secondary) 8,000
- Subsidy from NGO 50,000
- Design and engineering charges (net of taxes and duties) 10,000
- Cost of materials supplied by buyer at reduced cost (the actual price of the materials is ₹ 30000) 10,000
- Pre-delivery inspection charges 6,000

Rate of GST on machinery is 5%

Cash discount of ₹ 15,000 will be offered if full payment is received before the dispatch of goods. The buyer has made the payment as per the conditions stipulated.

The machine is supplied along with accessories bought at ₹ 18,000. The accessories were optional and the rate of duty applicable to these accessories is 18%

The manufacturer incurred cost of ₹ 3,000 for loading the machine in the truck in his factory. These are not charged separately to the buyer. L&T bought necessary spare parts and inputs for the purpose for manufacturing the machinery from the following suppliers:

a. Spare parts worth ₹ 1,52,000 from Kirloskar Industries, Hubli (GST 12%)
b. Other accessories worth ₹ 1,66,000 from Nuthan Industries, Pune, Maharashtra (18%)

Compute the transaction value and net GST payable, assuming that the Kirloskar Industries and Nuthan industries have uploaded the Invoices.

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

14. Wipro Ltd imported a Computer from IBM, USA. The invoice is as follows

Cost of Computers	$4000
Software fees	$800
Packing Charges	$200
Installation Charges	$400
	$5400
Interest if payment is made after 60 days	$200
	$5600

Wipro supplied certain software designed by them in India worth ₹ 1,00,000 to be installed in the computer free of cost. As per the sale terms the buyer had to pay a royalty of $1200 to IBM USA. Calculate the assessable value. Exchange rate as per CBIC ₹ 74.

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RESEARCH METHODOLOGY AND ETHICS

Time: 3 Hours **Max. Marks: 70**

SECTION - A

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

1. Examine the types of research from an application perspective.
2. What does it mean to say that research involves a particular way of thinking, and how does this mindset differ from everyday thinking?
3. What considerations should the researcher bear in mind when formulating effective research questions to ensure clarity, relevance, and feasibility?
4. Explain the four steps in literature review process.
5. List out all the types of sampling techniques.
6. How does misrepresentation of research credentials contrast with ethical violations in terms of their potential harm to research participants and the scientific community, and what measures can be taken to prevent and address these misconducts effectively?
7. Analyze the ethical dilemmas faced by sponsoring organizations and the strategies they employ to address ethical concerns and maintain public trust in their support of research endeavors.

SECTION – B

Answer any FOUR of the following: **(4x10=40)**

8. Describe the contents of a research proposal and how they provide a roadmap for planning, conducting, and evaluating a research study.
9. Elaborate on the points to remember while writing a research report and their impact on enhancing the readability, credibility, and impact of research publications within the scholarly community.
10. Outline the tools used to effectively display data and their capabilities in generating informative charts, graphs, and tables for data analysis and interpretation.
11. Explain the steps in data processing and their significance in transforming raw data into meaningful insights for analysis.
12. Explore the best practices in research and their significance in upholding the integrity and credibility of research outcomes.
13. Discuss the significance of Intellectual Property Rights (IPR) in the digital age and the challenges they present in the context of online content sharing, piracy, and digital innovation.

SECTION – C (Compulsory) (1x10=10)

14. Elaborate on the eight steps in the research process and their significance.

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