

St Aloysius College (Autonomous)
Mangaluru

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

April - 2018

CORPORATE ACCOUNTING & REPORTING

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Write a brief note on AS 20.
2. What are the different kinds of corporate restructuring?
3. Briefly explain the types of Amalgamation.
4. What is internal reconstruction? In what way is it useful for a company?
5. Briefly explain the concept of corporate financial reporting.
6. What are the limitations of historical accounting?
7. What do you mean by parent and subsidiary companies?

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SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. The following are the Balance sheets of P Ltd and S Ltd as on 31st March 2017.

Equity & Liabilities	P Ltd (₹ in lakhs)	S Ltd (₹ in lakhs)	Assets	P Ltd (₹ in lakhs)	S Ltd (₹ in lakhs)
Fully paid equity shares ₹10 each	300	300	Plant & machinery	240	350
Fully paid preference shares of ₹100 each		150	Furniture & fixtures	110	50
General Reserve	150	-	Inventories	70	30
Profit & loss account	25	(120)	Trade receivables	60	25
10% debentures of ₹100 each fully paid up		100	Balance with bank	32	20
Trade payables	37	45			
	512	475		512	475

On the above mentioned date P Ltd took over S Ltd on the following conditions.

- i) The preference shareholders would be allotted four fully paid 12% preference shares in P Ltd for every five preference shares held in S Ltd, the nominal value remaining ₹100 per share.

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- ii) The debenture holder would be discharged by P Ltd by issue to them an equal number of fully paid 10.5% debentures of ₹100 each.
- iii) The fixed assets were valued at 90% of their book values, value of stock was reduced by 2.5% while a provision for doubtful debts was created at 2%.
- iv) The equity shareholders were paid the amount due to them in the form of fully paid equity shares of ₹10 each allotted at a premium of ₹5 per share.
- v) Expenses of forming the business purchase amounting to ₹1 lakh were borne by P Ltd.

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You are required to:

- i) Calculate Purchase consideration
- ii) Prepare realization A/c; Preference shareholders Account and Equity shareholders Account in S Ltd's ledger and
- iii) Pass Journal entries for all the transactions in the books of P Ltd.

9. The Financial position of Hi tech Ltd on 30th June 2017 is summarized as below.

Liabilities	₹	Assets	₹
Share capital:		Freehold property	34,000
Authorised, Issued, fully called up 15,000 ordinary shares	1,50,000	Plant	96,000
		Tools & Dyes	27,300
10,000 6% preference shares	1,00,000	Investments	15,000
7% secured Debentures	60,000	Stocks	42,500
Accrued Interest thereon	4,200	Debtors	53,400
Loan (secured)	20,000	R & D Expenditure	18,000
Creditors	50,000	Profit & Loss A/c	98,000
	3,84,200		3,84,200

The scheme of reorganization detailed below is agreed and approved by the court.

1. Assets to be revalued at Plant ₹59,000; tools & Dyes ₹15,000 stock ₹30,000, debtors ₹48,700.
2. R& D Expenditure and Profit & Loss Account to be written off
3. Land at book value ₹6,000 and valued at ₹14,000 is taken over by debenture holders in part payment. The remaining property is valued at ₹40,000
4. The investment valued at ₹22,000 to be taken over by loan creditors, ₹2,000 is refunded to the company.

5. Creditors for ₹18,000 have agreed to accept new second mortgage debentures carrying interest @ 10% p.a in settlement of ₹15,500. Another creditor for ₹10,000 agrees to accept cash at a discount of 15%.
6. The ordinary shares are to be written down to ₹1 per share and preference shares amounting to ₹8 per share.
7. The cost of scheme amounting to ₹ 3,500 to be paid and written off.
8. Ordinary shareholders to subscribe and pay for two new shares of ₹1 each for every one share held

You are required to show Journal Entries in the books of Hi tech Ltd.

- 10.a) Compute the net monetary result of X company Ltd. as on 31st December 2017. The relevant data are given below:

Particulars	1.1.2017	31.12.2017
Cash	5000	10000
Book Debts	20000	25000
Creditors	15000	20000
Loan	20000	20000

Retail Price Index numbers:

January 1 st 2017	200
December 31, 2017	300
Average for the year	240

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- b) From the following information restate the cost of goods sold according to HCA and CPP methods presuming that the firm is using FIFO method for pricing its inventories:

	₹
Inventories on January 1, 2017	12,000
Purchases during 2017	14,000
Inventories on 31 st December 2017	3,400

The above information has been given on Historical cost basis. The price index in the beginning of 2017 was 100 while at the end of 2017, it was 190. The inventory on 31st December 2017 consists of purchases made when the price index was 170. The purchases were made uniformly during the year.

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11. Explain in detail the various requirements and characteristics of corporate financial reporting.

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12.a) Explain the procedure for application of AS 18.
b) Describe the techniques of corporate restructuring.

13. Following are the assets & liabilities of H Ltd and its subsidiary S Ltd as on 31st march 2017.

Liabilities	H Ltd (₹)	S Ltd (₹)	Assets	H Ltd (₹)	S Ltd (₹)
Equity share capital: share of ₹10 each fully paid	6,00,000	2,00,000	Plant & Machinery	3,90,000	1,35,000
			Furniture	80,000	40,000
			80% shares in S Ltd (at cost)	3,40,000	---
General reserve	3,40,000	80,000	Stock	1,80,000	1,20,000
Profit & Loss A/c	1,00,000	60,000	Debtors	50,000	30,000
Creditors	70,000	35,000	Cash at bank	70,000	50,000
	11,10,000	3,75,000		11,10,000	3,75,000

Additional information:

i) Profit & loss account of S Ltd. stood at ₹30,000 on 1st April 2016 whereas general reserve stood at ₹80,000 even on this date.

ii) H Ltd acquired 80% shares in S Ltd on 1st October 2016.

iii) S Ltd plant & machinery which stood at ₹1,50,000 on 1st April 2016 was considered worth ₹1,80,000 as on 1st October 2016 & this figure is to be considered while consolidating the balance sheets.

You are required to prepare consolidated Balance sheet as on 31st March 2017.

SECTION – C (Compulsory)

(1x10=10)

14. A Ltd and Z Ltd are engaged in similar line of business. They decide to amalgamate their business as on 31st March 2018 by forming J Ltd with an authorized share capital of ₹60,00,000 divided in 1,00,000 9% cumulative Preference shares of ₹10 each and 5,00,000 equity shares of ₹10 each. The Balance sheets of A Ltd and Z Ltd as on 31st March 2018 are as follows:

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Liabilities	A Ltd (₹)	Z Ltd (₹)	Assets	A Ltd (₹)	Z Ltd (₹)
Equity share capital	30,00,000	8,00,000	Goodwill	-	1,40,000
8% Preference share capital	10,00,000	-	Land & Building	12,00,000	-
General Reserve	16,00,000	-	Plant	31,00,000	-
Profit & Loss A/c	1,80,000	64,000	Furniture	-	50,000
Sundry creditors	1,00,000	42,000	Vehicle	-	80,000
			Patents	4,00,000	-
			Stocks	7,00,000	4,78,000
			Debtors	1,60,000	1,24,000
			Bank Balance	3,20,000	4,000
	58,80,000	9,06,000		58,80,000	9,06,000

The following terms were agreed upon by the parties

- J Ltd to allot 3,60,000 equity shares @₹12.50 to A Ltd and pay cash ₹10,90,000 as consideration of whole of assets except bank balance.
- Z Ltd is to receive 60,000 equity shares @ ₹12.50 and ₹12,000 as consideration for whole of assets except bank balance.
- All assets –except goodwill are taken at book values.
- J Ltd is to issue remaining Equity shares @₹12.50 each and Preference shares at par for cash. This issue is fully subscribed and paid-up.
- Both A Ltd and Z Ltd are to pay other liabilities and preference share holders individually.
- J Ltd is to pay and bear liquidation expenses of ₹10,000 for A Ltd and ₹4,000 for Z Ltd. The formation expenses of J Ltd are ₹36,000 and its capital issue expenses are ₹48,000

You are required to

- Calculate purchase consideration of A Ltd & Z Ltd
- Show the necessary journal entries in the books of J Ltd
- Prepare the opening Balance sheet of J Ltd.

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Semester II- P.G. Examination – M.Com

April – 2018

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 hrs.

Max Marks: 70

SECTION – A

Answer any FIVE questions out of seven questions. (5x4=20)

1. "Capital Budgeting is the most complex decision among various financial decisions of the firm" – Comment.
2. Compare and contrast NPV with IRR.
3. Write a note on Sensitivity Analysis.
4. What is Real options? How does it differ from financial options?
5. What do you understand by 'Angel Investors'?
6. The initial investments and NPV of 5 projects are given below:

Project	Required initial investment	NPV at the appropriate cost of capital
A	₹1,00,000	20,000
B	₹3,00,000	35,000
C	₹50,000	16,000
D	₹2,00,000	25,000
E	₹1,00,000	30,000

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If total funds available is ₹3,00,000. Determine optimal combination of projects assuming that projects are divisible.

7. XYX Ltd. is conspiring a project with the following expected cash flows. The initial investment is ₹1,00,000. Expected cash flows are as under:

Year	1	2	3
Cash inflows (₹)	70,000	60,000	45,000

The cost of capital is 10%. Due to uncertainty of future cashflows, the management decides to reduce the cash inflows to certainty equivalents by taking only 80%, 70% and 60% respectively. Is it worthwhile to take up the project? Show the necessary calculations.

SECTION – B

Answer any FOUR questions out of six questions. (4x10=40)

8. Explain briefly the financial instruments that are traded in international financial markets.
9. Describe the methods of venture capital financing. Discuss the future prospects for venture capital in India.
10. How is modified IRR is calculated? Why Modified Internal Rate of Return is superior to regular IRR?

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11. The expected cash flows of a project are as follows:

Year	0	1	2	3	4	5
Cash flow (₹)	-1,00,000	20,000	30,000	40,000	50,000	30,000

The cost of capital is 12 percent. You are required to compute.

- a) Net present value b) Benefit-cost Ratio (or profitability index)
 c) Internal Rate of Return d) Modified Internal Rate of Return (MIRR).
12. The Chang company is considering the purchase of a new machine to replace an obsolete one. The machine being used for the operation has a book value and a market value of zero. However, the machine is in good working condition and will last for another 10 years. The proposed replacement machine will perform the operations much more efficiently that Chang's engineers estimate that it will produce after-tax cashflows (labour savings and depreciation) of ₹9,000 per year. The new machine will cost ₹40,000 delivered and installed and its economic life is estimated to be 10 years. It has zero salvage value. The firm's weighed average cost of capital is 10% and its marginal tax rate is 35%. Should Chang buy the new machine?
13. RK Ltd is considering two mutually exclusive projects. The initial cost of both projects is ₹5000, and each has an expected life of five years. Under 3 possible states of the economy, their annual cash flows and associated probabilities are as follows:

Economic State	Probability	Net Cash Flow (₹)	
		Project A	Project B
Good	0.3	6000	5000
Normal	0.4	4000	4000
Bad	0.3	2000	3000

If the discount rate is 7 percent which project should the company accept?

SECTION - C

14. (Compulsory)

(1x10=10)

Avon Roofin materials Ltd is considering two mutually exclusive projects each with initial investment of ₹1,50,000. The company's board of directors has set a maximum of 4 year payback requirement and has set its cost of capital at 9%. The incashflows associated with the 2 projects are as follows:

Year	Cash inflows (₹)	
	Project A	Project B
1	45,000	75,000
2	45,000	60,000
3	45,000	30,000
4	45,000	30,000
5	45,000	30,000
6	45,000	30,000

- a) Calculate the payback period for each project.
 b) Calculate the NPV of each project at 0 percent.
 c) Calculate NPV of each project at 9 percent.
 d) Derive the IRR of each project.
 e) Rank the projects by each of the techniques used. Make and justify the recommendation.

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

April - 2018

BUSINESS TAXATION

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any FIVE of the following:

(5x4=20)

1. What is GSTN?
2. What do you understand by 'Mixed supply'?
3. Write a note on 'HSN code'.
4. A company purchases 5 motor vehicles costing ₹60,00,000 on which input tax was paid amounting to ₹10,80,000 out of these vehicles, 2 vehicles are used exclusively for the purpose of driving the top officials whereas, the other 2 are used for ferrying the employees of the company and 1 for the delivery of goods. Calculate the eligible input tax credit and the blocked credit amount.
5. From the following particulars calculate the customs duty payable:
 - a) AV of imported goods ₹2,50,000
 - b) Basic customs duty payable @ 12.5%
 - c) IGST 12%
 - d) The exporting country had subsidized the seller for ₹42,000
6. What are the features of customs duty?
7. From the following cases determine the 'Place of supply'.
 - a) Mr Bhand of Delhi supplied TV to Mr Raj of UP which is to be installed in Haryana by Mr Bharat.
 - b) Ajay received internet services on board a flight from Delhi to London.
 - c) Kiran of Delhi supplied pens to Kamal of Haryana and pursuant to such sale, sends the pens to Kamal.
 - d) A flight from Delhi to US has a scheduled stopover at Dubai and Anil has received spa services after the Dubai stopover.

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SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Explain the structure, powers and challenges of GST council.
9. Write a note on a) capital goods b) casual taxable person.
10. Determine the total amount of GST payable on a machine using the details given below:

Selling price of the machine (inclusive CGST at 9% and SGST at 9%)
₹1,47,500.

Cost of durable and returnable packing included in the sale price ₹5,000.
Design and development charges paid by buyer on behalf of seller to a third party ₹6,000.

Warranty charges charged separately by the seller ₹2000. Rate of GST 18%.

11. An importer imports raw materials for \$5,000. Following information is available.

- a) Packing charges of goods \$120
- b) Goods were packed in container (returnable). Price of the container is \$400.
- c) Insurance premium \$50.
- d) Sea freight \$160
- e) Importer has paid commission of \$100 to a broker who arranged the transaction.
- f) Rate of exchange \$1=₹64.
- g) Basic customs duty 12.5%
- h) IGST payable is 18%

Find Assessable value and customs Duty Payable.

12. Discuss the types of valuation for customs Duty.

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13. Chetak Ltd has its Head office based at Bengaluru and five branches at Mysuru, Belagavi, Mangaluru, Shimoga and Cochi. It seeks services of Expert security solutions based at Bengaluru for cyber security for its Head office & branches. Expert security solution raises a bill for their services which include GST amounting to ₹2,50,000 on the Head office.

The turnover of the Head office and the branches during the quarter ending December 31st 2017 were as follows;

Bengaluru Head office - ₹2,30,000	Mangaluru - ₹3,25,000
Mysuru - ₹1,80,000	Shimoga - ₹1,50,000
Belagavi - ₹2,80,000	Cochi - ₹1,25,000

Compute the distribution of input tax by the Bengaluru Head office.

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

14. Compute transactional value of goods under GST Act from the following information and GST payable:

	₹
Selling price of supplies (excluding CGST & SGST at 9% each)	6,00,000
Advertising charges	50,000
Publicity charges	25,000
Selling organization expenses	20,000
Loading and handling charges	5,000
Servicing charges	50,000
Outward freight and insurance on buyer request	30,000

Above expenses are separately shown in the invoice. Allowed discount @ 10% on the price of the goods and shown in the invoice.

Balance available in the Electronic credit ledger:
CGST ₹12,960, SGST ₹14,340

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Semester II - P.G. Examination - M.Com.
April - 2018

BUSINESS STATISTICS AND RESEARCH METHODOLOGY

Time: 3 Hours

Max. Marks: 70

SECTION - A

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

1. A box contains 5 white and 8 blue balls, 2 balls are taken out at random. What is the probability that
 - i) both are white
 - ii) of same colour
2. Given $\lambda = 6.1$ for a poisson distribution. Find $p[x \leq 2]$
3. 'In a normal distribution $\mu = 500, \sigma = 100$ what is the probability that a sample selected at random will take 400 to 600?
4. Explain different types of correlation?
5. Briefly explain different scale of measurements?
6. Give an account of different types of research?
7. What is hypothesis? Distinguish between type I and Type II error?

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SECTION - B

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

8. Calculate coefficient of correlation.

x	78	80	89	87	62	69	70	73	56
y	81	90	93	86	58	72	65	70	85

9. Fit a regression line.

x	6	5	7	8	9	10	4	12	16
y	9	10	12	8	10	7	6	7	15

10. Test the efficiency of formal and informal training program with 5% level of significance.

Program	Mean	Sample	SD
Formal	28	12	10
Informal	36	10	8

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11. Fit a X^2 for an advertising firm to determine the demography for a new product.

Particulars	Age group				
	18-29	30-39	40-49	50-59	60-69
Purchase Frequently	10	18	20	30	12
Seldom purchase	15	12	22	20	25
Never purchase	20	15	10	18	30

12. Explain the different types of probability sampling.
13. Explain the research process in detail?

SECTION - C (Compulsory)

(1x10=10)

14. Four salesman record the sales of refrigerator in 3 seasons. You are required to find is there any significant difference :
i) In the sales recorded by the salesman
ii) In the sales recorded season wise

Season	Salesman			
	A	B	C	D
Summer	300	310	350	320
Winter	250	260	310	270
Monsoon	280	320	290	330

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Semester II - P.G. Examination - M.Com
April - 2018
COMPUTER APPLICATIONS IN BUSINESS

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Explain the different types of network with suitable examples.
2. Critically discuss the Law of digital contracts.
3. What is statistical package for social science? Explain.
4. Briefly explain how do you import data from Excel sheet to SPSS platform.
5. What are the features of MS Excel?
6. Discuss different views in MS Word.
7. Discuss the operating system UNIX in comparison with windows.

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SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Mention the types of ledger that can be made in Tally.
9. Explain in detail the mail merge option in MS word.
10. Mention the types of vouchers? Also give the shortcut for creating these vouchers?
11. What is cyber crime? What are the cyber crime laws? Explain.
12. Briefly explain the steps for creating a Power Point presentation.
13. Explain at least 5 function with examples in Excel.

SECTION - C (Compulsory)

(1x10=10)

14. Create a student report card with three internal tests marks and find total, average and percentage of best of two internals for ten students using excel functions.

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**St Aloysius College (Autonomous)
Mangaluru**

**Semester II – P.G. Examination – M.Com.
April - 2019**

CORPORATE ACCOUNTING AND REPORTING

Time: 3 hrs.

Max Marks: 70

SECTION - A

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

1. Briefly explain the provisions for related party disclosures as per AS-18.
2. Illustrate the different kinds of methods for accounting amalgamation entries in the books of the Transferee company.
3. List out the reasons for restructuring of a company.
4. H Ltd acquired 30,000 shares of S Ltd (which represented 60% of the total number of shares) of ₹10 at a cost of ₹ 4,00,000. On the date of acquisition S Ltd had a credit balance of ₹ 80,000 in its profit and loss A/c and ₹ 20,000 in general reserve. Calculate cost of control.
5. From the following information ascertain constant rupee cost of goods sold under FIFO and then restate the same into 2018 end purchasing power rupee.

	₹		<u>General price Index Number</u>
Stock on 1.1.2018	20,000	On 1.1.2018	100
Purchases during 2018	1,50,000	Average for the year 2018	120
Stock on 31.12.2018	30,000	On 31.12.2018	150

6. Explain the objectives of Corporate reporting.
7. What is Earning per share According to AS-20.

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SECTION - B

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

8. "The objective of AS-28 is to prescribe the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount". Explain.
9. Following are the ledger balances taken from the books of D Ltd as on 31.3.2018.

Contd...2

Credit balance	₹	Debit balance	₹
Capital: 15000 equity shares of ₹10 each.	1,50,000	Goodwill	20,000
10,000 6% cumulative preference shares of ₹ 10 each	1,00,000	Plant and machinery	1,50,000
5% Debentures of ₹ 100 each	50,000	Stock	80,000
Employees 'profit sharing' Account	14,000	Sundry debtors	1,20,000
Bank overdraft	20,000	Cash at bank	8,900
Sundry creditors	91,500	Profit and loss A/c	40,100
Interest accrued on Debentures	2,500	Preliminary expenses	5,000
		Commission and brokerage on issue of shares	4,000
	<u>4,28,000</u>		<u>4,28,000</u>

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Arrears of cumulative preference Dividend ₹ 12,000.

C Ltd agreed to absorb D Ltd from 1.4.2018 on the following terms:

- C Ltd is to take over all tangible assets except cash.
- C Ltd is to take over 5% Debentures along with Interest accrued and to pay the debenture holders by the issue of ₹ 55,000 6% Cumulative preference shares of ₹ 10 each.
- It is to issue one equity share of ₹ 10 each and make a payment of ₹ 4 in cash in exchange of every two equity shares in D Ltd.
- Sundry creditors will receive 90% of the sums due to them in fully paid equity shares of ₹ 10 each in C Ltd in full settlement of their claims.
- Preference shareholders will be issued 10,000 equity shares of ₹ 10 each in C Ltd.

Prepare Realisation A/c and Equity shareholders A/c in the books of D Ltd and pass journal entries in the books of C Ltd to record this take over.

10. Following are the Liabilities and Assets of Sick Ltd as on 31.3.2018.

Liabilities	₹	Assets	₹
13% cumulative preference shares of ₹ 100 each	1,00,000	Fixed assets	15,00,000
Equity shares of ₹ 10 each	7,00,000	Current assets	35,00,000
8% Debenture	3,00,000	Surplus Account (Dr balance)	3,00,000
Current liabilities	39,00,000		
Provision for taxation	3,00,000		
	<u>53,00,000</u>		<u>53,00,000</u>

The following scheme of reorganization is sanctioned:

- All existing equity shares are reduced to ₹ 5 each.

Contd...3

- ii) All preference shares are reduced to ₹ 75 each.
- iii) The rate of interest on debentures is increased to 11%. The debenture holders surrender their exiting debentures of ₹ 100 each and exchange the same for fresh debentures of ₹ 75 each.
- iv) One of the creditor of the company to whom the company owes ₹ 25,00,000 decides to forego 50% of his claim. He is allotted 1,00,000 equity shares of ₹ 25 in part satisfaction of the balance of his claim.
- v) The taxation liability of the company is settled at ₹ 4,00,000.
- vi) Fixed Assets are to be written down by 33 1/3%.
- vii) Current Assets are to be revalued at ₹ 27,00,000.
- viii) Preference shareholder decide to forego their right to arrears of dividend which are in arrears for three years.

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Pass Journal Entries in the books of Sick Ltd.

11. Following are the liabilities and assets of Alpha Ltd and its subsidiary Beta Ltd as on 31st March 2018.

Liabilities	Alpha Ltd ₹	Beta Ltd ₹	Assets	Alpha Ltd ₹	Beta Ltd ₹
Share capital fully paid equity shares of ₹ 10 each	6,00,000	2,00,000	Machinery	3,90,000	1,35,000
General reserve	3,40,000	80,000	Furniture	80,000	40,000
Surplus A/c	1,00,000	60,000	80% shares in S Ltd at cost	3,40,000	—
Creditors	70,000	35,000	Stock	1,80,000	1,20,000
			Debtors	50,000	30,000
			Cash at bank	70,000	50,000
	<u>11,10,000</u>	<u>3,75,000</u>		<u>11,10,000</u>	<u>3,75,000</u>

Following additional information provided to you.

- i) Surplus Account of Beta Ltd stood at ₹ 30,000 on 1st April 2017 whereas general reserve has remained unchanged since that date.
 - ii) Alpha Ltd acquired the shares of Beta Ltd 1 October 2017.
- You are required to prepare a consolidated Balance sheet as on 31 March 2018. Show all calculations clearly.
12. Following are the Balance sheets and profit and loss A/c of a firm prepared on the basis of historical cost accounting.

Contd...4

Balance sheets as on 01.04.2017 and 31.03.2018.

Liabilities	1.4.2017	31.3.2018	Assets	1.4.2017	31.3.2018
Capital	10,00,000	10,00,000	Fixed assets	10,00,000	10,00,000
Profit & loss A/c	3,00,000	5,00,000	Less:- 10% depreciation	—	1,00,000
Sundry liabilities	5,00,000	3,00,000		10,00,000	9,00,000
			Inventory	4,00,000	3,20,000
			Debtors	3,00,000	4,00,000
			Cash	1,00,000	1,80,000
	18,00,000	18,00,000		18,00,000	18,00,000

Profit and Loss A/c for the year ending 31st March 2018

	₹		₹
To Inventory (1.4.2017)	4,00,000	By Sales	30,00,000
To Purchase	23,20,000	By Inventory (31.3.2018)	3,20,000
To Depreciation	1,00,000		
To other operating expenses	3,00,000		
To Net Profit	2,00,000		
	33,20,000		33,20,000

Additional information:

- The current replacement cost of goods sold on the date sales were made amounting to ₹ 23,60,000.
- On 1.4.2017 the replacement cost of the fixed assets was ₹12,00,000.
- The current replacement cost of the inventory on 31.3.2018 is ₹3,50,000.

You are required to prepare Income statement for the year ending 31st March 2018 and Balance sheet as on that date on the basis of current cost accounting.

- Explain in detail what an Interim financial report should include according to AS-25 and what minimum disclosure of notes and explanatory statements should be made in it.

SECTION - C (Compulsory)

(1x10=10)

- The following are the Liabilities and Assets as on 31.12.2018 of X Ltd and Y Ltd.

Liabilities	X Ltd	Y Ltd	Assets	X Ltd	Y Ltd
Equity share capital (₹ 100 per share)	10,00,000	6,00,000	Land & Buildings	3,00,000	—
6% Debenture of ₹ 10 each	2,00,000	—	Plant and machinery	11,00,000	5,00,000
Reserve fund	3,40,000	—	Stock	1,60,000	80,000
Dividend Equalization fund	40,000	—	Cash at Bank	30,000	10,000
Employee provident fund	30,000	—	Debtors	1,40,000	90,000
Trade creditors	1,00,000	80,000			
Profit & loss A/c	20,000	—			
	17,30,000	6,80,000		17,30,000	6,80,000

Contd...5

The two companies agree to amalgamate and form a new company called Z Ltd which takes over the assets and liabilities of both the companies. The Authorized share capital of Z Ltd is ₹ 1,00,00,000 consisting of 10,00,000 equity shares of ₹ 10 each.

The assets of X Ltd are taken over at a reduced valuation of 10% with the exception of land and building which are accepted at book value.

Both the companies are to receive 5% of the net valuation of their respective business as goodwill. The entire purchase price is to be paid by Z Ltd in fully paid shares. In return for debentures in X Ltd debentures of the same amount and denomination are to be issued by Z Ltd.

Prepare the Realisation A/c and share holders Account in the books of X Ltd and Y Ltd and also the opening Balance sheet of Z Ltd.

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**St Aloysius College (Autonomous)
Mangaluru**

**Semester II- P.G. Examination - M.Com
April - 2019**

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 hrs.

Max Marks: 70

SECTION - A

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

1. Give an account of different types of capital budgeting decisions.
2. Explain how NPV and IRR Techniques of capital budgeting are superior over payback period and Accounting Rate of Return methods.
3. Write a note on Utility theory.
4. What are the special issues that are to be addressed in International Capital Budgeting?
5. Explain briefly the different types of Angel investors.
6. A machine costs ₹10,000 and is expected to yield the following net cash returns (estimated at current prices):

Year	1	2	3
Amount (₹)	5000	8000	6000

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Assuming expected rate of inflation is 5% p.a and cost of capital is 15.5%. Calculate NPV of the project considering the effect of inflation on cash flow.

7. Premier Industries Ltd. has prepared the following budgeted profitability statement for the current year operations:

	₹	₹
Sales (2500 units @ ₹4)		10,000
Variable cost:		
Materials	4,000	
Labour	<u>3,000</u>	<u>7,000</u>
Contribution		3,000
Less: Fixed costs		<u>2,000</u>
Profit		<u>1,000</u>

- You are required to carry out a sensitivity analysis based on above data.
- a) If selling price is increased to ₹5.
 - b) If material cost increased to ₹5000.

SECTION - B

Answer any **FOUR** questions out of six questions. (4x10=40)

8. Describe the various qualitative factors and judgments that are to be taken into consideration in capital budgeting decision.

Contd...2

9. Discuss the different stages of venture capital financing. Analyse the venture capital scenario at present in India.
10. Explain in detail the capital budgeting process.
11. Pentagon Limited is evaluating a project that has the following cash flow stream associated with it:

Year	0	1	2	3	4	5	6
Cash flow	-120	-80	20	30	80	100	120

Assume the cost of capital is 15%.

Compute:

- a) The terminal value of cash inflows.
- b) Modified Internal Rate of Return (MIRR).
12. A company is considering the following six projects.

Project	1	2	3	4	5	6
Cost (₹)	1,000	6,000	5,000	2,000	2,500	500
NPV (₹ '000)	210	1,560	850	260	500	95

You are required to calculate the profitability index for each project and rank them. Which project would you choose if the total available funds are ₹80,00,000?

13. A product with a unit contribution of ₹10 will sell either 4000 units or 8000 units with 0.5 probability for each level. But if additional ₹5,000 were spent on improving the design then the probability of selling on the higher level would change to 0.70. Alternatively, if ₹1 per unit were spent on better packing and ₹500 on promotion propaganda, the probability would yet again change to 0.90 for selling at the higher level.

Using decision tree approach, suggest the best strategy.

SECTION - C

14. (Compulsory)

(1x10=10)

Ankit Ltd is in the process of choosing the better of two equal - risk, mutually exclusive capital expenditure projects - M and N. The relevant cash flows for each project are shown in the following table: The firm's cost of capital is 14%.

	Project M	Project N
Initial Investment	₹28,500	₹27,000
Year	CFAT (₹)	CFAT (₹)
1	10,000	11,000
2	10,000	10,000
3	10,000	9,000
4	10,000	8,000

You are required to evaluate the above projects using discounted cash flow techniques (i.e. N.P.V, IRR and PI) and suggest which one is to be accepted.

PS 315.2

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Semester II – P.G. Examination - M.Com
April - 2019
COMPUTER APPLICATIONS IN BUSINESS

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Explain in detail about the different browsers while using Internet.
2. What is a chart and explain different steps for inserting a chart in Excel.
3. Write all options in slide presentation.
4. What is statistical package for social science? Explain.
5. Briefly explain how do you import data from Excel sheet to SPSS platform?
6. Explain Tally and its applications.
7. What are the different branches of accounting? Explain.

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SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. Explain in detail the protocols used in internet.
9. Critically discuss the law of digital contracts.
10. Discuss about correlation and regression analysis using SPSS. Explain about dependent and independent data.
11. Mention the types of vouchers? Also give the shortcut for creating these vouchers?
12. Discuss and differentiate between WINDOWS and UNIX operating system.
13. Discuss the application of computers in business scenario.

SECTION - C (Compulsory)

(1x10=10)

14. Explain the steps to run simple regression model for salary and marks.

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

April - 2019

BUSINESS STATISTICS AND RESEARCH METHODOLOGY

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any **FIVE** of the following:

(5x4=20)

1. Calculate rank correlation

x	97	62	55	18	26
y	28	52	89	86	85

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2. What is a scatter diagram? How does it help in studying the correlation between two variables?
3. What do you understand by research? Explain its significance in commerce?
4. How do you define a research problem? Give one example to illustrate your answer.
5. Explain briefly the different methods of measuring trend?
6. Explain what do you understand by the term probability. Discuss its importance in business decision making?
7. Fit a trend line with a help of 3 yearly moving average.

Year	03	04	05	06	07	08	09	10	11	12	13	14
Value	70	72	75	74	76	79	78	80	83	80	82	85

SECTION - B

Answer any **FOUR** of the following:

(4x10=40)

8. From the assumed mean obtain regression equation.

x	10	15	20	30	45	50
y	25	20	30	10	50	45

9. 20% of bottles produced by a machine are defective. A probability distribution of the number of defective in a sample of 5 bottle taken at random.
 - i) Find the probability of 0 to 5 defective bottles
 - ii) Find the probability of less than 2 defective.
10. Given a binomial distribution $n=25$, & $p=.032$ Use Poisson approximation to binomial to find $P[x=3]$, $p[x=5]$, $p[x \geq 5]$.

Contd...2

PS 314.2

11. A city manager thinks that the personal appearance method produces for few mistakes than the mail in method. He authorizes an examination of 50 personal appearances and 75 mail in listing. 10% of the personal appearance form contains errors, 13.3% of the mail in forms contains them. The city manager wants to test 5% level of significance. The hypothesis that the personal appearance produces a lower proportion of errors in filing tax application form
12. Explain the features and different types of research design.
13. Narrate the different steps and mechanics of writing research report.

SECTION - C (Compulsory)

(1x10=10)

14. A brand manager is concerned that her brands share may be unevenly distributed throughout the country. In a survey in which the country was divided into 4 geographical regions, a random sampling of 100 consumers.

Particular	NE	NW	SE	SW
Purchase the brand	40	55	45	50
Don't Purchase the brand	60	45	55	50

Fit a Chi square distribution for the following data.

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

April - 2019

BUSINESS TAXATION

Time: 3 hrs.

Max Marks: 70

SECTION - A

Answer any **FIVE** of the following.

(5×4=20)

- "GST: chargeable by states and center on the same taxable value". Comment.
- Compute the transaction value of goods from the following information and GST payable by a dealer registered in Karnataka.

₹

Selling price (including IGST of ₹ 2000)	43,000
Following transaction are not included in the above price:-	
Freight charges paid by supplier charged separately	1,000
Normal secondary packing cost	1,500
Cost of durable and returnable packing	1,500
Insurance on freight paid by supplier charged separately	500
Trade discount	1,000
Rate of GST	18%

- Miss Sanjana (Registered dealer) is a trader in Mumbai and she purchased certain goods from Karnataka for ₹ 2,00,000 and has paid 1GST @ 12%. After manufacturing she has sold half of the goods in the state of Maharashtra for ₹ 4,00,000 plus GST @ 12% and rest of the products to a unit situated in SEZ in Mumbai for ₹ 3,00,000. Compute the net output tax payable.
- A consignment is imported by air. CIF price is 2000 Euro. Air Freight is 550 Euro and insurance cost is Euro 50. Exchange rate announced by CBE & C as per customs notification is 1 Euro=₹ 70.72, Basic customs duty payable is 12%. IGST rate is 12%. Cess @ 4%. Find value for customs purpose and total customs duty payable.
- Briefly explain the input tax credit under GST.
- The Taj Hotel Group of companies provided the following services within the state of Kerala from its various establishments. Compute the amount of GST payable for the month of March 2019.

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Contd...2

PS 313.2

- i) Supply of food or drinks in restaurant not having facility in air conditioning facilities @ 12% GST ₹ 30,000.
- ii) Supply of food or drinks in restaurant having license to serve liquor @ 18% GST ₹ 90,000.
- iii) Supply of food or drinks in outdoor catering @ 18% GST ₹ 1,50,000.
- iv) Renting of Hotel rooms @ 18% GST ₹ 2,25,000.
- v) Supply of food or drinks in air conditioning restaurant in 5 star or above rated hotel @ 28% GST ₹ 1,50,000.
7. Explain briefly the Input services distributor and its functions.

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SECTION - B

Answer any **FOUR** of the following.

(4×10=40)

8. What is GST council? Explain the structure, powers and functions of GST council.
9. From the following details, compute the value of taxable services and services tax liability for the assessment year 2018-19. If the rate of CGST and SGST at 9% each.

Particulars	Amount
Services provided by foreign diplomatic mission	6,00,000
Aerial advertising	5,00,000
Service by way of private tuitions	80,000
Speed post services	70,000
House given on rent for residential purpose	50,000
Value of free services rendered to friends	2,00,000
Service rendered to UNO	5,00,000
Certification for exchange control purpose	1,00,000
Secretarial auditing	25,000
Fees to act as a liquidator	3,00,000
Vacant land used for horticulture	10,00,000
Sale of time slot by broadcasting organisation	2,00,000
Services rendered within Indian territorial water	4,00,000
Services relating to supply of farm labour	2,50,000

Contd...3

PS 313.2
10.

Miss Sandhya a registered dealer submits the following information for the month of October 2018.

Particulars	Amount	Rate of GST
❖ Details of purchase:-		
Raw material 'A' purchased from another state	10,00,000	28%
Raw material 'B' purchased within state	20,00,000	18%
Raw material 'C' purchased from USA costing ₹ 20,00,000 (including BCD @ 10% i.e. ₹ 2,00,000 and including of IGST)	22,40,000	12%
Raw material 'D' purchased within state from a dealer who opted for composition scheme.	5,00,000	05%
Raw material 'E' purchased from SEZ in Bangalore	10,00,000	00%
❖ Details of Sales:-		
Sale of goods purchased from interstate purchase and imported raw materials to a person of Hyderabad who opted for composition scheme.	50,00,000	05%
Goods sold to an unregistered dealer of Mangalore	75,00,000	12%
Sale of goods to a dealer in union territory of Chandigarh, produced from Raw material 'B'.	15,00,000	18%
Sale of goods purchased from Raw material 'D' to a registered dealer in Belagavi	20,00,000	28%

11. a) Explain the framework and guidelines to integrate GST system.
b) Write a note on GSP Eco-system.

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12. From the following information compute the amount of output tax to be uploaded by the dealer who has registered in Karnataka for the month of October and which is the last date to upload it in credit ledger.

Particulars	₹
1) Product P sold to a dealer in Bangalore; rate of GST notified to this product is 18%	2,00,000
2) Product Q sold to a dealer in Mysore; rate of GST @ 12%	70,000
3) Product R @ 0% rate GST sold to a dealer in Puducherry.	2,50,000
4) Product S @ 5% GST sold to a dealer in Jammu and Kashmir.	2,80,000
5) Product T @ 28% GST sold to a unregistered Dealer within the state	1,20,000
6) Product U rate of GST notified is 12% sold to a SEZ developer in Bangalore.	4,00,000
7) Product V sold to a dealer in Union territory; rate of GST Notified is 18%	3,00,000
8) Product W which is exempted from GST is sold to a Registered dealer of Pune.	5,00,000
9) Product X exported to China, the GST rate notified by GST Council for this product is 28% if it is sold in India.	2,00,000
10) Product Y sold to a unit of SEZ in Mysore the rate of GST notified to this product is 12%.	6,00,000
11) Product Z sold to a registered dealer within the state; the rate of GST notified is 18%.	4,50,000
12) Product A sold to a registered dealer in Belagavi who has registered under composition scheme @ the rate of 28% GST.	1,00,000

Contd...4

13. Micro max company imported goods from America. From the following information determine the custom duty payable.

1. cost of goods	\$ 15,000
2. Packing charges	\$ 3,000
3. Paid commission in India to the broker who arranged the deal abroad	₹ 10,000
4. Freight from America to Indian port	\$ 2,000
5. Insurance premium	\$ 1,000
6. Exchange rate:-	

a. Declared by the Board 1\$ = ₹ 65.08

b. Declared by the RBI 1\$ = ₹ 66

Rate of basic customs duty 12.5 %

IGST rate 18%

Cess @ 4% is also leviable.

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SECTION – C (Compulsory)

(1×10=10)

14. Mr. Madhav Rao (registered dealer) in Karnataka has provided the information given below:

- Raw materials purchased from foreign market including customs duty paid on imports @ 10% and exclusive of IGST at 12% is ₹ 5,50,000.
- Raw materials purchased from local market (including GST charged on the material @ 5% ₹ 2,30,000.
- Raw materials purchased from Odisha (including IGST @ 12%) - ₹ 45,000.
- Transportation and Insurance cost ₹ 25,000.
- Manufacturing expenses ₹ 3,50,000
- Materials purchased from a registered dealer who opted for composition scheme under GST ₹ 4,00,000. Rate of GST on this materials is 1%.
- Profit margin of a manufacturer is 10% on the selling price.

Mr. Rao sold 25% of finished goods to a SEZ in Bangalore and the balance to a dealer in Bangalore. GST rate on sale of such goods is 12%. Compute the net GST liability.
