Reg. No:

St Aloysius College (Autonomous)
Mangaluru
Semester II – P.G. Examination - M.Com (Finance and Analytics)
April - 2019
ACCOUNTING FOR MANAGERIAL DECISIONS

Time: 3 Hours

Max. Marks: 70

SECTION – A

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

1. Discuss the types of information required for managerial decisions.

2. Explain the role and functions of Forensic Accounting.

3. State the essentials of an effective budgetary control system.

4. Explain the meaning and objectives of Responsibility Accounting.

5. Mention the features of segment reporting.

6. State the conceptual issues involved in calculating E.V.A.

7. What is budget factor? Explain with example.

SECTION - B

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

8. The accounts of ABC Ltd. Engaged in manufacturing business are summarized below.

Income Statement

Particulars	Amount in million ₹	₹
Sales Revenue		95.00
Less: cost of goods sold	59.10	
General expenses	6.80	
Administrative expenses	7.80	
Selling and distribution expenses	2.90	
Interest on loan	1.80	78.40
Earning before tax		16.60
Less: Corporate tax @ 35%		5.8
Earnings after tax		10.79

Balance Sheet as at 31st March 2017
(Amount in millions)

Liabilities	₹	Assets	₹
Share Capital 10 lakhs share of ₹ 10 each	10.00	Free hold land and building	20.00
Reserves and surplus	31.50	Plant and machinery	25.00
10% loan	18.00	Stock	10.00
Creditors and other liabilities	18.00	Debtors	15.00
		Bank and Cash	4.00
	77.50		77.50

Additional information:

1. The risk free rate of return in the economy is 8% and the premium expected from business in general is 5%. The beta of ABC Ltd. share is currently 1.27.
2. The equity shares of this company invested in the market as on 31.03.2017 are ₹ 50 / share.
3. General expenses include R &D expenses of ₹ 0.50 million.
4. Determine the Economic Value added for the year ended 31.03.2017.

9. The following information relates to the productive activities of G. Ltd. For 3 months ended 31st March 2016.

	₹
Fixed expenses:	
Management salaries	210,000
Rent and taxes	1,40,000
Depreciation of machinery	1,75,000
Sundry office expenses	2,22,500
Total	**7,47,500**
Semi variable expenses at 50% capacity	
Plant maintenance	62,500
Indirect labour	2,47,500
Salesman's salaries	72,500
Sundry expenses	65,000
Total	**4,47,500**
Variable expenses at 50% capacity	
Material	6,00,000
Labour	6,40,000
Sales men's commission	95,000
Total	**13,35,000**

It is further noted that semi-variable expenses remain constant between 40% and 70% capacity, increase by 10% of the above figures between 70% and 85% capacity and increase by 15% of the above figures between 85% and 100% capacity. Fixed expenses remain constant whatever the level of activity may be. Sales at 60% capacity are ₹ 25,50,000, at 80% capacity ₹ 34,00,000 and at 100% capacity ₹ 42,50,000. Assuming all items produced and sold. Prepare Flexile budget at 60%, 80% and 100% production capacity.

10. Auto India Company Limited is engaged in manufacturing automobile parts. The following particulars for 2017-18 are available from the records of AICL:

Sales	₹ 50,00,000
Less: Variable cost	₹ 33,25,000
Contribution	₹ 16,75,000
Less : Fixed cost	₹ 9,00,000
Net income	7,75,000

Following additional information concerning the performance of 3 departments has been given below.

Particular	Departments		
	P (₹)	Q (₹)	R (₹)
Sales	21,40,000	17,90,000	10,70,000
Variable cost	14,23,000	11,90,000	7,12,000
Direct Fixed cost	2,80,000	2,45,000	1,75,000

i) Rank the three departments on the basis of their proportionate measure of relative profitability.

ii) Corporate Marketing Department of AICL proposes to increase advertisement expenses by ₹ 1,25,000 with an expectation of 10% increase in sales in all three departments.

Analyse the effect of this proposal on the company as a whole and on each department and give your suitable recommendation.

11. What is Balanced Score Card? Explain performance evaluation using balanced Score Card.

12. Explain window dressing practices and its impact on the performance of the company.

13. Explain accounting principles and practices relating to carbon credits and its trade.

SECTION – C (Compulsory)

(1x10=10)

14. A factory has 2 production departments. X and Y and 2 service departments P and Q. Department X produces product A while dept Y produces product B. The following are the details of cost incurred during the month of February 2017.

Direct Material (₹)		Direct Labour (₹)	
Dept X	14,000	Dept X	8,000
Dept Y	6,000	Dept Y	6,000

Lubricants and supplies (₹)		Supervisory Labour (₹)	
Dept X	500	Dept X	1,300
Dept Y	400	Dept Y	1,700
Dept P	300	Dept P	3,000
Dept Q	200	Dept Q	4,000

The output of product A is 2,000 units while that of product B is 1000 units. Lubricant and supplier of service department are charged to production department as a percentage of direct materials while supervisory labour is charged as percentage to direct labour.

You are required to calculate:

i) Total cost considering products A and B as separate cost centers.

ii) Responsibility costs taking each department as a responsibility centre.

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St Aloysius College (Autonomous) Mangaluru

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

April – 2019

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 Hours

Max. Marks: 70

SECTION - A

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

1. What is venture capital? Explain its conceptual frame work.

2. Write a brief note on traditional techniques of capital budgeting.

3. Why risk analysis is important in project evaluation?

4. Write a note on GDR.

5. Briefly explain special issues in International capital budgeting.

6. What are the uses of decision tree analysis?

7. State the limitations of pay back period method.

SECTION - B

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

8. Explain the significance of capital budgeting process.

9. Write a note on book building process.

10. Explain different types of Hybrid Instruments.

11. 'C' Ltd is considering investing in a project. The expected original investment in the project will be ₹ 2,00,000. The life of the project will be 5 years, with no salvage value. The expected net cash inflows after depreciation but before tax during the life of the project will be as follows:

Years	1	2	3	4	5
₹	85,000	1,00,000	80,000	80,000	40,000

The project will be depreciated at the rate of 20% on original cost. The company is subjected to 30% tax rate.

Required:
   i) Calculate PBP & ARR
   ii) Calculate NPV if cost of capital is 10%
   iii) Calculate IRR.

12. Five Projects M, N, O, P and Q are available to a company for consideration. The investment required for each project and the cash flows it yields are tabulated below. Project N & Q are mutually exclusive. Taking the cost of capital @10% which combination of projects should be taken up for a total capital outlay not exceeding ₹ 3 lakhs on the basis of NPV and Profitability Index?

Project	Investment (₹)	Cash flow p.a.(₹)	No. of years	P.V @10%
M	50,000	18,000	10	6.145
N	1,00,000	50,000	4	3.170
O	1,20,000	30,000	8	5.335
P	1,50,000	40,000	16	7.824
Q	2,00,000	30,000	25	9.077

13. Sky Lark Airlines is planning to acquire a light commercial aircraft for flying class clients at an investment of ₹ 50,00,000. The expected cash flow after tax for the next 3 years is as follows:

(Amount in ₹ lakhs)

Year 1		Year 2		Year 3	
CFAT	Probability	CFAT	Probability	CFAT	Probability
14	0.1	15	0.1	18	0.2
18	0.2	20	0.3	25	0.5
25	0.4	32	0.4	35	0.2
40	0.3	45	0.2	48	0.1

The company wishes to take into consideration all possibilities of risk factors relating to airline operation. The company wants to know:

i) Expected NPV of this venture assuming independent probability distribution with 6% risk free rate of interest.

ii) The possible deviation in expected value.

iii) How would standard deviation of the present value distribution help in capital budgeting decisions?

SECTION – C (Compulsory) (1x10=10)

14. Company Y is operating an elderly machine that is expected to produce a net cash inflow of ₹ 40,000 in the coming year and ₹ 40,000 next year. Current salvage value is ₹ 80,000 and next year value is ₹ 70,000. The machine can be replaced with new machine which cost ₹ 1,50,000 but which is more efficient and will provide a cash inflow of ₹ 80,000 a year for 3 years. Company Y wants to know whether it should replace the equipment now or wait a year with a clear understanding that the new machine is the best of the available alternatives and that it in turn be replaced at the optimal point. Ignore tax. Take opportunity cost of capital as 10%. Advise with reasons.

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Mangaluru
Semester II– P.G. Examination – M.Com.(Finance and Analytics)
April – 2019
GOODS AND SERVICES TAX & CUSTOMS

Time: 3 hrs.   Max Marks: 70

SECTION – A

Answer any FIVE questions.   (5x4=20)

1. Define the term Goods and Service Tax.

2. Explain the term Place of Supply.

3. What is Input Tax Credit?

4. Karanth Traders are a business registered under Section 10 of GST Act. Their aggregate turnover during the year is ₹90,00,000. Their inward supplies include goods procured – Intra-State ₹27,00,000
    - Inter-State ₹5,00,000
    - Imports ₹12,00,000

   In all the above cases they have paid the necessary GST amount.
   Are they eligible for registration under Section 10?
   Calculate GST liability, if eligible.

5. From the following information determine the Assessable value and customs duty payable:
   FOB value of goods imported ₹300,000. Transportation and Landing cost and cost of insurance payable is to be considered. Rate of BCD 10%, IGST 12%.

6. Mention the features of Customs Duty.

7. What is Works Contract?

SECTION – B

Answer any FOUR questions.   (4x10=40)

8. Explain the structure of GST (Dual Model).

9. Discuss different kinds of supply under GST Act.

10. Explain Inter-State supply and Intra-State supply.

11. An importer has imported raw material from America at a cost of $50,000. Other details are as follows:
    a) Goods were packed for which packing charges were charged - $5,000.
    b) Goods were stuffed in returnable containers. Price of containers $2,000.
    c) Insurance charges - $250.
    d) Sea Freight charges - $4,000.
    e) Importer had paid commission to broker in America who arranged the transaction - $500.
    f) Rate of exchange - $1 = ₹65.
    g) Customs duty – 12.5%.
    h) GST levied on such materials in India at 18%.
    Calculate assessable value and customs duty payable.

PS 354.2

12. Kumar, a registered dealer had input tax credit for CGST and SGST ₹750 and ₹1050 respectively in respect of purchase of inputs and capital goods. He manufactured 1800 litres of finished products. 200 litres were normal loss in the process. The final product was sold at uniform price of ₹10 per litre as follows:

Goods sold within the State – 800 litres
Finished product sold in inter-state sale – 650 litres
Goods sent on stock transfer to consignment agents outside the State – 350 litres.

   Further CGST and SGST rate on the finished product of dealer is 5% and 7% respectively.
Further IGST rate is 12%. Calculate tax liability of SGST and CGST to be paid after tax credit.

13. A media service provider registered in Kerala, has provided the following services. Compute the GST payable.
   a) Selling of space for advertisement in print media ₹5,00,000 (GST rate 5%) (IGST paid on inward supplies ₹2,500).
   b) Service provided to UNO for creating awareness about Dengue and other related diseases in India ₹800,000 (exempt) (SGST paid ₹4,200 and CGST paid ₹5,500).
   c) Job work in relation to printing of newspaper ₹400,000 (GST 5%) (IGST paid ₹1,000).
   d) Services to an agriculturist in relation to agricultural activities ₹50,000 (Exempt) (CGST paid ₹800 and SGST ₹900).
   e) Creation of banners and brouchers for an event management company in Chennai ₹1,20,000 (GST 18%) (CGST paid ₹1,900 and SGST paid ₹1,800).

SECTION – C

14. **Compulsory**   (10)

   Following are the transactions of a taxable person in Andhra Pradesh for the month of December 2018.

   Compute total turnover and the GST payable;
   a) Supply to taxable person in Guntoor (AP) 5% ₹200,000.
   b) Supply to taxable person in Karnataka (Nil Rate) ₹4,80,000.
   c) Supply to a taxable person in Chennai (12%) ₹400,000.
   d) Supply to taxable person in Vijaywada (AP) at the instructions of a dealer in Jammu & Kashmir (18%) ₹800,000.
   e) Supply to a unregistered person in Andhra Pradesh (28%) ₹3,20,000.
   f) Supply to SEZ developer in Andhra Pradesh (18%) ₹800,000.
   g) Supply to taxable person in Pondicherry (12%) ₹400,000.
   h) Supply to registered person in Mumbai (Exempt) ₹600,000.
   i) Export to Nepal (12%) ₹800,000.
   j) Supply to unit of SEZ in Vishakapatnam (5%) ₹600,000.
   k) Supply to a taxable person in Kakinada (AP) (12%) ₹300,000.
   l) Supply to a composite dealer in Madhurai (18%) ₹800,000.
   m) Credit in Electronic Credit Ledger: IGST ₹194,000, CGST ₹1,20,000 and SGST ₹1,60,000.

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BUSINESS RESEARCH METHODS

Time: 3 Hours

Max. Marks: 70

SECTION – A

Answer any **FIVE** of the following:

(5x4=20)

1. Define Business Research. State its objectives.

2. What are the characteristics of a good research design?

3. Distinguish between stratified sampling and cluster sampling techniques.

4. What do you mean by point estimation and interval estimation?

5. Distinguish between qualitative and quantitative data.

6. What is the role of a Hypothesis in a research?

7. A manager of a department store would like to study women's spending per year on cosmetics. He is interested in knowing the population proportion of women who purchase their cosmetics primarily from his store. If he wants to have a 90 percent confidence of estimating the true proportion to be within ± 0.045, what sample size is needed?

SECTION - B

(4x10=40)

Answer any **FOUR** of the following:

8. Explain the steps involved in constructing a questionnaire.

9. Discuss in detail the process of writing a research report.

10. There were two types of drugs (1 and 2) that were tried on some patients for reducing weight. There were 8 adults who were subjected to drug 1 and seven adults who were administered drug 2. The decrease in weight (in Pounds) is give below;

Drug 1	10	8	12	14	7	15	13	11
Drug 2	12	10	7	6	12	11	12	-

Do the drugs differ significantly in their effect on decreasing weight? You may use 5 percent level of significance. Assume that the variances of two population are not same.

11. The following are the number of words per minute which a secretary typed on several occasions on three different type writers.

Type writer 1	71	78	70	69	77	72	65	69
Type writer 2	74	76	72	70	69	68	72	73
Type writer 3	70	72	66	64	63	67	69	70

Test whether the differences among the mean of the three samples can be attributed to chance. You many use a 5 percent level of significance.

12. A sample of 870 trainees were subjected to different types of training classified as intensive, good and average and their performance was noted as above average, average and poor. The resulting data is presented in the table below. Use a 5 percent level of significance to examine whether there is any relationship between the type of training and performance.

Performance	Training			
	Intensive	Good	Average	Total
Above Average	100	150	40	290
Average	100	100	100	300
Poor	50	80	150	280
Total	250	330	290	870

13. An icecream vendor has an average sale of ₹ 500 per day. Due to establishment of a school in the locality he expects the ice cream sale to increase. The sale figure for the first two weeks after the start of school are as under.

547, 507, 550, 613, 490, 580, 570, 460, 595, 585, 530, 526, 549, 570

Can it be concluded that ice-cream vendor's sale have increased? Test at 5% level of significance.

SECTION – C (Compulsory)

(1x10=10)

14. The following table presents the number of the defective pieces produced by three workmen operating in turn on three different machines.

	Machine 1	Machine 2	Machine 3
Workman 1	27	34	23
Workman 2	29	32	25
Workman 3	22	30	22

Conduct two way ANOVA to test at 5 percent level of significance, whether:

i) The difference among the means obtained for the three workmen can be attributed to chance.

ii) The difference among the means obtained for three machines can be attributed to chance.

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