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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020

CORPORATE ACCOUNTING - II

Time: 3 Hours

Max. Marks: 100

SECTION – A

Answer any **FIVE** of the following:

(5x2=10)

1. State any two preferential creditors.
2. Define Amalgamation.
3. List any two objectives of Internal Construction.
4. What is Economic Value Added?
5. Explain 'Minority Interest'.
6. What is capital reserve?
7. What is joint arrangement as per IFRS – 11?

SECTION – B

Answer any **FOUR** of the following:

(4x12=48)

8. Liabilities and assets of ABC Limited as on 31st March 2018 as follows:

	₹
Equity shares of ₹ 10 each	30,00,000
10% Preference shares of ₹ 100 each	15,00,000
Reserves & Surplus	18,00,000
12% Debentures	14,00,000
Current Liabilities	10,00,000
Fixed assets	65,00,000
Investments	12,00,000
Floating assets	10,00,000

XYZ Limited agreed to take over ABC Limited as per the following agreements;

- i) Fixed assets valued at 90% of the book value
- ii) Investment valued at 10% above the par value
- iii) Stock in trade at cost ₹ 5 lakh agreed to take over at a discount of 20%
- iv) Preference shares discharged at 10% premium by issuing 10% preference shares of ₹ 100 each.
- v) Debentures discharged at 15% premium by issuing 12% debentures of XYZ Limited.
- vi) ABC Ltd Equity Share holders are to be issued 5 equity shares of ₹ 10 each in XYZ Limited for every 3 shares held by them.

You are required to calculate purchase consideration by using

- i) Net Assets method ii) Net Payment method.

Contd...2

9. The following is the Balance Sheet of Bharath Co. Ltd, as on 31.03.2018.

Liabilities	₹
7,500 Preference shares of ₹ 100 each	7,50,000
5,000 Equity shares of ₹ 100 each	5,00,000
Sundry creditors	30,000
Bank overdraft	20,000
	13,00,000

Assets	₹
Patents at cost	8,50,000
Leasehold Premises	1,30,800
Plant & Machinery	42,200
Stock on hand	55,000
Sundry debtors	76,500
Discount on Issue of Shares	18,000
Preliminary Expenses	12,000
Profit & Loss a/c	1,15,000
Cash in hand	500
	13,00,000

The company suffered huge losses and therefore, it was decided to reconstruct the company. The following scheme was adopted;

- Preference shares be reduced to an equal number of fully paid shares of ₹ 50 each. The Equity shares to be reduced to an equal number of fully paid shares of ₹ 25 each.
- All losses and fictitious assets to be written off. ₹ 30,800 off the leasehold premises, ₹ 15,000 of the stock, 20% off the plant & machinery and Debtors and the balance available to write off patents.

Pass journal entries.

10. a) Explain the methods of winding up of a company.
 b) The Optimist Ltd went into liquidation. Its assets realized at ₹ 3,50,000 excluding amount realized by sale of securities held by the Secured Creditors. The companies share capital consists of 1,000 equity shares of ₹ 100 each and secured creditors of ₹ 35,000, Preferential Creditors ₹ 6,000, unsecured creditors ₹ 1,40,000. Debentures having a floating charge on the assets of the company ₹ 2,50,000. Liquidation expenses amounted to ₹ 5,000 and Liquidators remuneration paid ₹ 7,500. Prepare Liquidators final statement of Account.
11. Prepare consolidated Balance Sheet from the information given below: H Ltd acquired 1,200 shares of S Ltd on 1st October, 2017.

Balance Sheet as on 31.3.2018

Liabilities	H Ltd ₹	S Ltd ₹	Assets	H Ltd ₹	S Ltd ₹
Eq.shares @ ₹ 10 each	1,00,000	20,000	Fixed assets	80,000	12,000
Reserves	10,000	6,000	Stock	61,000	24,000
Profit & Loss a/c	40,000	12,000	Debtors	13,000	17,000
Bills Payable	---	3,000	Bills Receivable	1,000	---
Creditors	20,000	12,000	Shares in S Ltd (at cost)	15,000	---
	1,70,000	53,000		1,70,000	53,000

- a) All the profits of S Ltd. have been earned since the shares were acquired by H Ltd but there was already the reserve of ₹ 6,000 on that date.
 b) The bills accepted by S Ltd are all in favour of H Ltd which has discounted ₹ 2,000 of them.
 c) The stock of H Ltd includes ₹ 5,000 bought From S Ltd at a profit to the latter at 25% on cost.

12. The books of S Ltd, showed the following balances on 31.03.2018.

Liabilities	₹	Assets	₹
Share Capital (shares of ₹ 10 each)	1,20,000	Patents	1,20,000
Creditors	1,40,000	Plant	40,000
		Stock	30,000
		Debtors	50,000
		Cash	1,250
		Preliminary expenses	7,250
		P & L a/c	11,500
	2,60,000		2,60,000

The company cannot raise further capital and patents were shown at a higher value. The following scheme was adopted;

- i) A new company called P Ltd, is formed to take over the business of S Ltd, with an authorized capital of ₹ 2,00,000.
 ii) Liability to the creditors to be discharged by the new company by cash payment of 0.50 in the rupee and 0.50 in the rupee by issue of 6% debentures in the new company.
 iii) The shareholders of old company to be issued 12,000 shares of ₹ 10 each, ₹ 5 per share paid and the balance of ₹ 5 per share being payable on allotment.
 iv) The liquidation expenses ₹ 1,750 to be paid by the new company.
 Prepare Realization account and shareholders account in the book of S Ltd.

13. Explain the following according to International Financial Reporting Standards 3 - Business Combinations.

- a) Business Combination b) Business c) Acquisition date
 d) Acquirer e) Acquiree f) Three elements of acquisition of business

SECTION - C

Answer any **TWO** of the following:

(2x16=32)

14. Balance Sheet of A Ltd as follows:

Liabilities	₹	Assets	₹
60,000 Equity Shares @ ₹ 10 each	6,00,000	Freehold premises	2,20,000
Profit prior to incorporation	21,000	Machinery	2,77,000
Contingency reserve	1,35,000	Furniture	90,800
Surplus	1,26,000	Debtors	76,000
Trade payables	2,33,000	Cash	1,58,800
Provision for income tax	1,10,000	Bills receivable	15,000
		Inventories	3,87,400
	12,25,000		12,25,000

A Ltd was wound up and B Ltd took over the following assets at values noted against them;

Freehold premises ₹ 4,00,000 Machinery ₹ 1,60,000 Furniture ₹ 80,000
 Inventories ₹ 3,45,000 Bills Receivable ₹ 15,000

Trade receivables realized ₹ 79,500. Trade payables were fully settled by B Ltd. Liquidation expenses amounting to ₹ 4,000.

One fourth of the consideration was satisfied by the allotment of fully paid preference shares of ₹ 100 each at par. The balance was paid in the form of 'B' Ltd equity shares of 10 each fully paid equity shares.

You are required to calculate;

- Number of equity shares and preference shares to be allotted by B Ltd in discharge of consideration.
 - Prepare Realization account and Equity shareholders a/c in the book of A Ltd.
 - Pass journal entries in the books of B Ltd.
15. From the following Balance Sheet as on 31st March 2018, prepare consolidated balance sheet of A Ltd and its subsidiary B Ltd.

	A (₹)	B (₹)		A (₹)	B (₹)
Shares of ₹ 10 each	25,00,000	6,00,000	Land	6,40,000	2,00,000
General Reserve	3,60,000	1,20,000	Machinery	12,60,000	3,40,000
Surplus a/c	2,40,000	1,80,000	Furniture	1,40,000	60,000
Trade Creditors	3,50,000	1,00,000	40,000 shares in B Ltd	5,00,000	---
			Stock	4,10,000	2,50,000
			Debtors	3,80,000	1,00,000
			Bank balance	1,20,000	50,000
	34,50,000	10,00,000		34,50,000	10,00,000

A Ltd, acquired the shares of B Ltd on 1st July, 2017. On 1st April 2017, B Ltd, has undistributed profits of ₹ 1,00,000 and general reserve of ₹ 80,000. B Ltd, paid a dividend of 10% for the previous year, paid in the month of October 2017. The dividend was credited by A Ltd, to its profit and loss a/c. Trade creditors of B Ltd, include ₹ 25,000 for good supplied by A Ltd. The closing stock of B Ltd, include goods worth ₹ 50,000 which were supplied by A Ltd, at a profit of 25% on cost.

16. Write short notes on the following according to IFRS 10.
- Investment entity (3)
 - Control (4)
 - Consolidation Financial Statement Procedures (5)
 - Non-Controlling interests (4)

SECTION - D

Answer the following:

(1x10=10)

17. A Ltd. Went into voluntary liquidation with the following liabilities;

	₹	₹
Creditors		12,000
Bank overdraft		20,000
Capital: 10,000 preference shares of ₹ 10 each, ₹ 7 called up		70,000
10,000 equity shares of ₹ 10 each,		
₹ 9 called up	90,000	
Less calls in Arrears	2,000	88,000
Amount received in anticipation of calls;		
On preference shares	24,000	
On Equity shares	4,000	28,000

The assets realized ₹ 2,00,000. Expenses of liquidation amounted to ₹ 2,000 and liquidators remuneration ₹ 3,000. Prepare Liquidators Statement of Account.

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St Aloysius College (Autonomous)
Mangaluru
B.Com. - Semester VI – Degree Examination
September - 2020
FOREIGN EXCHANGE MANAGEMENT

Time: 3 hrs.

Max Marks: 100

SECTION – A**Answer any FIVE of the following.****(5x2=10)**

1. What is Flexible Exchange rate?
2. What is Foreign Exchange rate?
3. What is Merchant Business?
4. Give the meaning of Ready exchange rate.
5. What are forward exchange contract?
6. What are Swap deals?
7. What is arbitrage operation?

SECTION - B**Answer any FOUR of the following.****(4x12=48)**

8. Explain the causes of fluctuations in the Exchange Market.
9. Explain Correspondent Banking and its functions.
10. Provide an account of Participating Institutions in the Foreign Exchange Market.
11. Explain forward exchange rate contract.
12. Explain the Ready Exchange Rate for Trading and Non-Trading Transactions.
13. Explain organization and functions of foreign exchange department of a bank.

SECTION – C**Answer any TWO of the following.****(2x16=32)**

14. Explain purchasing power parity theory of Foreign Exchange.
15. Explain the main provisions of FEMA.
16. Explain determination of exchange rates in foreign exchange market.

SECTION – D**Answer the following:****(10)**

17. On 25th July, a customer presents to the bank at sight documents for USD 1,00,000 under an irrevocable letter of credit. The letter of credit provides for reimbursement by the negotiating bank's own demand draft on the opening bank at New York.

Assuming US Dollar / Rupee are quoted in the local interbank market as under:

Spot USD 1	= ₹ 69.6525/.6650
Spot/August	= .6000/.5700
Spot/September	= 1.000/0.9700
Spot/October	= 1.4000/.3900

Transit period for bill is 25 days. What rate will the bank quote to its customer provided it required an exchange margin of 0.15%?

Calculate and show the amount in rupee payable to the customer.

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St Aloysius College (Autonomous)

Mangaluru

**B.Com. - Semester VI - Degree Examination
September - 2020**

INVESTMENT MANAGEMENT

Time: 3 hrs.

Max Marks: 100

SECTION - A

Answer any FIVE of the following.

(5x2=10)

1. Define Investment Banking.
2. Give the meaning for 'Mezzanine Financing'.
3. List out any four examples for Tax Sheltered Investments.
4. Who are the promoters of CRISIL?
5. Compare Open-end funds and Close-end funds (any two points).
6. Explain briefly the concept, "Book-building".
7. What is Due-Diligence Certificate?

SECTION - B

Answer any FOUR of the following.

(4x12=48)

8. Define Venture Capital. Enumerate the stages involved in Venture Capital Financing.
9. Distinguish between:
 - (a) Operating Lease and Financial Lease **(6)**
 - (b) New Issues Market and Secondary Market **(6)**
10. What must be the qualities for successful investors, as suggested by Warren Buffet? What are the common mistakes the equity investors make?
11. Highlight the important functions and services rendered by SHCIL.
12. What is Investment Banking? Explain the functions of an investment banking.
13. Enlist the important objectives and functions of IDBI.

SECTION - C

Answer any TWO of the following.

(2x16=32)

14. Discuss the problems and potentials in Real estate investment. How it differs from investment in Mutual funds?
15. Define Merchant Banking. Describe in detail the various functions performed by Merchant Bankers in India.
16. Alpha Ltd. is thinking to install a computer. The company is in the 50% tax bracket.

Contd...2

Additional details:

Purchase of computer:

Purchase price	₹ . 20,00,000
Annual maintenance (to be paid in advance)	₹ . 50,000 per year
Expected economic useful life	6 years
Depreciation (for tax purposes) on SLM basis.	
Salvage value	₹ . 2,00,000

Leasing of computer:

Lease charges (to be paid in advance) ₹ . 4,50,000

Maintenance expenses to be borne by lessor.

Payment of loan : 6 year- end equal installments of ₹ . 5,14,271.

Decide whether to purchase computer outright (through 14% borrowing) or to acquire on lease rental basis.

SECTION – D

Answer the following:

(10)

17. What do you mean by Money market? Explain the functions of money market.

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
CORPORATE LAW AND GOVERNANCE

Time: 3 Hours

Max. Marks: 100

SECTION – A

Answer any **FIVE** of the following

(5x2=10)

1. What is a Quorum?
2. What is Articles of Association?
3. Give the meaning of Book- Building.
4. Give any two differences between Public Company and Private Company.
5. Who is a Company's Liquidator?
6. What is meant by statutory meeting?
7. Define Joint Stock Company under Companies Act 2013.

SECTION – B

Answer any **FOUR** Questions:

(4x12=48)

8. What is Memorandum of Association? Explain the clauses of Memorandum of Association.
9. Explain briefly the different stages of formation of a Company.
10. Define 'Resolution'. Explain the different types of resolutions.
11. Who is a director of a Company? State the qualifications and disqualifications of a Company Director.
12. What are the duties and liabilities of a member? Explain briefly.
13. What is Prospectus? Explain the contents of Prospectus?

SECTION - C

Answer any **TWO** questions:

(2x16=32)

14. Who is a Member of Company? Explain the modes of acquiring membership of a Company.
15. What is Company Meeting? Explain the essential requisites of a valid Company Meeting.
16. Explain the role of ROC and NFRA in the formation and functioning of the company.

SECTION – D

Answer the following question.

(1x10=10)

17. State the facts of the case, and the principles decided in the famous case 'Salomon vs Salomon and Co. Ltd' regarding Corporate personality.

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
ACCOUNTING SOFTWARE AND E-COMMERCE

Time: 3 hrs.

Max Marks: 100

SECTION – A

Answer any **FIVE** of the following. (5x2=10)

1. Discuss on the characteristics & advantages of brokerage model.
2. Explain Digital Marketing.
3. Define CRM and the advantages of CRM.
4. Why does SAP ERP required? Discuss.
5. Discuss on Peach tree accounting.
6. Mention the two types of consumer segmentation in E-marketing.
7. What is Peachtree Multi-user Value Pack?

SECTION - B

Answer any **FOUR** of the following. (4x12=48)

8. Explain with suitable example the different types of digital marketing.
9. List and explain any three marketing domains.
10. What are the different modules of SAP ERP? Explain.
11. Write the basic structure of HTML. Explain with example.
12. Explain Human Resource Management and Manufacturing in SAP ERP.
13. Write the steps to create, add, modify and delete an account using Peachtree Accounting Software.

SECTION – C

Answer any **TWO** of the following. (2x16=32)

14. Write and explain the strengths and applications of e-marketing.
15. How can e-marketing aid the processes of CRM and consumer segmentation? Explain.
16. Describe E-commerce architecture and its components in detail with the help of diagram. Explain how e-commerce is helpful to business success?

SECTION – D

Answer the following: (10)

17. What are the objectives of E-mail Marketing? Discuss the E-mail Marketing practices.

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
STRATEGIC FINANCIAL MANAGEMENT

Time: 3 Hours

Max. Marks: 100

SECTION – AAnswer any **FIVE** questions carrying 2 marks each.**(5×2=10)**

1. What is optimal Capital structure?
2. What do you mean by trading on equity?
3. What are Stock splits?
4. A Company has a book value per share is ₹ 137.80. Its return on equity is 15% and follows a policy of retaining 60% of its earnings. If the opportunity cost of Capital is 18%, what is the price of the share today?
5. State the different forms of Dividend.
6. List any four assumptions of M M hypothesis.
7. Differentiate between merger and Absorption.

SECTION – BAnswer any **FOUR** questions carrying 12 marks each.**(4×12=48)**

8. Explain the concept of project appraisal and also highlight the contents of a project report.
9. Briefly explain different stages in Mergers and Acquisitions. What are the reasons for failures in Mergers and Acquisitions?
10. Agnes Ltd is capitalized with equity share capital of ₹ 5,00,000 of ₹ 100 each. The Management desires to raise another ₹3,00,000 to finance a major expansion programmer from the following financial schemes.
 - a. Issue equity shares of ₹ 100 each.
 - b. ₹ 1,50,000 equity capital (₹ 100 each) and ₹ 1,50,000 10% debentures.
 - c. All debentures at 12% per annum.
 The EBIT of the company amounts to ₹ 1,50,000, Assuming a tax rate of 55%. Calculate EPS for all the financial plans. Also compute indifference point.
11. The following data relates to two companies belonging to same risk class.

Particulars	CAM Ltd	CAD Ltd
Total value of Assets	₹ 15,00,000	₹ 15,00,000
Rate of return on assets	20%	20%
10% debt	₹ 1,20,000	_____
Equity Capitalization rate	_____	15%

- a. Calculate the cost of capital and the value of both the firms assuming a corporate tax rate at 40% as per MM approach.

- b. Calculate the cost of capital and value of both the firms assuming there is no corporate tax as per MM approach.
12. The following information is available in respect of a firm:
 Capitalization rate = 10%
 EPS = ₹ 50
 Assumed rate of return on investments:
 i) 12% ii) 8% iii) 10%
- Show the effect of dividend policy on market price of shares applying Walter's formula with dividend pay out ratio is:
- 0%
 - 20%
 - 40%
13. A Chemical company is considering investing in a project costing ₹ 5,00,000/-. The life of the project is 5 years and estimated salvage value is ₹ 40,000/-. Tax rate is 55% .The company uses straight line method of depreciation. The proposed estimated earnings before depreciation and before taxes are as follows:

Year	Amount (₹)
1	1,00,000
2	1,00,000
3	1,50,000
4	1,50,000
5	2,50,000

Determine the following:

- Payback period
- Accounting rate of return.

SECTION - C

Answer any **TWO** of the following.

(2x16=32)

14. Define capital Budgeting? Explain the steps involved in capital budgeting process.
15. What is corporate restructuring? Explain the types of Business combinations and state the benefits of mergers and Acquisitions.
16. Jheel Ltd expects annual NOI of ₹ 2,00,000. It has ₹ 5,00,000 outstanding debt, cost of debt is 10%. If the overall capitalization rate is 12.5%. What would be the total value of the firm and the equity capitalization rate according to Net operating Income approach? What will be the effect on the total value of the firm and equity capitalization rate if:-
- If the firm increases the debt from ₹ 5,00,000 to ₹ 7,50,000 and uses the proceeds of debt to repurchase equity shares.
 - If the firm redeems debt of ₹ 2,50,000 by issuing fresh equity shares of the same amount.

SECTION - D

Answer the following question.

(1x10=10)

17. Over the last several years, JMC projects has evolved as a prominent construction and manufacturing services company. On the backdrop of dynamic competitive landscape, JMC has planned to venture into power segment of the market, which is a key constituent of infrastructure.
- You have been appointed as the project manager of this upcoming project of the company. You are required to analyse the project taking into consideration the various factors while appraising this project.

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St Aloysius College (Autonomous)

Mangaluru

B.Com. ACCA - Semester VI – Degree Examination

September - 2020

CORPORATE REPORTING

Time: 3 hrs.

Max Marks: 100

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. An entity has the following items of inventory. Raw materials costing \$12,000 bought for processing and assembly for a profitable special order. Since buying these items, the cost price of the raw materials has fallen to \$10,000.

In accordance with IAS 2 Inventories, at what amount should the above items be valued?

2. An entity has three stages of production:

- A – growing and felling trees
- B – creating parts of wooden furniture
- C – assembling the parts from B into finished goods.

The output of A is timber that is partly transferred to B and partly sold in an external market. If A did not exist, B could buy its timber from the market. The output of B has no external market and is transferred to C at an internal transfer price. C sells the finished product in an external market and the sales revenue achieved by C is not affected by the fact that the three stages of production are all performed by the entity.

Identify the cash-generating unit(s)

3. The following material events have occurred after the reporting period and prior to the date of approval of the financial statements by the directors.

- (i) The insolvency of a major credit customer
- (ii) The uninsured loss of inventory in a fire
- (iii) The proposal of a final equity dividend
- (iv) A change in foreign exchange rates.

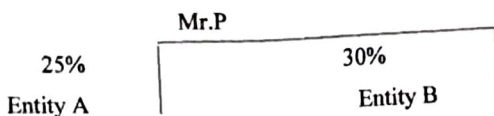
State whether the above are adjusting or non-adjusting events.

4. A company enters into a derivative contract in order to protect its future cash inflows relating to a recognized financial asset. At inception, when the fair value of the hedging instrument was nil, the relationship was documented as a cash flow hedge. By the reporting date, the loss in respect of the future cash flows amounted to \$9,100 in fair value terms. It has been determined that the hedging relationship meets all effectiveness criteria.

Explain the accounting treatment of the cash flow hedge if the fair value of the hedging instrument at the reporting date is \$8,500

5. Explain materiality in the context of financial reporting under current scenario.
6. What are the principles in the ACCA code of conduct and ethics?

7.



Mr. P is able to exert significant influence over entity A and entity B.

Explain whether or not entity A and entity B are related parties.

SECTION - B

(4x12=48)

Answer any **FOUR** of the following.

8. The following information is provided in relation to a defined benefit plan operated by Celine. At 1 January 20X4, the present value of the obligation was \$140 million and the fair value of the plan assets amounted to \$80 million.

	20X4	20X5
Discount rate at start of year	4%	3%
Current and past service cost (\$m)	30	32
Benefits paid (\$m)	25	30
Present value of obligation at 31 December (\$m)	200	230
Fair value of plan assets at 31 December (\$m)	120	140

Determine the net plan obligation or asset at 31 December 20X4 and 20X5 and the amounts to be taken to profit or loss and other comprehensive income for both financial years.

9. Cap bought a building on 1 January 20X1. The purchase price was \$2.9m, associated legal fees were \$0.1m and general administrative costs allocated to the purchase were \$0.2m. Cap also paid sales tax of \$0.5m, which was recovered from the tax authorities. The building was attributed a useful life of 50 years. It was revalued to \$4.6m on 31 December 20X4 and was sold for \$5m on 31 December 20X5.

Cap purchased a machine on 1 January 20X3 for \$100,000 and attributed it with a useful life of 10 years. On 1 January 20X5, Cap reduced the estimated remaining useful life to 4 years.

Explain how the above items of property, plant and equipment would have been accounted for in all relevant reporting periods up until 31 December 20X5.

10. Give a note on events after the reporting period, provisions and contingencies.
11. On 1 January 20X1, Dynamic entered into a two year lease for a lorry. The contract contains an option to extend the lease term for a further year. Dynamic believes that it is reasonably certain to exercise this option. Lorries have a useful life of ten years. Lease payments are \$10,000 per year for the initial term and \$15,000 per year for the option period. All payments are due at the end of the year. To obtain the lease, Dynamic incurs initial direct costs of \$3,000.
- The lessor immediately reimburses \$1,000 of these costs. The interest rate within the lease is not readily determinable. Dynamic's incremental rate of borrowing is 5%.
- Calculate the initial carrying amount of the lease liability and the right-of-use asset and provide the double entries needed to record these amounts in Dynamic's financial records.**

12. Discuss the five step model relating to revenue earned from a contract with a customer.
13. a. Discuss and apply the 'fair value hierarchy'
- b. On 1 January 20X1, AB acquires a building for \$200,000 with an expected life of 50 years. On 31 December 20X4 AB puts the building up for immediate sale. Costs to sell the building are estimated at \$10,000.

Outline the accounting treatment of the above if the building had a fair value at 31 December 20X4 of: (a) \$220,000 (b) \$110,000.

SECTION – C

(2x16=32)

Answer any TWO of the following.

14. i. On 1 December 20X1, Wade receives an order from a customer for a computer as well as 12 months' of technical support. Wade delivers the computer (and transfers its legal title) to the customer on the same day. The customer paid \$420 upfront. If sold individually, the selling price of the computer is \$300 and the selling price of the technical support is \$120.

Apply the 5 stages of revenue recognition, per IFRS 15, to determine how much revenue Wade should recognise in the year ended 31 December 20X1. (8 marks)

- ii. On 1 June 20X1, Clock received written confirmation from a local government agency that it would receive a \$1 million grant towards the purchase price of a new office building. The grant becomes receivable on the date that Clock transfers the \$10 million purchase price to the vendor. On 1 October 20X1 Clock paid \$10 million in cash for its new office building, which is estimated to have a useful life of 50 years. By 1 December 20X1, the building was ready for use. Clock received the government grant on 1 January 20X2.

Discuss the possible accounting treatments of the above in the financial statements of Clock for the year ended 31 December 20X1 (8 marks)

15. On the 1 July 20X1 Saint acquired 60% of Albans, whose functional currency is Ds. The presentation currency of the Saint group is the dollar (\$). The financial statements of both entities are as follows.

Statements of financial position as at 30 June 20X2

	Saint	Albans
	\$	D
Assets		
Investment in Albans	5,000	–
Loan to Albans	1,400	–
Property, plant and equipment	10,000	15,400
Inventories	5,000	4,000
Receivables	4,000	500
Cash and cash equivalents	1,600	560
	27,000	20,460

Equity and liabilities	\$	D
Equity capital (\$1/D1)	10,000	1,000
Share premium	3,000	500
Retained earnings	4,000	12,500
Non-current liabilities	5,000	5,460
Current liabilities	5,000	1,000
	27,000	20,460

The following information is applicable.

- (i) Saint purchased the shares in Albans for D10,000 on the first day of the accounting period. At the date of acquisition the retained earnings of Albans were D500. The fair value of Albans' net assets exceeded the carrying amount by D1,000. This fair value adjustment was attributable to plant with a remaining five-year life as at the date of acquisition.
- (ii) Just before the year-end Saint acquired some goods from a third party at a cost of \$800, which it sold to Albans for cash at a mark-up of 50%. At the reporting date all these goods remain in the inventories of Albans.
- (iii) On 1 June 20X2 Saint lent Albans \$1,400. The liability is recorded at the historic rate within the non-current liabilities of Albans.
- (iv) Saint measures non-controlling interests at acquisition at fair value. The fair value of the non-controlling interest in Albans at the date of acquisition was D5,000. An impairment review was performed and goodwill had reduced in value by 10% at 30 June 20X2.
- (v) On 1 July 20X1, Saint received a government grant for \$4,000. This grant was provided as a contribution towards the costs of training employees over the next two years. Saint has reduced its administrative expenses by the full \$4,000.
- (vi) Exchange rates are as follows:

	D: \$1
1 July 20X1	2.0
Average rate	3.0
1 June 20X2	3.9
30 June 20X2	4.0

Prepare the equity section of the consolidated statement of financial position as at 30 June 20X2. You should show the foreign exchange differences arising on the translation of Albans in a separate reserve.

16. The statements of profit or loss and extracts from the statements of changes in equity for the year ended 31 December 20X9 are as follows:

Statements of profit or loss for the year ended 31 December 20X9

	Kathmandu group	Nepal
	\$	\$
Revenue	553,000	450,000
Operating costs	450,000)	(400,000)
Operating profits	103,000	50,000
Investment income	8,000	–
Profit before tax	111,000	50,000
Tax	(40,000)	(14,000)
Profit for the period	71,000	36,000

Extracts from SOCIE for year ended 31 December 20X9

	Kathmandu group	Nepal
	\$	\$
Retained earnings b/f	100,000	80,000
Profit for the period	71,000	36,000
Dividend paid	(25,000)	(10,000)
Retained earnings c/f	146,000	106,000

There were no items of other comprehensive income during the year

Additional information

- The accounts of the Kathmandu group do not include the results of Nepal.
- On 1 January 20X5 Kathmandu acquired 70% of the shares of Nepal for \$100,000 when the fair value of Nepal's net assets was \$110,000. Nepal has equity capital of \$50,000. At that date, the fair value of the non-controlling interest was \$40,000. It is group policy to measure the NCI at fair value at the date of acquisition.
- Nepal paid its 20X9 dividend in cash on 31 March 20X9.
- Goodwill has not been impaired.

Required:

- (a) Prepare the group statement of profit or loss for the year ended 31 December 20X9 for the Kathmandu group on the basis that Kathmandu plc sold its holding in Nepal on 1 July 20X9 for \$200,000. This disposal is not yet recognised in any way in Kathmandu group's statement of profit or loss. Assume that Nepal does not represent a discontinued operation per IFRS 5.
- (b) Explain and illustrate how the presentation of the group statement of profit or loss would differ from part (a) if Nepal represented a discontinued activity per IFRS 5.
- (c) Prepare the group statement of profit or loss for the year ended 31 December 20X9 for the Kathmandu group on the basis that Kathmandu sold half of its holding in Nepal on 1 July 20X9 for \$100,000. This disposal is not yet recognised in any way in Kathmandu group's statement of profit or loss. The residual holding of 35% has a fair value of \$100,000 and leaves the Kathmandu group with significant influence over Nepal.

SECTION – D

Answer the following:

(10)

17. On 1 January 20X4 Growler granted 200 share appreciation rights (SARs) to each of its 500 employees on the condition that they continue to work for the entity for two years. At 1 January 20X4, the entity expects that 25 of those employees will leave each year. During 20X4, 20 employees leave Growler. The entity expects that the same number will leave in the second year.

During 20X5, 24 employees leave.

The SARs vest on 31 December 20X5 and can be exercised during 20X6 and 20X7. On 31 December 20X6, 257 of the eligible employees exercised their SARs in full. The remaining eligible employees exercised their SARs in full on 31 December 20X7.

The fair value and intrinsic value of each SAR was as follows:

Reporting date	FV per SAR	Intrinsic value per SAR
31 December 20X4	\$5	
31 December 20X5	\$7	
31 December 20X6	\$8	\$7
31 December 20X7	\$10	\$10

(a) Calculate the amount to be recognised as a remuneration expense in the statement of profit or loss, together with the liability to be recognised in the statement of financial position, for each of the two years to the vesting date. (4marks)

(b) Calculate the amount to be recognised as a remuneration expense and reported as a liability in the financial statements for each of the two years ended 31 December 20X6 and 20X7 (6 marks)

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT- II

Time: 3 Hours

Max. Marks: 100

SECTION – AAnswer any **FIVE** questions carrying 2 marks each.**(5x2=10)**

1. State any two features of Risk –Free asset.
2. What is meant by Capital Market line?
3. What is Efficient Frontier?
4. What is meant by ‘Arbitrage’?
5. The following information pertains to a two assets portfolio.

	Stock X	Stock Y
Expected return	14%	13%
Standard deviation	3%	2%
Proportion of investment	0.45	0.55
Correlation coefficient of X & Y :	0.5	

Compute the portfolio risk.

6. Anil wants to invest in the stocks of Jaden Ltd., which has a standard deviation of 20%. The risk- free rate is 7%, market return is 13%, standard deviation of the market portfolio is 15%, and the correlation coefficient between the security and the market is 0.80. Using the CAPM model , suggest Anil whether he can invest in the security.
7. The market price of a stock is ₹ 60 and the exercise price is ₹ 50 per share. Maturity period is 3 months. Pramod purchases 5 put options contract of this stock at a premium of ₹ 5. If the price of this share falls to ₹ 40, what would be his profit in the 3 months period?

SECTION – BAnswer any **FOUR** questions carrying 12 marks each.**(4x12=48)**

8. What are Derivatives? Distinguish between Futures and Options.
9. What is Random walk theory? Explain the weak form of market efficiency.
10. Sanjay has bought call and put options;
 - a. He has purchased one 3 month call with a strike price of ₹ 52 and ₹ 2as premium.
 - b. He has paid ₹ 1 per share as premium for a 3 months put option with a strike price of ₹ 50.

- i) What would be Sanjay's position if the stock price moves up to ₹ 53 in 3 months?
- ii) What would be his position if the stock price falls for ₹ 46 in 3 months?
11. Following is the variance – covariance matrix of shares A,B and C. Calculate the risk of the portfolio (Markowitz model).

	Weight	0.33	0.33	0.34
Weight	Security	A	B	C
0.33	A	382	69	40
0.33	B	69	64	68
0.34	C	40	68	38

12. The A and B corporations have the following expected risks and returns for the next year.

	A	B
Return in (%)	20	23
σ	21%	25%

$$r = 0.4$$

- a) Find out the portfolio risk if 50% of funds is allocated for each stock.
- b) Determine the correlation coefficient necessary to reduce the level of portfolio risk by 25%.
13. Pearl and Diamond are the two mutual funds. Pearl has a mean success of 0.15 and Diamond has 0.22.

The Diamond has double the beta of pearl fund's 1.5. The standard deviations of Pearl and Diamond funds are 15% and 21.43%. The mean return of market index is 12% and its standard deviation is 7%. The risk free rate is 8%.

- a. Compute the Jensen Index for each fund.
- b. Compute the Treynor and Sharpe indices for the funds.

Interpret the results.

SECTION – C

Answer any **TWO** of the following.

(2×16=32)

14. What is Portfolio Revision? Explain various formula plans used for portfolio revision.
15. Vinod received ₹ 10 lakh from his pension fund. He wants to invest in the stock market. The treasury bill rate is 5% and the market return variance is 10. The following table gives the details regarding the expected return, beta and residual variance of the individual security What is the optimal portfolio assuming no short sales?

Security	Expected Return (%)	Beta	σ_{ei}^2
A	15	1.0	30
B	12	1.5	20
C	11	2.0	40
D	8	0.8	10
E	9	1.0	20
F	14	1.5	10

16. Estimate the stock return by using CAPM and Arbitrage model. The particulars are given below.

a. The expected return of the market is 15% and the equity's beta is 1.2. The risk free rate of interest is 8%.

<u>Factor</u>	<u>Market price risk</u>	<u>Sensitivity index</u>
Inflation	6%	1.1
Industrial Production	2%	0.8
Risk Premium	3%	1.0
Interest rate	4%	-0.9

What explanations can you offer to explain the differences in two estimates?

SECTION - D

Answer the following question.

(1x10=10)

17. An investor is able to borrow and lend at the risk free rate of 12%. The market portfolio of securities has an expected return of 20% and a standard deviation of 25%. Determine the expected return and standard deviation of the portfolios.

- If all wealth is invested in the risk free asset.
- If $\frac{2}{3}$ is invested in the risk free asset and $\frac{1}{3}$ in the market portfolio.
- If all wealth is invested in the market portfolio. Additionally, the investor borrows $\frac{1}{3}$ of his wealth to invest in the market portfolio.

G 308.6

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**St Aloysius College (Autonomous)
Mangaluru**

**B.Com Semester VI – Degree Examination
September - 2020**

BUSINESS TAXATION - II

Time: 3 hrs.

Max Marks: 100

SECTION – A

Answer any FIVE of the following:

(5x2=10)

1. Who is a casual Taxable person under GST?
2. What is meant by 'Reverse charge' in GST?
3. Who are associated enterprises specified under GST?
4. Mention the bases of levy of customs duty.
5. Classify the following into composite supply and mixed supply:
 - a) Supply of machinery with accessories necessary for its working
 - b) Combo offer of Horlicks, stationery kit and sipper for a single price.
 - c) Supply of lift and its installation
 - d) Supply of packed goods, transport and insurance.
6. Ram Ltd of Haryana sells 100 mobile phones to Vasani Traders of Rajasthan. Ram Ltd delivers the phones to Vasani Traders in its warehouse in Gujarath. Which is the place of supply and which GST is applicable?
7. A manufacturer, manufactures certain goods in his factory worth ₹70,00,000. Input tax paid on the raw materials amounted to ₹24,00,000. Out of goods manufactured, goods worth ₹5,00,000 were distributed as free samples, ₹40,000 worth were used for personal consumption and ₹2,40,000 were lost due to fire. Remaining goods were used for outward supplies. Calculate the eligible input tax credit.

SECTION – B

Answer any FOUR of the following:

(4x12=48)

8. Write a note on 'GST Council'. What are the functions of the Council?
9. Explain the various activities to be treated as supply of goods or supply of services.
10. Mention the persons who are liable for registration and persons who are not liable for registration under GST.
- 11.a) Explain the inclusions in the assessable value for the purpose of levy of customs duty. **(6)**
- b) Explain the prohibition of importation and exportation of goods. **(6)**

Contd...2

- 12.a) What are the parameters to determine time of supply of services? (6)
- b) Determine the time of supply in each of the following case by explaining the reason :

Case No.	Date of Removal	Date of issue of Invoice	Goods made available	Receipt of payment
1.	01/02/2020	02/02/2020	03/02/2020	15/02/2020
2.	03/03/2020	01/03/2020	04/03/2020	05/04/2020
3.	04/01/2020	04/01/2020	06/01/2020	14/12/2019
4.	02/03/2020	28/02/2020	05/03/2020	01/04/2020

- 13.a) Explain the valuation rules as per rule 27,28 and 29. (6)
- b) Determine the transaction value and GST payable from the following details: (6)
- Contracted sale price at the buyer's premises ₹10,00,000
 Price includes the following elements of cost:
 Cost of primary packing : ₹3,500
 Cost of packing at buyer's request for safety during transport ₹7,500
 Cost of drawings and design ₹4,000
 IGST at 12% ₹1,20,000
 Freight and insurance charges paid from factory to place of delivery ₹20,000
 Durable and returnable container charges included ₹10,000. Discount allowed as per trade practice and shown in the invoice ₹20,000.

SECTION – C

Answer any TWO of the following:

(2x16=32)

14. Explain the parameters to find place of supply of goods and place of supply of services where location of supplier and recipient is in India.
15. Following are the transactions of a taxable person in Karwar, Karnataka for the month of February 2020. Compute total turnover and the GST payable:
- a) Supply of metal boxes to a taxable person in Hubli ₹10,00,000 out of the purchases made from Kasargod, on which IGST paid ₹40,000 (5%)
- b) Sale of banana chips to a taxable person in Kochin, Kerala ₹4,50,000. The goods were collected by the buyer from the suppliers shop in Karwar, Karnataka. These were purchased from a registered dealer in Dharwad for ₹3,50,000. CGST & SGST paid ₹8,750 each (5%).
- c) Soaps supplied to an unregistered person in Bengaluru ₹5,00,000 out of the purchases from a taxable person in Tamilnadu for ₹4,00,000, IGST paid ₹48,000 (12%).
- d) Supply of shampoo to Mysore, purchased from Mumbai for ₹16,00,000, IGST paid ₹1,44,000 – (18%).
- e) Supply of stationary articles to a taxable person in Chennai ₹4,00,000, SGST & CGST paid ₹27,000 each (18%).
- f) Supply of Grocery to a composite dealer of Andhra Pradesh for ₹3,00,000 which was purchased from Belgaum, CGST and SGST paid ₹12,000 each (12%)
- g) Supply of rice to a taxable person of Mangaluru ₹1,00,000 (Exempt).
- h) Supply of Banana Halwa to Dubai ₹15,00,000 – (5%). CGST & SGST paid on its purchases ₹4,000 each.
- i) Supply of eatables to SEZ developer ₹ 1,00,000 – (5%). CGST & SGST paid on its purchases ₹4,000 each.
- j) Stock transfer to Kasargod branch ₹6,00,000 – (12%).
- All the above prices are exclusive of tax.

16. a) Explain the procedure of registration under GST. (8)
b) Explain the features and benefits of GST. (8)

SECTION – D

Answer the following:

(1x10=10)

17. a) What is composition levy scheme? Mention its features.
b) Prashanth is a manufacturer of coir mats. He supplied coir mats to Ashok worth ₹80 lakhs plus GST at 5% on the same. Ashok sold the same mats to a customer for ₹98 lakh. If Ashok had opted for composition scheme he would have paid GST at 1%. As a consultant, verify the GST liability under both the schemes and suggest Mr. Ashok which scheme would be better.

G 309.6

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
HUMAN RESOURCE MANAGEMENT- II

Time: 3 Hours

Max. Marks: 100

SECTION – A

Answer any **FIVE** of the following.

(5x2=10)

1. What do you mean by Rotation Transfer?
2. What is Career Counseling?
3. What is Human Resource Audit?
4. What is Labour Welfare?
5. Define Social Security.
6. What is attrition?
7. What is Quality Circle?

SECTION – B

Answer any **FOUR** of the following.

(4x12=48)

8. What are the barriers of QWL? Explain the techniques for improving QWL.
9. Write a note on Workmen Compensation Act 1923.
10. Explain the impact of Globalisation on HRM.
11. What do you understand by Human Resource Ethics? Explain its importance.
12. What is career planning? Explain its need.
13. What are the types of Labour Welfare Services?

SECTION - C

Answer any **TWO** of the following.

(2x16=32)

14. Explain the current Emerging issues in Human Resource Management.
15. What is Labour Turnover? Explain the causes and methods of reducing labour turnover.
16. Explain the concept of Multi- Culturalism in Organisation.

SECTION – D

Answer the following question.

(1x10=10)

17. What is transfer and promotion? Explain the advantages and disadvantages of transfer and promotion.

G 310.6

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St Aloysius College (Autonomous)
Mangaluru
B.Com. Semester VI – Degree Examination
September - 2020
MARKETING MANAGEMENT - II

Time: 3 Hours

Max. Marks: 100

SECTION – A

Answer any FIVE of the following.

(5x2=10)

1. What is a slogan?
2. What is branding?
3. Write any two components of CRM?
4. What is Rural Marketing?
5. What do you mean by loyalty programme?
6. What is Premium Price?
7. Write any two activities involved in retailing?

SECTION – B

Answer any FOUR of the following.

(4x12=48)

8. Write a note on branding & its Characteristics?
9. Describe the different approaches in selecting brand name.
10. What are the reasons for the growth of service sector?
11. Define sustainable marketing & social criticism of marketing?
12. Explain how consumer actions responsible to promote sustainable marketing?
13. What is franchising and what are its types?

SECTION - C

Answer any TWO of the following

(2x16=32)

14. Describe the meaning of CRM & benefits involved in it.
15. What is meant by service? Explain task involved in service marketing?
16. Explain the task that need unique handling in tapping rural market.

SECTION – D

Answer the following question.

(1x10=10)

17. Explain the Characteristics of retailing?

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**St Aloysius College (Autonomous)
Mangaluru**

**B.Com. (ACCA) - Semester VI – Degree Examination
September - 2020**

ADVANCED PERFORMANCE MANAGEMENT

Time: 3 hrs.

Max Marks: 100

SECTION - A

Answer any **FIVE** of the following.

(5x2=10)

1. What do cash cow and Dog symbolize in BCG matrix?
2. What will be the primary objective of a commercial bank? What might be some of its subsidiary or secondary objectives?
3. Suggest two measures (KPIs) for each of the two categories at the business operating systems level, i.e. customer satisfaction and productivity.
4. Provide an example for the following sub-categories of quality cost.
Internal failure costs & External failure costs
5. State with reasons which of the following statements is correct / incorrect:
 - The purpose of SWOT analysis is to rank organizations.
 - Growth share matrix is popularly used for resource allocation.
6. What are the disadvantages of cost-plus pricing for an organization?
7. What is Stakeholder mapping?

SECTION - B

Answer any **FOUR** of the following.

(4x12=48)

8. What is Environmental Management Accounting (EMA)? Discuss the potential benefits to a company of reducing the negative environmental impact of its operations, products or services.
9. What is Just-in-time? Explain the advantages and disadvantages to an organisation of operating a JIT system.
10. Explain the four key considerations when designing a good performance report? Also state the weakness in the information system that could result in poor output reports.
11. The directors of Dream Ice Cream (DI), a successful ice cream producer, with a reputation as a quality supplier, have decided to enter the frozen yogurt market in its country of operation. It has set up a separate operation under the name of Dream Yogurt (DY). The following information is available:
 - DY has recruited a management team but production staff will need to be recruited. There is some concern that there will not be staff available with the required knowledge of food production.
 - DY has agreed to supply yogurts to Jacksons, a chain of supermarkets based in the home country. They have stipulated that delivery must take place within 24 hours of an order being sent.
 - DY hopes to become a major national producer of frozen yogurts.
 - DY produces four varieties of frozen yogurt at present; Mango Tango, Very Berry, Orange Burst and French Vanilla.

Required:

Explain five CSFs on which the directors must focus if DY is to achieve success in the marketplace.

12. a) How can the adoption of ethical behaviour by an organisation help to assist to maximise shareholder wealth?
- b) Many commentators believe that CSR is a morally correct pursuit, but there are powerful arguments against it. Identify and discuss these arguments.
13. In the United Kingdom (UK), railways are facing major challenges. Customers are complaining about poor services. The government is reluctant to spend vast amounts of public money on developing the decaying infrastructure. The inflated costs of commuting by car, such as fuel and congestion charges, are increasing the number of people wanting to use the railways.

Required:

Use PEST and Porter's 5 forces to identify the issues in the external environment and discuss the impact of these factors on the performance of the railways in the UK.

SECTION – C

Answer any TWO of the following.

(2x16=32)

14. a) Identify some of the reasons for corporate failure. **(8)**
- b) You have been asked to recommend actions which need to be taken to prevent failure of an electronics manufacturer which is in financial difficulties. On investigation, you ascertain that the company has been making losses for the last two years. Although the product is well thought of in the market, sales are decreasing slightly. Returns and customer complaints are high. The manufacturing time for the products is 30 days and raw materials inventories are generally held for two weeks. There are also high levels of finished goods inventories. Receivables days are 100.

Required:

What actions do you suggest should be taken?

(8)

15. a) Lincoln & Lincoln Advertising (LLA) is an advertising agency based in Veeland, which is a large well-developed country considered to be one of the wealthiest in the world. LLA operates out of three regional offices (North, East and West) with its head office functions based in the East offices. The business offers a wide range of advertising services:

Strategic: Advising on an overall advertising campaign (mix of advertising channels and overall themes)

Buying: Advising and buying advertising space (on television, radio, websites and in newspapers and magazines); and

Creative: Designing and producing specific adverts for the customers' use.

The company is one of the three largest agencies in Veeland with many years of experience and many awards won. Competition in advertising is fierce, as advertising spending by businesses has suffered recently during a general economic downturn. Most new business is won in tender competitions between different advertising agencies.

Remuneration policy and regional offices

There are broadly five grades of staff at each regional office. The following is an outline of their remuneration packages. (The head office staff are treated separately and are not part of this exercise.)

Senior management

All staff at this level are paid a basic fixed salary, which reflects industry norms over the last few years, plus a bonus dependent on the net income of their office.

Creative staff

The 'creatives' are on individual packages which reflect the market rates in order to recruit them at the time that they were recruited. Some are fixed salary and some have a fixed element plus a bonus based on their office's revenues.

Buying staff

The buyers are paid a fixed salary plus a bonus based on the prices for advertising space that they negotiate compared to the budgeted cost of space. The budget is set by the finance team at head office based on previous years' experience and their forecast for supply and demand in the year in question.

Account management staff

Account management handles relationships with clients and also develops new clients. They are paid a fixed market-based salary.

Administration staff

These staff are paid the market rate for their jobs as a fixed salary based on hours worked.

Required:

Using the information provided, evaluate LLA's remuneration policy suggesting changes as appropriate. **(10)**

b) Critically evaluate different reward methods. **(6)**

16. Public versus private sector

The objective of a health authority (a public sector organisation) is stated in its most recent annual report as:

'To serve the people of the region by providing high-quality health care within expected waiting times'.

The 'mission statement' of a large company in a manufacturing industry is shown in its annual report as:

'In everything the company does, it is committed to creating wealth, always with integrity, for its shareholders, employees, customers and suppliers and the community in which it operates.'

Required:

- Discuss the main differences between the public and private sectors that have to be addressed when determining corporate objectives or missions.
- Describe three performance measures which could be used to assess whether or not the health authority is meeting its current objective.
- Explain the difficulties which public sector organisations face in using such measures to influence decision making.

SECTION – D**Answer the following:****(10)**

- Rohit Sodhi runs a charitable organization for the promotion of sports in the country. His organization conducts regular free training camps for youths interested in playing cricket, football, hockey, badminton and so on. Many of his trainees have reached national level contests. Rohit noticed that with success of IPL (cricket) tournament there is an increasing trend to extend similar format in other sports as well. He wishes to know how the development is going to help sports and to which industries it will offer opportunities and threats.
