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**St Aloysius College (Autonomous)
Mangaluru**

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

May/June – 2023

ACCOUNTING FOR MANAGERIAL DECISIONS

Time: 3 Hours

Max. Marks: 70

SECTION - A

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Answer any FIVE of the following:

(5x4=20)

1. Write a short note on the scope of managerial accounting.
2. How qualitative analysis helps in decision making?
3. Bring out the major differences between budgeting and forecasting.
4. Write a note on activity based budgeting.
5. Write a note on responsibility accounting.
6. What is the danger of window dressing on the company's performance?
7. Write a note on economic value added.

SECTION – B

Answer any FOUR of the following:

(4x10=40)

8. Discuss the role of management accountant in decision making process of an organization.
9. From the following particulars of a company, prepare a cash budget (₹ in lakhs):

	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
• Sales (net of cash discounts)	10	10	20	30	40	20	20	10	10
• Purchases	7	14	21	28	14	14	7	7	-
• Wages and Salaries	-	-	1.5	2	2.5	1.5	1.5	1	-
• Rent	-	-	0.5	0.5	0.5	0.5	0.5	0.5	-
• Other Expenses	-	-	0.2	0.3	0.4	0.2	0.2	0.1	-
• Taxes	-	-	-	-	4	-	-	4	-
• Payment for Plant Construction	-	-	-	-	-	10	-	-	-

All sales are made on terms that allow a cash discount for payment within 20 days; if the discount is not taken, full payment may be made in 40 days. However, the experience has been that on 20% of sales, payment is made during the month in which sales are made; on 70% of the sales, payment is made during the second month and on balance 10% of sales, payment is made during the third month.

Materials amount to 70% of sales and bought in the month before the firm expects to sell the finished goods. Its purchase terms permit the company to delay payment for one month. The firm has to pay tax of ₹ 4 lakhs on September 15 and December 15.

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Assume the firm needs to keep a minimum cash balance of ₹ 5 lakhs in hand at all times. It is assumed to have an opening cash balance of ₹ 6 lakhs on July 1

Estimate the firm's requirements of cash for the period from July to December.

10. Why do companies go for Creative Accounting? Discuss the major techniques of Creative Accounting.
11. Discuss the meaning and objectives of Responsibility Accounting. Explain the different responsibility centres?
12. ABC Ltd gives you following information.

Income statement		
Particulars	Amount in Rupees (In Lakhs)	
Sales Revenue		125
Less : Cost of Goods Sold	59.10	
General Expenses	8.80	
Admin Expenses	7.8	
Selling and Distribution Expenses	2.9	
Interest on loan	1.8	<u>80.4</u>
Earnings before tax		44.6
Less : corporate tax @ 35%		<u>15.61</u>
Earnings After Tax		28.99

Balance Sheet as on 31st March 2022

Liabilities	Amount in Rupees (Lakhs)	Assets	Amount in Rupees (Lakhs)
Share Capital	30	Land and building	40
Reserves and Surplus	31.5	Plant and machinery	25
10% loan	18	Stock	10.5
Creditors and other liabilities	18	Debtors	15
		Bank and cash	4
Total	97.5	Total	97.5

Additional Information:

- Risk Free Rate in the economy is 12% and the premium expected from the business in general is 5%. Beta of ABC Ltd share currently is 1.27.
- The equity shares price of the company as on 31/03/2022 is ₹ 50/share.
- General expenses include R&D expenses of 0.75 Lakhs which is considered as a part of investment.

Determine EVA for the year ended 31/03/2022.

13. Bring out the significance of Certified Emission Reduction (CER) to an organisation. Discuss the accounting principles relating to recognition, measurement and disclosure of CERs.

SECTION – C (Compulsory)**(1x10=10)**

14. The cost of an article at the capacity level of 5,000 units is given in column A. for a variation of 25% in capacity above or below this level, the individual expenses vary as indicated under column B below:

Particulars	Amount (₹)	Percentage
Material cost	25,000	100 (variable)
Labour cost	15,000	100 (variable)
Power	1,250	80 (semi-variable)
Repairs & Maintenance	2,000	75 (semi-variable)
Stores	1,000	100 (variable)
Inspection	500	20 (semi-variable)
Administration Overheads	5,000	25 (semi-variable)
Selling Overheads	3,000	50 (semi-variable)
Depreciation	<u>10,000</u>	100 (fixed)
Total	<u>62,750</u>	
Cost per unit	12.55	

Prepare the flexible budget at 4,000 units and 6,000 units showing the production cost at each level.

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Mangaluru**

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

May/June – 2023

CORPORATE FINANCING AND INVESTMENT DECISIONS

Time: 3 Hours

Max. Marks: 70

SECTION - A

Answer any FIVE of the following: **(5×4=20)**

1. Explain the types of Capital budgeting.
2. Explain the principles of Cash flows.
3. What should be the criteria of selection when choosing among mutually exclusive projects?
4. What are the disadvantages of using the payback period technique? How is the Discounted payback method superior to payback period technique?
5. Describe the Monte Carlo Simulation approach and explain its utility.
6. Elucidate the differences between Financial and Real Options.
7. Write a note on hybrid international financial instruments.

SECTION – B

Answer any FOUR of the following: **(4×10=40)**

8. National Paper Mills is considering expansion into manufacture of glazed paper or craft paper. Though both the projects can be undertaken, due to capital constraints, only one of them can be implemented now. The glazed paper project involves an outlay of 25 crores, while the craft paper project can be implemented with 20 crores. The markets are uncertain and the estimates of Cash flows for both the projects with corresponding probabilities are given below:

Glazed paper		Craft paper	
Probability	Cash flows (in lakhs)	Probability	Cash flows (in lakhs)
0.20	400	0.10	250
0.30	650	0.40	500
0.30	850	0.30	750
0.20	155	0.20	250

You are asked to suggest about the acceptability of the project under the following criteria:

- a. As per expected NPV of the projects.
- b. As per percentage of risk involved in the projects.

Contd...2

9. There are two projects Alpha and Beta. Each involves an investment of ₹ 8,00,000. The expected cash inflows and the certainty coefficient are as under.

Year	Project Alpha		Project Beta	
	Cash Inflow ₹	Certainty coefficient	Cash Inflows ₹	Certainty coefficient
1	5,00,000	0.8	4,00,000	0.9
2	4,00,000	0.7	6,00,000	0.8
3	4,00,000	0.9	4,00,000	0.7

Risk free cut off rate is 10%, suggest which of the two projects should be preferred.

10. Elaborate the role and types of International Instruments that facilitate External Commercial Borrowing.
11. Explain in detail the current venture capital scenario in India.
12. XYZ Company is considering taking up of one of two projects 'A' and 'B'. Both projects have the same life, require equal investment of ₹ 120 lakhs each and both are estimated to have almost the same yield. As the company is new to the type of business, the cash flows arising from the projects cannot be estimated with certainty. An attempt was, therefore made to use probability to analyse the pattern of cashflow from either project during the first year of operation. This pattern is likely to continue during the life of these projects. The result of analysis are as follows :-

Project A		Project B	
Cashflows (₹ In lakhs)	Probability	Cashflows (₹ In lakhs)	Probability
18	0.10	12	0.10
21	0.20	18	0.25
24	0.40	24	0.30
27	0.20	30	0.25
30	0.10	36	0.10

Required:

- a) Compute standard deviation and co-efficient of variation of each project.
- b) Which project should the company take up based on standard deviation and co-efficient result?
13. What is capital rationing? What are the types of capital rationing? Briefly explain the methods of selecting investment proposal under capital rationing situation.

SECTION - C (Compulsory)

(1x10=10)

14. Oriental Company is considering a proposal of installing drying equipment. The equipment would involve the cash outlay of ₹ 6,00,000 and net working capital of ₹ 80,000. The expected life of the project is 5 years without any salvage value. Assume that the company is allowed to charge depreciation on straight line basis for income tax purpose. Estimated before tax cash inflows are given below:

Year	1	2	3	4	5
Cash inflow ₹	2,40,000	2,75,000	2,10,000	1,80,000	1,60,000

The applicable income tax rate to the company is 35%. If the company's opportunity cost of capital is 12%. Calculate the equipment's

- i. Payback period
- ii. Net present value
- iii. Profitability Index

The present value interest factor values at different rates of discount are as follows:

Rate of discount	t1	t2	t3	t4	t5
0.12	0.8929	0.7972	0.7118	0.6355	0.5674
0.14	0.8772	0.7695	0.6750	0.5921	0.5194
0.15	0.8696	0.7561	0.6575	0.5718	0.4972

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

May/June – 2023

GOODS AND SERVICES TAX & CUSTOMS

Time: 3 Hours

ST.ALOYSIUS COLLEGE Max Marks: 70

SECTION - A

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Answer any FIVE of the following:

(5x4=20)

1. What is the difference between Debit Note and Credit Note?
2. The Sridevi Hotel Group of Companies has provided the following services within the State of Karnataka from its various branches. Compute the amount of GST payable for the month of November 2022.
 - i. Supply of food outdoor catering @ 18% GST ₹ 2,50,000.
 - ii. Renting of Hotel rooms @ 18% GST ₹ 3,25,000.
 - iii. Supply of Food and drink in restaurant having license to serve liquor @ 28% GST ₹ 1,95,000.
 - iv. Supply of food and drink in A/C restaurant in 5-Star and above rated hotel @ 28% GST ₹ 5,00,000.
 - v. Supply of food and drink in restaurant not having facilities of Air Condition @ 12% GST ₹ 4,00,000.
3. From the following information, determine the Assessable value and IGST payable.
 - a) Price of goods before adjusting the following ₹ 5,00,000.
 - b) Cost of primary packing ₹ 8,000.
 - c) Freight and Insurance ₹ 7,000.
 - d) Discount allowed as per invoice ₹ 10,000.
 - e) Commission paid ₹ 15,000.
 - f) Rate of IGST is 28%.
4. How do you determine the taxable value of domestic Inter-state supplies? Explain.
5. Write a note on "Composite Supply" and "Mixed Supply".
6. Calculate GST payable by a registered dealer in Bengaluru from the following details. The rate of GST applicable is 12%.
 - 1) Sales made to a registered dealer in Dharwad ₹ 5,25,000.
 - 2) Sales made to a registered dealer in Karwar ₹ 4,10,000.
 - 3) Goods transferred to a branch in Mysore ₹ 1,00,000.

The following are the returns made by the dealer:

 - a) Goods returned from dealer of Dharwad ₹ 50,000 within one month.
 - b) Goods returned from dealer of Karwar after 8 months ₹ 10,000.
7. What is SGST? What are the salient features of SGST?

SECTION – B

Answer any **FOUR** of the following:

(4x10=40)

8. Keshava Coaching Centre, a Commercial Training Institute, realized the following fees for the month of March 2023:
- Tuition fees, fees collected for IAS and IPS Exams preparation from the students ₹ 2,02,000.
 - Training provided to the employees, who have joined the Institution ₹ 2,42,000.
 - Fees collected for coaching of Bank exams ₹ 4,02,000.
 - Distance postal coaching fees received ₹ 2,48,000.
 - Coaching center has provided study materials to student for that. It has realized ₹ 1,75,000.

Keshava Coaching center incurred expenses and cost of purchases is ₹ 4,20,000. Cost of purchases and services from unregistered supplies, so ITC cannot be claimed.

- Determine the Assessable value and services provided by the Institute.
 - What penalty charges apply to the institute for higher rate charged.
 - Rate of GST is 18%, but the Institute has charged 28% GST, but not deposited same to the Government.
9. What is Input tax credit? Explain the important provisions relating to input tax credit.
10. An importer from Cochin imports goods from an exporter in USA. The vessel carrying the goods reaches Mumbai port first and from there goods are transhipped to Cochin port. From the following particulars, compute Assessable value and Customs Duty payable:
- Cost of machine imported \$ 40,000.
 - Packing charges \$ 500.
 - Commission paid to a broker @ 5% on cost of a machine.
 - Design and development charges incurred outside India \$ 4,000.
 - Technical fees paid \$ 5,000.
 - Freight charges from USA to India \$ 4,000.
 - Transport charges from Mumbai port to Cochin port ₹ 25,000.
 - Insurance \$ 3,000.
 - Materials supplied by an importer ₹ 1,50,000.
 - Transportation charges and Insurance premium from port to factory ₹ 60,000.
 - BCD @ 12.5%, IGST payable @ 12% and Safeguard duty @ 10%.
 - Compensation cess @ 25%.
 - Exchange rate \$ 1 = ₹ 65.
11. What is GST? Explain the structure and powers of GST Council.

12. From the following details, compute the value of taxable services and GST payable for the month of March 2023. If the rate of CGST is 14% and SGST is 14%.

Particulars	Amount (₹)
1) Services related to supply of farm labor	4,50,000
2) Services provided to foreign diplomatic mission	8,00,000
3) Aerial advertising	1,80,000
4) Services by way of private tuitions	1,70,000
5) Speed post services	50,000
6) House given on rent for residential purposes	2,00,000
7) Value of free services rendered to friends	7,50,000
8) Certification for exchange control purpose	2,50,000
9) Secretarial Auditing	25,000
10) Liquidation fee	3,00,000
11) Vacant land used for Horticulture	2,00,000
12) Sale of time slot to broadcasting organization	5,00,000

13. Who is an input service distributor? Explain the provisions in the GST law regarding input Service distribution. Use suitable examples.

SECTION – C (Compulsory)

(1x10=10)

14. Mr. Ryan, a registered GST dealer in Karnataka, submits the following information for the month of May 2023.

- Supply of goods (18%): Intra state ₹ 15,00,000 Inter State ₹ 18,00,000
- Supply of goods (12%): Intra state ₹ 20,00,000 Inter State ₹ 12,00,000
- Supply of Services (18%): Intra state ₹ 10,00,000 Inter State ₹ 8,00,000
- Purchase of goods (18%): Intra state ₹ 9,00,000 Inter State ₹ 11,00,000
- Purchase of goods (12%): Intra state ₹ 13,00,000 Inter State ₹ 7,00,000
- Services Received (18%): Intra state ₹ 6,00,000 Inter State ₹ 5,00,000

The above amounts are excluding GST. The ITC at the beginning of the relevant period are IGST ₹ 150,000; CGST ₹ 160,000; SGST ₹ 150,000. Assume that all the Invoices/ Debit notes have been uploaded by all the suppliers in the relevant returns within the due date. Compute the amount of Net GST payable under appropriate laws.

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

May/June – 2023

RESEARCH METHODOLOGY AND ETHICS

Time: 3 Hours

Max. Marks: 70

SECTION - A

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Answer any FIVE of the following:

(5x4=20)

1. Explain types of research studies from the perspective of objectives.
2. What is the difference between a review of literature and a summary of the literature?
3. Explains type of hypothesis and what is the main function of null hypothesis?
4. Examine the role of journals/research articles for identifying the research gap.
5. List the different methods of data collection in quantitative research.
6. What considerations would you keep in mind while constructing a questionnaire?
7. Mention main advantages of attitudinal scale in social research?

SECTION – B

Answer any FOUR of the following:

(4x10=40)

8. Explain different step model for carrying out research.
9. What are the different types of measurement scale? What purpose do they serve in research study
10. "Report writing is more an art that hinges upon practice and experience". Discuss.
11. Describe the following: Study population, sample size, sampling strategy, sampling unit, population parameters.
12. Can you eliminate the impact of extraneous variables when undertaking impact assessment studies? If yes, how?
13. Why do you think research design is important before undertaking study?

SECTION – C (Compulsory)

(1x10=10)

14. Develop and map the process of formulating a research problem by selecting an area of your interest.
