(2021 - Batch onwards)

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St Aloysius College (Autonomous)

Mangaluru

B.Com. Semester VI – Degree Examination

April/May - 2026

ADVANCED FINANCIAL MANAGEMENT

Time: 2 ½ Hours **Max. Marks: 60**

SECTION - A

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

1. What is cost of debt?
2. What is a stable dividend policy?
3. State any two Methods of Calculating exchange ratio under Merger and Acquisition.
4. Peachtree Ltd. Company presents the following facts: Sales - 20,000 units at ₹ 10 per unit, Material cost - ₹ 4 per unit, Wages - ₹ 2 per unit, Fixed cost- ₹ 10,000, Capital employed - ₹ 1, 00,000. Calculate Return on Investment.
5. State any two contents of an integrated report.
6. What is transaction cost theory?
7. Determine the exchange ratio in case of below Merger, based on EPS proportion:

	Fanta Ltd (Acquirer)	Sprite Ltd (Target)
PAT (Profit after tax)	₹ 6,70,0000	₹ 5,45,0000
No. of shares	1,00,000	50,000

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. What is MM theory of Dividend Decision? Highlight its assumptions.
9. Viking Construction Ltd issued 50,000 preference shares of ₹ 100 each redeemable after 5 years at a premium of 20%. Dividend was payable at 13%. Calculate the cost of preference shares
   i. If they are issued at par
   ii. If they are issued at premium of 10%
   iii. If they are issued at a discount of 10%

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10. Explain briefly the techniques of measuring risk in the market.
11. A company had an EPS of ₹ 25, Rate of Return is 15%, Cost of equity 14%. Using Gorden's Model, calculate market value of equity shares if dividend payout ratio is 25% and 40%.
12. Explain Agency Relationship?

Contd...2

G 310 DC1.6

13. RIN is considering a takeover of SIL. The particulars of two companies are given below:

Particulars	**RIN**	**SIL**
Earnings After Tax (EAT)	₹20,00,000	₹10,00,000
Equity shares O/s	10,00,000	10,00,000
Earnings per share (EPS)	2	1
PE Ratio (Times)	10	5

Required:

i. What is the market value of each Company before merger?

ii. Assume that the management of RIN estimates that the shareholders of SIL will accept an offer of one share of RIN for four shares of SIL. If there are no synergic effects, what is the market value of the Post-merger RIN? What is the new price per share? Are the shareholders of RIN better or worse off than they were before the merger?

SECTION – C

Answer any TWO of the following **(2x15=30)**

14. A Ltd. has the following capital structure:

Particulars	**₹**
Equity share capital (2,00,000 shares)	40,00,0000
6% preference shares	10,00,000
8% debentures	30,00,000
	80,00,000

The market price of the Company's equity share is ₹ 20. It is expected that the company will pay a current dividend of ₹ 2 per share, which will grow at 7% forever. The tax rate may be presumed at 50%. You are required to compute the following.

a) A weighted average cost of capital based on existing capital structure.

b) The new weighted average cost of capital, if the company raises an additional ₹ 20,00,000 debt by issuing 10% debentures. This would result in increasing the expected dividend to ₹ 3 and leave the growth unchanged, but the price of the share will fall to ₹ 15 per share.

15. A businessman has two options to sell his products. He can set up a show room in a city or can sell from his factory outlet. Setting up a showroom will cost ₹3,00,000 with a 60% probability of success. If the show room succeeds, he can gross a net profit of ₹ 8,00,000 per year. If it fails, he can close the show room and rent it out for an annual rent of ₹2,40,000 for the rest of the year. The probability of getting rent is 80%. If he sells from the factory outlet, he has to incur ₹ 50,000 as renovation charges. The chances of successful selling here is 40% with the net profit of ₹4,00,000 per year.

a. What would your advice the businessman to do?
b. Advice a businessman on how a decision tree helps him to make decisions.

16. Explain Determinants of Dividend policy?

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St Aloysius College (Autonomous)

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B.Com. Semester VI – Degree Examination

April/May - 2026

INCOME TAX LAW AND PRATICE II

Time: 2 ½ Hours **Max. Marks: 60**

SECTION - A

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

1. Mr. Kapoor is a property dealer. He purchased a flat for resale. The flat was purchased in January, 2020 for ₹ 84,00,000 and sold in April, 2025 for ₹ 90,00,000. Can we consider the sale of this property as transfer of capital asset? Explain.
2. Define Transfer of Capital Assest.
3. What are the provisions regarding set off of following losses: (a) Non-Speculative business loss (b) Loss from owning and maintaing race horses
4. Mrs. Kasturi transferred her immovable property to ABC Co. Ltd. subject to a condition that out of the rental income, a sum of ₹ 36,000 per annum shall be utilized for the benefit of her son's wife. Mrs. Kasturi claims that the amount of ₹ 36,000 (utilized by her son's wife) should not be included in her total income as she no longer owns the property. State with reasons whether the contention of Mrs. Kasturi is valid in law.
5. What are the provisions for claiming deduction under Section 80D?
6. Calculate the tax liability for an individual(40 yrs of age) with a taxable income of ₹6.5 lakh under both the old and new tax regimes, considering section 87A rebate.
7. Mr Santhosh sells jewellery on 15th June, 2025 for ₹ 23,00,000 (cost of the jewellery to him on 25th May 2002 was ₹ 94,500). On 15th December, 2025 he purchases a residential house for ₹ 15,00,000. What is the taxable capital gain?

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. A building (which was used for industrial undertaking) of Mr. Dale is compulsorily acquired by U.P government. Its cost of Acquisition to the assessee was ₹ 4,80,000 in August 2016. The U.P government pays ₹ 8,75,000 as a compensation on 25/05/2025. Mr. Dale purchased another building for industrial undertaking for ₹ 2,00,000 on 24/07/2025. Compute his taxable capital gain for the AY 2026-27? [CII 2016-17:264, 2025-26:376]
9. Explain bond washing transaction.

Contd...2

10. Mr. A (aged 35 years) submits the following particulars about the P.Y. Compute the Gross total income (under old tax regime)
    a. Income from salary (computed) ₹ 4,00,000
    b. Loss from self-occupied property ₹70,000
    c. Income from let-out property ₹50,000
    d. Business loss ₹1,00,000
    e. Bank FD interest received (gross) ₹ 80,000
    f. Speculative business income ₹ 75,000.
    g. LTCG Rs. 60,000 and Short term capital loss ₹ 73,000.
    h. Winnings from online games ₹1,800.
11. From the following information compute the amount entitled to deduction u/s 80C of Mr. X
    a. LIC policy of ₹5,00,000 on major son's life, premium paid ₹20,000(policy taken before 2012)
    b. Contribution to RPF ₹5,000
    c. Accrued interest on NSC, ₹8,730
    d. Tuition fees paid for 3 children (5,000 per child) ₹15,000
    e. Subscription to equity shares of public company forming part of eligible issue of capital ₹25,000
    f. LIC policy of ₹1,50,000 on married daughter's life, premium paid ₹10,000(policy taken after 2012)
    g. Contribution to PPF ₹ 74,000
    h. Deposited ₹ 12,000 to Sukanya Samriddhi Account.
    i. Deposited ₹ 35,000 in Fixed deposit Account for 5 years at 6.5% per annum.
12. Mr. Samuel's GTI for the previous year was ₹ 30,00,000, he makes the following donations during the previous year. Compute the amount deductible U/S 80G and total income.
    a. Prime Minister drought relief fund ₹10,000
    b. National defence fund ₹20,000
    c. ₹ 1,00,000 for the repair and renovation of notified Gurudwara
    d. ₹ 1,00,000 to local college for the construction of commerce block
    e. ₹ 10,000 given as aid to a poor student
    f. ₹ 10,000 worth books donated to approved college
    g. ₹ 1,00,000 to an approved charitable institution
    h. ₹ 50,000 to municipality duly approved for the purpose of family planning.
13. Explain the exemption under section 54B.

Contd...3

SECTION – C

Answer any TWO of the following **(2x15=30)**

14. From the following Information of Mr. Gaurav, compute taxable income from other sources.

a. Income from sub-letting of property ₹ 5,000, expenses incurred on sublet of property ₹ 1,000

b. Dividend from co-operative society ₹ 5,000

c. Royalty received from publication of articles ₹ 2,000

d. Director's fees ₹ 2,000

e. Dividend from Indian company ₹ 500

f. Gift received from elder brother ₹ 60,000

g. Honorarium from guest lecture ₹ 5,000, expenses incurred on ppt presentation ₹ 250

h. Rent from letting on hire building along with plant ₹ 2,000, repair expenses incurred on plant ₹ 100

i. Examiner remuneration ₹ 7,000

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j. Interest on SB a/c with SBI ₹ 800

k. Income from agricultural land in Sri Lanka ₹ 2,500

l. Winning from horse race (net of TDS) ₹20,000

m. Winning from lotteries (gross) ₹ 15,000

n. Interest on Sukanya Samriddhi A/c ₹ 1,800

15. Mr Akash, 45 years gives following information for the P.Y.:

1. Income from salary (computed) ₹ 11,76,000.

2. Income from House property let out (computed) ₹ 1,75,000;
Loss from Self-occupied house property – ₹ 2,19,000.

3. Capital gains: Long-term ₹ 90,000; Short-term (u/s 111A) ₹ 60,000.

4. Other sources: interest received from Post office saving bank A/c ₹ 2,250; Dividend received on shares of Reliance Industries Ltd. ₹ 4,425; Article remuneration ₹ 400 from monthly magazine Samhitha in whole year; Card game income ₹ 12,000 (net) and loss from horse race ₹ 7,000.

His savings and investments are:

a. PPF ₹80,000; life insurance premium ₹ 30,000 (policy was taken in the year 2018, sum assured was ₹ 2,50,000).

b. Star Health insurance premium paid ₹ 15,000 by cheque.

c. He spent ₹ 45,000 on the treatment of notified illness (Cancer) of his father (Age 64).

d. Donations to PMNRF ₹ 20,000; Compute his total income tax liability under old tax regime.

Contd...4

16. Compute the taxable capital gain of Mr Dheeraj in the most beneficial manner, from the following:

a) House purchased in 2001-02 for ₹ 4,50,000. Sold in August 2025 for ₹ 42,00,000. Brokerage on sale was ₹ 50,000. He purchased another house in September 2025 for ₹ 14,00,000 and invested in bonds of NHAI in December, 2025 ₹ 10,00,000. CII for 2001-02: 100; 2025-26: 376.

b) Jewellery costing ₹ 80,000 (which was acquired in June 2002) was sold for ₹ 9,00,000 in May 2025.

c) Car was sold on 1/12/2025 for ₹ 85,000 (Purchased for ₹ 3,25,000 in August, 2009). Its written down value on 1/4/2025 was Rs. 70,000.

d) Agricultural land purchased in 2004-05 for ₹ 1,13,000 sold for ₹26,00,000 on 1/5/2025. He purchased another piece of agricultural land on 1/8/2025 for ₹ 8,50,000. He deposited ₹ 5,00,000 in Capital gain account Scheme before the date of filing of returns. CII for 2004-05: 113 and 2025-26: 376.

e) Household furniture costing ₹ 24,000 in 2020 was sold in March, 2026 for ₹ 25,000.

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(2021- Batch onwards)

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B.Com. Semester VI – Degree Examination

April/May - 2026

MANAGEMENT ACCOUNTING

Time: 2 ½ Hours **Max. Marks: 60**

SECTION - A

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

1. State any two functions of management accounting.
2. Give the meaning of financial analysis.
3. How does ratio analysis help to evaluate a company's profitability?
4. State any two Essentials for sound budgetary control.
5. What do you mean by Liquidity Ratio?
6. List any two limitations of Management Accounting.
7. From the following calculate cash flow from investing activities-
   a) Purchase of machinery ₹2,00,000
   b) Dividend received ₹20,000

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Distinguish between management accounting and financial accounting.
9. Calculate trend percentage from the following figures of Prasad Ltd. taking 2020 as base and interpret them.

Year	Sales(₹ in 000's)	Profit after tax(₹ in 000's)
2020	1000	150
2021	1200	185
2022	2000	220
2023	2900	240

10. What are the uses and limitations of Ratio Analysis.
11. Diffrentiate between cash flow statement and fund flow statement.
12. The expenses budgeted for production of 1000 units in a factory are furnished below:

Particulars	Per unit (₹)
Material cost	700
Labour cost	250
Variable cost	200
Selling expenses (20% fixed)	130
Administration expenses	200
Total Cost	**1480**

Prepare a Budget for production of 600 units. Assuming administration expenses are Rigid for all level of production.

Contd...2

13. Why are management audits essential for maintaining financial accountability and enhancing operational efficiency? Explain.

SECTION – C

Answer any TWO of the following **(2x15=30)**

14. Prepare cash budget starting from May when cash balance was ₹8000.

Month	March	April	May	June	July	Aug
Credit sales (₹)	60,000	62,000	64,000	58,000	56,000	60,000
Purchases (₹)	36,000	38,000	33,000	35,000	39,000	34,000
Wages (₹)	9,000	8,000	10,000	8,500	9,500	8,000
Manufacturing Expenses (₹)	4,000	3,000	4,500	3,500	4,000	3,000
Office Expenses (₹)	2,000	1,500	2,500	2,000	1,000	1,500
Selling Expenses (₹)	4,000	5,000	4,500	3,500	4,500	4,500

1. Plant costing ₹16,000 is due for delivery in July, payable 10% on delivery and balance after 3 months.
2. Tax of ₹8,000 payable in March and June each.
3. Period of credit allowed (i)by suppliers 2 months and (ii) to customers 1 month.
4. Lag in payment of manufacturing expenses ½ month.
5. Lag in payment of all other expenses 1 month.

15. Using the following data, complete the Balance Sheet given below:

Given Data	Values
Gross Profit	₹ 60,000
Shareholder's Fund	₹ 7,50,000
Gross Profit Margin	22%
Credit Sales to Total Sales	75%
Total Asset Turnover	0.4 times
Inventory Turnover	6 times
Average Collection Period (Assume 360 days in a year)	25 days
Current Ratio	1.6
Long-Term Debt to Equity	45%

Balance Sheet as on 31st March 2025

Liabilities	₹	Assets	₹
Shareholder's Fund	-	Cash	-
Long-Term Debt	-	Debtors	-
Creditors	-	Inventory	-
		Fixed Assets	-
Total	-	**Total**	-

Contd..3

16. Prepare the cash flow statement from the following Balance sheet of Sanju limited for the year ended 31/12/2024.

Liabilities	2023(₹)	2024(₹)	Assets	2023(₹)	2024(₹)
Share capital	17,00,000	18,35,000	Buildings	8,00,000	10,00,000
Reserves	40,000	83,700	Plant & machinery	2,50,000	3,70,000
P & L Appropriation A/c	1,00,000	1,30,000	Fixtures & Fittings	5,000	6,000
Sundry creditors	1,00,000	95,000	Cash	2,000	2,200
Provision for dividends	70,000	50,000	Debtors	1,00,000	45,000
Bank Overdraft	8,000	18,000	Accounts receivable	8,000	9,000
Bills payable	14,000	13,000	Stock	4,00,000	3,43,700
Loan on mortgage	10,000	70,000	Expenses prepaid	3,000	3,100
			Investments	1,64,000	1,70,000
			Goodwill	3,00,000	3,43,700
			Preliminary expenses	10,000	2,000
	20,42,000	**22,94,700**		**20,42,000**	**22,94,700**

Adjustments:

a) Depreciation is charged on buildings @ 3% cost ₹9,00,000 & plant & machinery @ 8% of cost ₹4,00,000 and Fixtures and fittings @ 5% of cost ₹8,000

b) Investments were purchased & interest received ₹3,000 was used in writing down the book value of investments

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c) The declared dividend for 2023 was paid and interim dividend for ₹20,000 was paid out of the P & L Appropriation A/c.

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B.Com. Semester VI – Degree Examination

April/May -2026

INVESTMENT MANAGEMENT

Time: 2 ½ Hours **Max Marks: 60**

SECTION – A

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

1. State any two objectives of Portfolio Management.
2. An investor is considering a purchase of 8%, ₹1000 bond redeemable after 5 years at par. The investor's required rate of return is 10% What should he willing to pay to purchase the bond?
3. Expand 'EIC' in Fundamental analysis.
4. State the meaning of Markowitz's portfolio theory.
5. What do you mean by Relative Strength Index?
6. Fund A & B information are given below:

Fund	Avg return	Beta	Risk premium	Risk free return
A	0.0879	0.499	0.0379	0.05
B	0.1347	1.2493	0.0847	0.05

Calculate Treynors performance index.

7. State any two difference between economic and financial investment.

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Explain the concept of risk-return trade-off in investment.
9. Describe the factors affecting the valuation of equity shares.
10. Distinguish between Investment and Speculation.
11. Explain the Dow Theory and its significance in technical analysis.
12. Explain the following investment avenues: a) Securities b) Postal Schemes.
13. Pearl and Diamond are the two Mutual Funds. Pearl has the mean return of 0.15 and Diamond has 0.22. The Diamond has double the Beta of Pearl fund 1.5. The Standard Deviation of pearl and Diamond funds are 15 % and 21.43%. The mean return of Market index is 12% and the SD is 7 %, the risk free rate is 8%.
    a. Compute the Jensens index for each fund.
    b. Compute the Sharpes and Treynors index for each fund.

Contd...2

SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Explain the Investment Process.

15. Two investments X and Y are having following returns

Event	Probability	Return of X	Return on Y
1	0.5	4	0
2	0.4	2	3
3	0.1	0	3

Calculate correlation co-efficient.

16. a) Wisdom fund, Treasury bill and BSE SENSEX has the following returns over the past 5 years.

Period	Wisdom fund return	Treasury bill return	BSE SENSEX return
2021	9	6	6
2022	-6	10	-5
2023	14	8	11
2024	12	7	10
2025	16	9	13

Calculate α using Jensen's ration **(10 marks)**

b) Nithya firm is trying to decide 2 out of 4 investments. From the past information they were able to calculate the following average return and standard deviation of these funds. The current risk free rate is 9%

Particulars	Alpha Fund	A Fund	B Fund	C Fund
Average return	17	18	16	14
Standard deviation	19	20	13	12

Calculate on the basis of Sharpe's performance measure. **(5 marks)**

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B.Com. Semester VI – Degree Examination

April/May -2026

CUSTOMER RELATIONSHIP MANAGEMENT

Time: 2 ½ Hours **Max Marks: 60**

SECTION – A

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

1. List any two benefits of CRM.
2. State any two types of customers.
3. What is CRM planning?
4. What is CRM marketing?
5. What is meant by case management in CRM?
6. What is operational CRM?
7. What is meant by Customer Lifetime Value(CLV)?

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Differentiate between CRM and Relationship Marketing.
9. Explain the importance of Customer satisfaction in business.
10. Explain the objectives of CRM.
11. State and explain the components of CRM in Consumer markets.
12. What is the scope of CRM? Explain.
13. Explain the strategies to improve customer profitability.

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SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Describe customer loyalty, its types, influencing factors, and strategies to build long-term customer loyalty.
15. Explain the objectives of CRM and the process through which CRM strategies are implemented in organizations.
16. What are the Information Technology tools used in CRM, and how do they enhance customer relationship management?

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B.Com. Semester VI – Degree Examination

April/May -2026

CULTURAL DIVERSITY AT WORKPLACE

Time: 2 ½ Hours **Max Marks: 60**

SECTION – A

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

1. Define diversity.
2. What is gig economy?
3. What is prejudice?
4. What is cross-cultural communication?
5. Define teamwork.
6. What is work-life balance?
7. Mention any two emerging workforce trends.

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Explain the types of diversity
9. Discuss challenges in diversity management.
10. Explain discrimination and oppression.
11. Describe briefly the cross-cultural communication barriers.
12. Explain strategies to build multicultural teams
13. Discuss global demographic trends affecting workforce diversity.

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SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Explain various emerging workforce trends.
15. Discuss cross-cultural management frameworks and their applications.
16. Explain leveraging cultural diversity as a competitive advantage

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B.Com. Semester VI – Degree Examination

April/May -2026

HR ANALYTICS

Time: 2 ½ Hours **Max Marks: 60**

SECTION – A

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

1. Define HR Analytics.
2. What are two key benefits of HR Analytics for organizations?
3. What is the role of benchmarks in HR scorecards?
4. List any two commonly used HR research techniques.
5. Give an example of process automation in HR.
6. Define prescriptive analytics.
7. Why is data visualization important in HR analytics?

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Why is big data important for HR decision-making? Explain with examples.
9. Why is it important to follow a structured approach in predictive HR modeling? Explain with examples.
10. Explain the Workforce Planning Model.
11. Apply HR KPIs to measure training effectiveness with examples.
12. Explain LAMP.
13. How do sustainable HR practices contribute to long-term business success?

SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Explain the HR value proposition model to improve retention with imaginary data.
15. Discuss the role of HR analytics in improving overall HR strategies.
16. Explain forms of detailed HR reporting with imaginary data.

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B.Com. Semester VI – Degree Examination

April/May - 2026

BUSINESS TAXATION

Time: 2 ½ Hours **Max. Marks: 60**

SECTION - A

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

1. What is the purpose of the Alternative Minimum Tax?
2. What are the tax rate applicable to the income of an AOP/BOI?
3. State the meaning of company as per section 2(17) of the income tax Act 1961.
4. A person deposits ₹2,40,000 in cash in a bank in a single day. Will PAN be required? Justify your answer.
5. Give two examples of tax avoidance.
6. What is the current tax rate applicable to the firm? Also, explain the concept of surcharge and cess applicable to firms.
7. State the tax rates applicable to a foreign company.

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SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Explain the conditions of Sec. 184
9. What are the steps followed to calculate the taxable income of AOP/BOI?
10. Outline the format for computing MAT with an example.
11. Explain the powers of Income Tax Authorities under the Income Tax Act, 1961.
12. Explain the impact of tax planning on wealth creation and savings.
13. Explain the significance of PAN in the Indian taxation system.

SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Define the term "Book Profit" in the context of a partnership firm. How is it calculated for income tax purposes?
15. A domestic company in which public are substantially interested submits the following particulars of the income of the Previous Year ended March 31,2026

Particulars	Amount (₹)
Profits of business after deduction of donations to approved charitable institutions	1,30,000
Donation to charitable institution by cheque	30,000
Interest on Government securities (Gross)	10,000
Dividend from a domestic company (Gross)	60,000
Long-term capital gain	50,000
Book profits u/s 115JB	8,00,000

Contd...2

During the financial year 2025-26, the company deposited ₹15,000 in Industrial Development Bank of India. The company distributed gross dividend of ₹1,00,000 on 06.12.2025.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2026-27. Assuming the total turnover of the company in previous year 2023-24 does not exceed ₹400 crores.

16. X (26 yrs), Y (28 yrs) and Z (62 yrs) are the members of of an AOP. The P & L A/C of the AOP for the previous year ended 31st March is given below:

Particulars	₹	Particulars	₹
Cost of goods sold	1,34,000	Sales	4,50,000
Interest on capital:		Interest on drawings:	
X	9,000	X	2,000
Y	27,000	Y	1,000
Z	35,000	Z	3,000
Salary:		Short term capital gains	
Y	65,000	(on transfer of land)	2,10,000
Z	70,000		
Other expenses	60,000		
Net Profits	2,66,000		
Total	**6,66,000**	**Total**	**6,66,000**

Other Information:

1. AOP gives a donation of ₹56,000 to a Public Charitable Trust (not debited to the above P & L A/C) which is eligible for deduction u/s 80 G.
2. Out of other expenses ₹26,000 are not deductible by virtue of section 43B.

Find the tax liability of AOP and members after considering following further information:

The profit-sharing ratio of X, Y & Z is 2:3:5. Their other incomes and savings are as follows:

	X(₹)	Y(₹)	Z(₹)
Interest on Securities	3,90,000	3,36,000	4,30,000
Medical Insurance Premium paid	6,000	----------	3,000
Deposit in P.P.F. A/C	1,44,000	1,16,000	1,28,000

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(2021 Batch Onwards)

G 320 DC1.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)

Mangaluru

B.Com.(International Finance) Semester VI – Degree Examination

April/May - 2026

ADVANCED FINANCIAL MANAGEMENT II

Time: $2\frac{1}{2}$ Hours **Max Marks: 60**

Note: Standard Normal distribution Table and PV Table will be provided.

SECTION – A

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

1. Give one example of a financial risk and one example of a non-financial risk.
2. Exchange rate between

   £ to 1$ = 0.9840

   C$ to 1$ = 1.4500

   If C$ 1,00,000 to be payable in £, what is the amount payable in £.
3. What is the impact of transfer pricing on international investment decisions?
4. Why do companies with higher business risk generally have a higher WACC?
5. Mackay Co has some irredeemable, 5% coupon bonds in issue, which are trading at $94.50 per $100 nominal. The tax rate is 30%.

   Required: Calculate Mackay Co's post-tax cost of debt.
6. What are the three main types of foreign exchange risk that a company may face?
7. How does an increase in volatility affect the value of a call option?

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. A Canadian company is evaluating a 2-year project in the United States. The project requires an initial investment of USD 1,125,700 at Year 0.

   The following information is available:

   Expected Revenue:

   Year 1: USD 825,100

   Year 2: USD 914,380

   Operating Costs (excluding royalty):

   Year 1: USD 457,320

   Year 2: USD 486,950

   The company must pay a royalty of 7% of revenue each year to a U.S. technology provider.

   The current exchange rate is 1 USD = 1.28 CAD.

   Expected exchange rate at the end of:

   Year 1: 1 USD = 1.31 CAD

   Year 2: 1 USD = 1.36 CAD

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Contd...2

The required rate of return is 11% per annum (in CAD terms).

Required: Calculate the Net Present Value (NPV) of the project in Canadian dollars. Should the company accept the project? (ignore tax)

9. A project with the following cash flows is under consideration:

$000	T0	T1	T2	T3	T4
	(20,000)	8,000	12,000	4,000	2,000

Cost of capital 8%

Required: Calculate the project's Macaulay duration.

10. The current exchange rate is given as ($... to £1) 1.7025 – 1.7075.

Expected inflation rates are:		
Year	**USA**	**UK**
1	5%	2%
2	3%	4%
3	4%	4%

Use the relationships above to work out the expected spot rate for the next three years.

If a business borrows $ 2,50,000 today repayable in 3 years without interest in pounds, what is the amount repayable?

11. 'Money laundering is a process in which assets obtained or generated by criminal activity are moved or concealed to obscure their link with the crime'. Give a Note on the international fight against money laundering and terrorist financing

12. The spot yield curve for government bonds is:

Year	%
1	3.50
2	3.65
3	3.80

The following table of credit spreads (in basis points) is presented by S&P Global Ratings:

Rating	1 year	2 year	3 year
AAA	14	25	38
AA	29	41	55
A	46	60	76

Required: Estimate the individual yield curve for Stone Co, an A rated company.

13. A company is considering purchasing new equipment costing $12,000. The equipment will be used for 3 years, after which it will be sold for $2,000 at the end of Year 3.

Contd...3

Tax is payable at 30%, one year in arrears. Tax allowable depreciation is available at 25% per annum on a reducing balance basis. A balancing allowance or balancing charge should be calculated on disposal.

The project is expected to generate net operating cash inflows of $4,500 per year for three years. The company's cost of capital is 10% per annum.

Ignore inflation.

Required: Forecast the free cash flows of the project and determine whether it is worthwhile using the NPV method.

SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Rounding Co is a company currently engaged in the manufacture of baby equipment. It wishes to diversify into the manufacture of snowboards.

The investment details

The company's equity beta is 1.27 and is current debt to equity ratio is 25:75, however the company's gearing ratio will change as a result of the new project. Firms involved in snowboard manufacture have an average equity beta of 1.19 and an average debt to equity ratio of 30:70. Assume that the debt is risk free, that the risk free rate is 10% and that the expected return from the market portfolio is 16%.

The new project will involve the purchase of new machinery for a cost of $800,000 (net of issue costs), which will produce annual cash inflows of $450,000 for 3 years. At the end of this time, it will have no scrap value. Corporation tax is payable in the same year at a rate of 33%. The machine will attract tax allowable depreciation of 25% per year on a reducing balance basis, with a balancing allowance at the end of the project life when the machine is scrapped.

The financing details:	
The new investment will be financed as follows:	
Bonds (redeemable in three years' time):	40%
Rights issue of equity:	60%

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The issue costs are 4% on the gross equity issued and 2% on the gross debt issued. Assume that the debt issue costs are tax deductible.

Required: Calculate the adjusted present value of the project.

15. Suppose that the risk-free rate is 5% and the standard deviation of the return on the share in the past has been estimated as 35%. (e=2.71828)

Required: Estimate the value of a six-month call option at an exercise price of $1.48 (current share price = $1.64).

Also calculate the value of the corresponding put option.

16. Explain the Specific types of risk namely Political risk, Economic risk and Regulatory risk faced by the organisation.

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(2021 Batch Onwards)

G 320 DC3.6 **Reg. No. :** | | | | | | | |

St Aloysius College (Autonomous)

Mangaluru

B.Com. (International Finance) Semester VI – Degree Examination

April/May - 2026

CORPORATE LAW AND GOVERNANCE

Time: $2^1/_2$ Hours **Max Marks: 60**

SECTION – A

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

1. Write the meaning of Memorandum of Association?
2. What is minimum subscription?
3. What is a Quorum in meeting?
4. Distinguish between Shareholder and a Member.
5. Define Company Secretary.
6. What is extra ordinary general meeting (EGM)?
7. State any four duties of a Liquidator.

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Give the duties and powers of regional directors.
9. Explain the rights and liabilities of members of a company.
10. Write a note on Doctrine of Constructive notice.
11. What are the duties of a Director in a company?
12. Give the scope of corporate governance.
13. What do you mean by lifting of corporate veil? Explain briefly.

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SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Define a Company. Explain the characteristics of a Joint Stock Company.
15. Define Registrar of Companies. Explain the duties and Powers of Registrar.
16. Explain the case study-
    a) Salomon Vs Salomon and Company b) Royal British Bank Vs Tarquand.

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G 320 DE1.6

(2021 Batch Onwards)

Reg. No. :

St Aloysius College (Autonomous)

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B.Com. (International Finance) Semester VI – Degree Examination

April/May - 2026

ADVANCED AUDITING AND ASSURANCE II

Time: 2½ hrs. Max Marks: 60

SECTION – A

(5x2=10)

Answer any FIVE of the following.

1. What is perspective financial information?
2. What are non adjusting events? Give an example.
3. What is a qualified opinion?
4. Define an assurance engagement.
5. What is expectation gap? Give an example.
6. What is the impact on the auditor's report if sufficient appropriate evidence has not been obtained regarding a service organization, according to ISA 402?
7. What key disclosures should be made regarding related party transactions in financial statements?

SECTION - B

(4x5=20)

Answer any FOUR of the following.

8. Write a note on written representation.
9. Explain the types of audit opinion.
10. Explain the elements of an assurance engagement.
11. Define forecast and Projections. Also explain the types of forecast.
12. What key areas should be examined during due diligence to ensure the acquirer has full knowledge of the target company before an acquisition?
13. What are the fundamental ethical principles to be complied by the practitioner in case of forensic audit?

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SECTION – C

(2x15=30)

Answer any TWO of the following.

14. What are the factors to be considered by the auditor regarding the work of the expert?
15. Explain ISA 260 communicating with those charged with governance.
16. Write a note on Going Concern from the point of view of auditing.

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(2021 Batch Onwards)

G 320 DE2.6 Reg. No: | | | | | | | |

St Aloysius College (Autonomous)

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B.Com.(International Finance)

Semester VI – Degree Examination

April/May - 2026

BUSINESS TAXATION -II

Time: 2 ½ Hours **Max. Marks: 60**

SECTION - A

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

1. What is the purpose of the Alternative Minimum Tax?
2. What are the tax rate applicable to the income of an AOP/BOI?
3. State the meaning of company as per section 2(17) of the income tax Act 1961.
4. A person deposits ₹2,40,000 in cash in a bank in a single day. Will PAN be required? Justify your answer.

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5. Give two examples of tax avoidance.
6. What is the current tax rate applicable to the firm? Also, explain the concept of surcharge and cess applicable to firms.
7. State the tax rates applicable to a foreign company.

SECTION - B

Answer any FOUR of the following. **(4x5=20)**

8. Explain the conditions of Sec. 184
9. What are the steps followed to calculate the taxable income of AOP/BOI?
10. Outline the format for computing MAT with an example.
11. Explain the powers of Income Tax Authorities under the Income Tax Act, 1961.
12. Explain the impact of tax planning on wealth creation and savings.
13. Explain the significance of PAN in the Indian taxation system.

SECTION – C

Answer any TWO of the following. **(2x15=30)**

14. Define the term "Book Profit" in the context of a partnership firm. How is it calculated for income tax purposes?
15. A domestic company in which public are substantially interested submits the following particulars of the income of the Previous Year ended March 31,2026

Particulars	Amount (₹)
Profits of business after deduction of donations to approved charitable institutions	1,30,000
Donation to charitable institution by cheque	30,000
Interest on Government securities (Gross)	10,000
Dividend from a domestic company (Gross)	60,000
Long-term capital gain	50,000
Book profits u/s 115JB	8,00,000

Contd...2

During the financial year 2025-26, the company deposited ₹15,000 in Industrial Development Bank of India. The company distributed gross dividend of ₹1,00,000 on 06.12.2025.

Compute the taxable income of the company and tax payable by it for the Assessment Year 2026-27. Assuming the total turnover of the company in previous year 2023-24 does not exceed ₹400 crores.

16. X (26 yrs), Y (28 yrs) and Z (62 yrs) are the members of of an AOP. The P & L A/C of the AOP for the previous year ended 31st March is given below:

Particulars	**₹**	**Particulars**	**₹**
Cost of goods sold	1,34,000	Sales	4,50,000
Interest on capital:		Interest on drawings:	
X	9,000	X	2,000
Y	27,000	Y	1,000
Z	35,000	Z	3,000
Salary:		Short term capital gains	
Y	65,000	(on transfer of land)	2,10,000
Z	70,000		
Other expenses	60,000		
Net Profits	2,66,000		
Total	**6,66,000**	**Total**	**6,66,000**

Other Information:

1. AOP gives a donation of ₹56,000 to a Public Charitable Trust (not debited to the above P & L A/C) which is eligible for deduction u/s 80 G.

2. Out of other expenses ₹26,000 are not deductible by virtue of section 43B.

Find the tax liability of AOP and members after considering following further information:

The profit-sharing ratio of X, Y & Z is 2:3:5. Their other incomes and savings are as follows:

	X(₹)	**Y(₹)**	**Z(₹)**
Interest on Securities	3,90,000	3,36,000	4,30,000
Medical Insurance Premium paid	6,000	----------	3,000
Deposit in P.P.F. A/C	1,44,000	1,16,000	1,28,000

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(2021 Batch Onwards)

G 340 DC1.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)

Mangaluru

Semester VI – Degree Examination

April/May - 2026

B.Com. (Accounting and Tax)

ADVANCED ACCOUNTING - II

Time: 2½ hours **Max Marks: 60**

SECTION – A

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

1. What is significant influence as for Ind AS28 – Investment in Associates and Joint Ventures?
2. What is minority interest?
3. Mention any 4 key features of Financial Statements.
4. How do you treat unrealised profit in stock sold by subsidiary to holding co.?
5. What is the position of consolidation when the reporting dates of holding co. and subsidiary co. are different?
6. When do you say there is Joint Control as per Ind AS 111?
7. Why do we identify pre-acquisition profit in CFS?

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SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. What advantages would an investor have from consolidated financial statements?
9. M Ltd. had acquired 1,20,000 shares of D Ltd at Rs.30 Lakhs. After the acquisition D Ltd. had declared a dividend of Rs.2 per share which was attributable to the pre-acquisition period. The total reserves and surplus were as follows:

	On date of Acquisition	On date of Consolidation
Share Capital (10 each)	15,00,000	15,00,000
General Reserve	3,75,000	4,75,000
Profit and Loss Account	2,25,000	3,95,000

Calculate the cost of control and the Non-Controlling interest if the FMV of a share on D Ltd. on date of acquisition is ₹15/-.

10. What is explicit and implicit joint control?
11. A and B form a joint arrangement AB using a separate vehicle. A and B each own 50% of the capital of AB. However, the contractual terms of the joint arrangement states that A has the rights to all of Machinery and the obligation to pay Bank Loan in AB. A and B have rights to all other assets in AB and obligations for all other liabilities in AB in proportion to their share of capital (i.e. 50% each)

Contd...2

Balance Sheet

Liabilities	₹	Assets	₹
Capital	1,50,000	Machinery	2,50,000
Bank Loan	75,000	Cash	50,000
Other Loan	75,000		
	3,00,000		3,00,000

How should P record in its financial statements its rights and obligations in PQ?

12. Explain significant influence in the context of IND AS 28.
13. Calculate the cost of control under both the following situations:
    a) M Ltd. acquires 70% of the equity shares of N Ltd. on 1.1.21. On that date the paid-up capital of N ltd. was 1,00,000 shares of ₹10 each; Accumulated balance o of Reserves was ₹5,00,000. M Ltd. paid ₹16,00,000 to acquire 70% interest. On date of accumulation there was a revaluation loss to be recognised of ₹2,00,000.
    b) R Ltd. acquires 70% of the equity shares of S Ltd. on 1.1.21. On that date the paid-up capital of S ltd. was 1,00,000 shares of ₹10 each; Accumulated balance o of Reserves was ₹5,00,000. R Ltd. paid ₹13,00,000 to acquire the 70& interest. On date of accumulation there was a revaluation profit to be recognised of ₹2,00,000.

SECTION – C

Answer any <u>TWO</u> of the following. **(2X15=30)**

14. Following is the information available:

a) H ltd purchased 90,000 equity shares in S ltd. On 1st April, 2001 at which date the following balances stood in the books of S ltd.

i)General reserve Rs. 1500 thousand

ii)Profit and loss account Rs. 633 thousand

b) On 14th July, 2001 S ltd. declared a dividend of 20% out of pre acquisition profits and paid corporate dividend tax (including surcharge) at 11%. H ltd credited the dividend received to its Profit and Loss account.

c) On 1st November, 2001 S ltd, issued 3 fully paid equity shares of Rs. 10 each, for every 5 shares held as bonus shares out of pre acquisition general reserve.

d) On 31st March, 2002, the Stock of S ltd, included goods purchased for Rs. 50 thousand from H ltd, which had made a profit of 25% on Cost.

Contd...3

15. On 1st April, 2017 Alpha Limited paid ₹1,10,000 for 90% of the issued capital to Beta Limited. The assets and liabilities of the two companies as on 31st March, 2018 were as follows:

Liabilities	Alpha	Beta	Assets	Alpha	Beta
Share capital (1 each)	1,80,000	60,000	Goodwill	20,000	6,000
Reserves	45,000	20,000	Fixed Assets	94,000	96,000
Profit and Loss A/c	36,000	20,500	Current Assets	30,000	18,000
Creditors	39,000	9,500	Investments	1,56,000	
6% Debentures (Held by Alpha Ltd.)		10,000			
Total	3,00,000	1,20,000	Total	3,00,000	1,20,000

- On April 1, 2017 the opening credit balance of Alpha Ltd.'s Profit and Loss Account was Rs. 26,000.Out of this balance, a 10% dividend was paid subsequently.
- The Profit and Loss Account of Beta Limited showed the following

Particulars	Amount(₹)	Amount(₹)
Balance b/f on April 1, 2017	22,000	
Net profit for the year ended 31 March, 2018	12,000	34,000
Less: Dividend Paid for the year ended 31 March 2017	9,000	
Interim dividend paid for half year	4,500	(13,500)
Balance as on 31st March, 2018		20,500

- Included in the stock-in-trade of Beta Limited at Balance sheet date were goods purchased from Alpha Limited for ₹6, 000 on which there was a profit of 50% on cost of Alpha Limited.
- All dividends received by Alpha Limited have been correctly recorded in the books of account.

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Prepare a consolidated balance sheet as per AS 21.

16. The following are the balance sheets of H Ltd and S Ltd as at 31st March, 2012

Amounts as at 31st March, 2012

Particulars	Note No.	Venus Ltd	Mars Ltd
I. Equity and Liabilities			
Shareholders' funds			
Share capital	1	10,00,000	4,00,000
Reserves and surplus	2	2,00,000	
Current liabilities			
Trade payables		16,00,000	1,20,000
		13,60,000	5,20,000
II. Assets			
Sundry assets		9,40,000	5,20,000
Non-current investments	3	4,20,000	
		13,60,000	5,20,000

Contd...4

Notes:

	Venus Ltd	Mars Ltd
a. Share Capital		
Issued, Subscribed and Paid up:		
Equity shares of ₹10 each, fully paid	10,00,000	40,00,000
b. Reserves and surplus		
Reserves	2,00,000	
c. Non- current Investments		
100% Equity Shares in S Ltd	4,20,000	

Prepare a Consolidated balance sheet as at 31st March, 2010.

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(2021 Batch Onwards)

G 340 DC2.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)

Mangaluru

Semester VI – Degree Examination

April/May - 2026

B.Com. (Accounting and Tax)

FINANCIAL MANAGEMENT - II

Time: 2½ hours **Max Marks: 60**

SECTION – A

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

1. X Ltd. is a no growth company, pays a dividend of ₹5 per share. If the cost of capital is 10%, COMPUTE the current market price of the share?
2. The following information regarding the equity shares of M Ltd. is given below:

Market price	₹58.33
Dividend per share	₹5
Multiplier	7

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According to the Graham & Dodd approach to the dividend policy, COMPUTE the EPS.

3. If the company's DP ratio is 60% and ROI is 16%, what should be the growth rate?
4. Suppose ABC Ltd. has been offered credit terms from its major supplier of 2/10, net 45. Hence the company has the choice of paying ₹10 per ₹100 or to invest ₹98 for an additional 35 days and eventually pay the supplier ₹100 per ₹100. The decision as to whether the discount should be accepted depends on the opportunity cost of investing ₹98 for 35 days. ANALYSE what should the company do?
5. The Dolce Company purchases raw materials on terms of 2/10, net 30. A review of the company's records by the owner, Mr. Gautam, revealed that payments are usually made 15 days after purchases are made. When asked why the firm did not take advantage of its discounts, the accountant, Mr. Rohit, replied that it cost only 2 per cent for these funds, whereas a bank loan would cost the company 12 percent.
   a) ANALYSE what mistake is Rohit making?
   b) If the firm could not borrow from the bank and was forced to resort to the use of trade credit funds, what suggestion might be made to Rohit that would reduce the annual interest cost? IDENTIFY.

Contd....2

6. A company's requirements for ten days are 6,300 units. The ordering cost per order is ₹10 and the carrying cost per unit is ₹0.26. You are required to CALCULATE the economic order quantity.
7. Given the last year's dividend is ₹9.80, speed of adjustment = 45%, target payout ratio 60% and EPS for current year ₹20. COMPUTE current year's dividend using Linter's model.

SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. Aakash Ltd. has 10 lakh equity shares outstanding at the start of the accounting year. The existing market price per share is ₹150. Expected dividend is ₹8 per share. The rate of capitalization appropriate to the risk class to which the company belongs is 10%.

   a) CALCULATE the market price per share when expected dividends are:
   (i) declared, and (ii) not declared, based on the Miller – Modigliani approach.

   b) CALCULATE number of shares to be issued by the company at the end of the accounting year on the assumption that the net income for the year is ₹ 3 crore, investment budget is ₹ 6 crores, when (i) Dividends are declared, and (ii) Dividends are not declared.

   c) PROOF that the market value of the shares at the end of the accounting year will remain unchanged irrespective of whether (i) Dividends are declared, or (ii) Dividends are not declared.

9. Following is the sales information in respect of Bright Ltd:

Annual Sales (90% on credit)	₹7,50,00,000
Credit Period	45 days
Average Collection Period	70 days
Bad debts	0.75%
Credit administration cost (out of which 2/5th is avoidable)	₹18,60,000

A factor firm has offered to manage the company's debtors on a non-recourse basis at a service charge of 2%. Factor agrees to grant advance against debtors at an interest rate of 14% after withholding 20% as reserve. Payment period guaranteed by factor is 45 days. The cost of capital of the company is 12.5%. One time redundancy payment of 50,000 is required to be made to factor.

Calculate the effective cost of factoring to the company. (Assume 360 days in a year)

Contd....3

10. ABC Ltd is evaluating the purchase of a new machinery with a depreciable base of ₹1,00,000; expected economic life of 4 years and change in earnings before taxes and depreciation of ₹45,000 in year 1, ₹30,000 in year 2, ₹25,000 in year 3 and ₹35,000 in year 4. Assume straight-line depreciation and a 20% tax rate. You are required to COMPUTE relevant cash flows.
11. CALCULATE the internal rate of return of an investment of ₹1,36,000 which yields the
following cash inflows:

Year	**Cash Inflows (in ₹)**
1	30,000
2	40,000
3	60,000
4	30,000
5	20,000

12. X Limited is considering purchasing of new plant worth ₹80,00,000. The expected net cash flows after taxes and before depreciation are as follows:

Year	Net Cash Flow (₹)
1	14,00,000
2	14,00,000
3	14,00,000
4	14,00,000
5	14,00,000
6	16,00,000
7	20,00,000
8	30,00,000
9	20,00,000
10	8,00,000

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The rate of cost of capital is 10%. You are required to CALCULATE:

1. Pay-back period.
2. Net present value at 10 discount factor.
3. Profitability index at 10 discount factor.
4. Internal rate of return with the help of 10% and 15% discount factor.

The following present value table is given for you:

Contd....4

Year	PV of ₹1 at 10% discount rate	PV of ₹1 at 15% discount rate
1	0.909	0.87
2	0.826	0.756
3	0.751	0.658
4	0.683	0.572
5	0.621	0.497
6	0.564	0.432
7	0.513	0.376
8	0.467	0.327
9	0.424	0.284
10	0.386	0.247

13. ABC Ltd is evaluating the purchase of a new machinery with a depreciable base of ₹1,00,000; expected economic life of 4 years and change in earnings before taxes and depreciation of ₹45,000 in year 1, ₹30,000 in year 2, ₹25,000 in year 3 and ₹35,000 in year 4. Assume straight-line depreciation and a 20% tax rate. You are required to COMPUTE relevant cash flows.

SECTION – C

Answer any <u>TWO</u> of the following. **(2X15=30)**

14. Samreen Enterprises has been operating its manufacturing facilities till 31.03.2020 on a single shift working with the following cost structure:

Particulars	Per unit (₹)
Cost of Materials	6.00
Wages (out of which 40% fixed)	5.00
Overheads (out of which 80% fixed)	5.00
Profit	2.00
Selling Price	18.00
Sales during 2019-20 – ₹4,32,000.	

As at 31.3.2020 the company held:

Particulars	(₹)
Stock of raw materials (at cost)	36,000
Work-in-progress (valued at prime cost)	22,000
Finished goods (valued at total cost)	72,000
Sundry debtors	1,08,000

Contd....5

In view of increased market demand, it is proposed to double production by working an extra shift. It is expected that a 10% discount will be available from suppliers of raw materials in view of increased volume of business. Selling price will remain the same. The credit period allowed to customers will remain unaltered. Credit availed of from suppliers will continue to remain at the present level i.e., 2 months. Lag in payment of wages and expenses will continue to remain half a month.

You are required to PREPARE the additional working capital requirements, if the policy to increase output is implemented.

15. A newly formed company has applied to the commercial bank for the first time for financing its working capital requirements. The following information is available about the projections of the current year:

Estimated level of activity: 1,04,000 completed units of production plus 4,000 units of work-in progress.

Based on the above activity, estimated cost per unit is:

Raw material	₹80 per unit
Direct wages	₹30 per unit
Overheads (exclusive of depreciation)	₹60 per unit
Total cost	**₹170 per unit**
Selling price	₹200 per unit

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Raw materials in stock: Average 4 weeks consumption, work-in-progress (assume 50% completion stage in respect of conversion cost) (materials issued at the start of the processing).

Finished goods in stock	8,000 units
Credit allowed by suppliers	Average 4 weeks
Credit allowed to debtors/ receivables	Average 8 weeks
Lag in payment of wages	Average 1 ½ weeks

Cash at banks (for smooth operation) is expected to be ₹25,000

Assume that production is carried on evenly throughout the year (52 weeks) and wages and overheads accrue similarly. All sales are on credit basis only.

CALCULATE

a) Net Working Capital required;

b) Maximum Permissible Bank finance under first and second methods of financing as per Tandon Committee Norms.

16. A large profit-making company is considering the installation of a machine to process the waste produced by one of its existing manufacturing processes to be converted into a marketable product. At present, the waste is removed by a contractor for disposal on payment by the company of ₹150 lakh per annum for the next four years. The contract can be terminated upon installation of the aforesaid machine on payment of a compensation of ₹90 lakh before the processing operation starts. This compensation is not allowed as deduction for tax purposes.

Contd....6

The machine required for carrying out the processing will cost ₹600 lakh to be financed by a loan repayable in 4 equal instalments commencing from end of the year 1. The interest rate is 14% per annum. At the end of the 4th year, the machine can be sold for ₹60 lakh and the cost of dismantling and removal will be ₹45 lakh. Sales and direct costs of the product emerging from waste processing for 4 years are estimated asunder: (₹ in lakhs)

Particulars	Year 1	Year 2	Year 3	Year 4
Sales	966	966	1,254	1,254
Material consumption	90	120	255	255
Wages	225	225	255	300
Other expenses	120	135	162	210
Factory overheads	165	180	330	435
Depreciation (as per income tax rules)	150	114	84	63

Initial stock of materials required before commencement of the processing operations is ₹60 lakh at the start of year 1. The stock levels of materials to be maintained at the end of year 1, 2 and 3 will be ₹165 lakh and the stocks at the end of year 4 will be nil. The storage of materials will utilize space which would otherwise have been rented out for ₹30 lakh per annum. Labour costs include wages of 40 workers, whose transfer to this process will reduce idle time payments of ₹45 lakh in the year 1 and ₹30 lakh in the year 2. Factory overheads include apportionment of general factory overheads except to the extent of insurance charges of ₹90 lakh per annum payable on this venture. The company's tax rate is 30%. Present value factors for four years are as under:

Year	1	2	3	4
PV factors @14%	0.877	0.769	0.674	0.592

ADVISE the management on the desirability of installing the machine for processing the waste. All calculations should form part of the answer.

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(2021 Batch Onwards)

G 340 DC3.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)

Mangaluru

Semester VI – Degree Examination

April/May - 2026

B.Com. (Accounting and Tax)

AUDITING AND ASSURANCE - II

Time: 2½ hours **Max Marks: 60**

SECTION – A

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

1. State any two powers of CAG.
2. What are 'subsequent events'?
3. What is a "Funded Loan"? Give examples.
4. State any two things to be kept in mind while planning the audit of an NGO (Non-Governmental Organisation).
5. Explain two advantages of joint audit
6. What is unmodified opinion?
7. What is collateral security?

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SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. List out the fundamental principles of professional ethics
9. The form, content and extent of audit documentation depends on a number of factors. List out these factors.
10. Briefly state any five special features of co-operative audit.
11. State the consequences of an inability to obtain sufficient appropriate audit evidence due to a management imposed limitation after the auditor has accepted the engagement.
12. List out the matters to be communicated by the auditor with those charged with governance in accordance with SA 260.
13. Discuss which class of companies are specifically exempt from the applicability of CARO 2020?

SECTION – C

Answer any TWO of the following. **(2X15=30)**

14. In the context of SA 700, briefly explain the following items concerning auditor's Report:

    (i) Auditor's Responsibilities for the Audit of Financial Statements. **(10 Marks)**

    (ii) Going Concern. **(5 Marks)**

Contd...2

15. Explain the reporting responsibilities of the auditor under Companies (Auditor's Report) Order, 2020 for the following:
    (i) Internal Audit – clause (xiv) **(4 Marks)**
    (ii) Fraud Reporting – clause (xi) **(4 Marks)**
    (iii) Investments, Loans or advances – clause (iii) **(7 Marks)**
16. In the context of audit of Limited Liability Partnership (LLP), explain the following:
    (i) Maintenance of Books. **(4 Marks)**
    (ii) Advantages / Purpose / Need of Audit. **(4 Marks)**
    (iii) Auditor's duty regarding audit of LLP. **(7 Marks)**

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(2021 Batch Onwards)

G 340 DE1.6 Reg. No. :

St Aloysius College (Autonomous)

Mangaluru

Semester VI – Degree Examination

April/May - 2026

B.Com. (Accounting and Tax)

ADVANCED COSTING TECHNIQUES II

Time: 2½ hours Max Marks: 60

SECTION – A

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

1. How is the defect due to bad workmanship treated?
2. A product passes through two Processes A and B. During the year 2016, the input to process A of basic raw material was 8000 units at ₹9 per unit. Other information for the year is as follows:

Particulars	Process A	Process B
Output units	7,500	4,800
Normal loss (% to input)	5%	10%
Scrap value per unit	2	10
Direct wages	12,000	24,000
Direct expenses	6,000	5,000
Selling price per unit	15	25

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Total overheads ₹17,400 were recovered as percentage of direct wages. Selling expenses were ₹5,000. They are not allocated to the processes. 2/3 of the output of Process A was passed on to the next process and the balance was sold. The entire output of Process B was sold. Prepare Process A and B accounts.

3. A product which arises incidentally in the production of the main products and which has a relatively small value compared with the main products is known as ____.
4. A company budgets a production of 10,000 units. The variable cost is estimated at Rs. 2 per unit. The fixed costs are estimated Rs. 60,000. The selling price is fixed to earn a profit of 25% on cost. Compute how many units must be produced and sold to earn a profit of Rs. 60,000
5. Company prepared the following budget for a year:

	% to total sales
Direct materials	40
Direct labour	20
Factory overhead: Variables	10
Fixed	10
Selling and admin. Overhead: Variables	5
Fixed	12
Profit	3
Sales	**100**

Contd...2

After evaluating the half yearly performance, it was observed that the company would be able to achieve only 80% of the original budgeted sales. That advised budgeted sale as envisaged above was estimated at 1,080 lakhs after taking into account a reduction in the selling price by 10%. You are required to prepare a statement showing the break-up of the original and revised budget for the year.

6. The production planning department prepares a list of materials and stores required for the completion of a specific job order; this list is known as:
7. A chemical process has normal wastage of 10% of input. In a period, 2500 units of input is introduced and there is an abnormal loss of 75 units. Find quantity of good units produced

SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. Beta Ltd. is a manufacturing product N. this is manufactured by the mixing two materials namely Material P and Material Q. The Standard Cost of Mixture is as under:

   Material P 150 ltrs. @ ₹40 per ltr.

   Material Q 100 ltrs. @ ₹60 per ltr.

   Standard loss @ 20% of total input is expected during production.

   The cost records for the period exhibit following consumption:

   Material P 140 ltrs. @ ₹42 per ltr,

   Material Q 110 ltrs. @ ₹56 per ltr,

   Quantity produced was 195 ltrs.

   Calculate:

   i. Material cost variance
   ii. Material usage variance
   iii. Material price variance.

9. Calculate efficiency and activity ratio from the following data:

Capacity ratio	75%
Budgeted output	6,000 units
Actual output	5,000 units
Standard time per unit	4 hours

10. A mineral is transported from two mines - A and B and unloaded at plots in a Railway station. Mine A is at a distance of 10 kms and B is at a distance of 15 kms from railhead plots. A fleet of lorries of 4 tonne carrying capacity is used for the transport of mineral from the mines. Records reveal that the lorries average a speed of 30 kms per hour, when running and regularly take 10

Contd...3

minute to unload at the railhead. At mine 'A' loading time averages 30 minutes per load while at mine 'B' loading time averages 20 minutes per load. Driver's wages, depreciation, insurance and taxes are found to cost ₹9 per hour operated. Fuel, oil, tyres, repairs and maintenance cost ₹1.20 per km. Draw up a statement showing the cost per tonne-kilometer of carrying mineral from each mine.

11. RST Limited processes Product Z through two distinct processes – Process- I and Process-II. On completion, it is transferred to finished stock. From the following information for the current year, PREPARE Process- I, Process- II and Finished Stock A/c:

Particulars	Process- I	Process- II
Raw materials used	7,500 units	--
Raw materials cost per unit	₹60	
Transfer to next process/finished stock	7,050 units	6,525 units
Normal loss (on inputs)	5%	10%
Direct wages	₹1,35,750	₹1,29,250
Direct Expenses	60% of Direct wages	65% of Direct wages
Manufacturing overheads	20% of Direct wages	15% of Direct wages
Realisable value of scrap per unit	₹12.50	₹37.50

6,000 units of finished goods were sold at a profit of 15% on cost. Assume that there was no opening or closing stock of work-in-process.

12. Following are the data pertaining to Infotech Private Limited for the year 2020-21:

	₹
Salary to software engineers (5 persons)	15,00,000
Salary to project leaders (2 persons)	9,00,000
Salary to project manager	6,00,000
Repairs and maintenance	3,00,000
Administration overheads	12,00,000

The company executes a project XYZ, the details of the same are as follows:

Project duration- 6 months

One Project leader and three Software Engineers were involved for the entire duration of the project, whereas project manager spends 2 months efforts, during the execution of the project.

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Travel expenses incurred for the project- ₹1,87,500

Two laptops were purchased at a cost of ₹50,000 each, for use in the project and the life of the same is estimated to be 2 years.

Prepare project cost sheet considering overheads are absorbed on the basis of salary.

Contd...4

13. A company has introduced a new product and marketed 20,000 units. Variable cost of the product is ₹20 per units and fixed overheads are ₹3,20,000.

You are required to:

i. Calculate selling price per unit to earn profit of 10% on sales value, BEP and margin of safety?

ii. If the selling price is reduced by the company by 10%, demand is expected to increase by 5000 units, then what will be its impact on Profit, BEP and margin of safety?

iii. Calculate margin of safety if profit is ₹64,000.

SECTION – C

Answer any TWO of the following. **(2X15=30)**

14. A company is engaged in manufacture of specialised sub-assemblies required for certain electronic equipment. The company envisages that in the forthcoming month, December, 2012, the sales will take a pattern in the ratio of 3:4:2 respectively of sub-assemblies ACB, MCB and DP.

The following is the schedule of components required for manufacture:

Sub-assembly	Selling Price	Base Board	Component requirements		
			IC08	IC12	IC26
ACB	520	1	8	4	2
MCB	500	1	2	10	6
DP	350	1	2	4	8
Purchase price (₹)		**60**	**20**	**12**	**8**

The direct labour time and variable overheads required for each of the sub-assemblies are:

Labour hours per sub-assembly			
Sub-assembly	Grade A	Grade B	Variable overheads per sub-assembly (₹)
ACB	8	16	36
MCB	6	12	24
DP	4	8	24
Direct wage rate per hour (₹)	**5**	**4**	---

The labourers work 8 hours a day for 25 days in a month.

The opening stocks of sub-assemblies and components for December, 20X2 are as under:

Sub-assemblies	Units	Components	Units
ACB	800	Base Board	1,600
MCB	1,200	IC08	1,200
DP	2,800	IC12	6,000
		IC26	4,000

Contd...5

Fixed Overheads amount to ₹7,57,200 for the month and a monthly profit target of ₹12,00,000 has been set. The company is eager for a reduction of closing inventories for December 2012 of sub-assemblies and components by 10% of quantity as compared to the opening stock.

Prepare the following budgets for December 2012:

a. Sales budget in quantity and value
b. Production budget in quantity
c. Component usage budget in quantity
d. Component Purchase budget in quantity and value

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Manpower budget showing the number of workers and the amount of wages payable.

15. Navya LMV Pvt. Ltd, operates cab/car rental service in Delhi/NCR. It provides its service to the offices of Noida, Gurgaon and Faridabad. At present it operates CNG fuelled cars but it is also considering to upgrade these into electrical vehicle (EV). The details related with the owning of CNG and EV propelled cars are as tabulated below:

	CNG Car	**EV Car**
Car purchase price(₹)	9,20,000	15,20,000
Government subsidy on purchase of car(₹)	-	1,50,000
Life of the car	15 years	10 years
Residual value(₹)	95,000	1,70,000
Mileage	20 km/ KG	240 km per charge
Electricity consumption per full charge	-	30 KWH
CNG cost per KG(₹)	60	-
Power cost per KWH(₹)	-	7.60
Annual maintenance cost(₹)	8,000	5,200
Annual insurance cost(₹)	7600	14,600
Tyre replacement cost in every 5 year(₹)	16,000	16,000
Battery replacement cost in every 8 year(₹)	12,000	5,40,000

Apart from the above, the following are the additional information:

Average distance covered by a car in a month	1,500 km
Drivers salary(₹)	20,000 p.m.
Garage rent Per car(₹)	4500 p.m.
Share of office and administration cost Per car(₹)	1500 p.m.

Required: Calculate operating cost of vehicle per month per car for both CNG and EV options.

Contd...6

16. Buttery Butter' is engaged in the production of Buttermilk, Butter and Ghee. It purchases processed cream and let it through the process of churning until it separates into buttermilk and butter. For the month of January, 'Buttery Butter' purchased 50 Kilolitre processed cream @ ₹100 per 1000 ml. Conversion cost of ₹,00,000 were incurred up-to the split off point, where two saleable products were produced i.e. buttermilk and butter. Butter can be further processed into Ghee.

The January production and sales information is as follows:

Products	Production (in Kilo litre/tonne)	Sales Quantity (in Kilo litre/tonne)	Selling price per Litre/Kg (₹)
Buttermilk	28	28	30
Butter	20	--	--
Ghee	16	16	480

All 20 tonne of butter were further processed at an incremental cost of ₹1,20,000 to yield 16 Kilolitre of Ghee. There was no opening or closing inventories of buttermilk, butter or ghee in the month of January.

Required:

SHOW how joint cost would be apportioned between Buttermilk and Butter under Estimated Net Realisable Value method.

'Healthy Bones' offers to purchase 20 tonne of butter in February at ₹360 per kg. In case 'Buttery Butter' accepts this offer, no Ghee would be produced in February. SUGGEST whether 'Buttery Butter' shall accept the offer affecting its operating income or further process butter to make Ghee itself?

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(2021 Batch Onwards)

G 340 DE2.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)
Mangaluru
Semester VI – Degree Examination
April/May - 2026
B.Com. (Accounting and Tax)
STRATEGIC MANAGEMENT - II

Time: 2½ hours **Max Marks: 60**

SECTION – A

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

1. What is meant by the internal environment in strategic analysis?
2. Mention two characteristics of a stability strategy.
3. Define forward integration with an example.
4. What is concentric diversification?
5. What is a strategic alliance?
6. How does a firm achieve a focused differentiation strategy?
7. What is the Ansoff's Product Market Growth Matrix used for?

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SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. Discuss the types of organizational structures used for strategy implementation.
9. Describe the risks associated with cost leadership strategy.
10. What are the key differences between stability strategy and growth strategy?
11. Describe the different types of diversification strategies.
12. Explain the differences between strategic formulation and strategic implementation.
13. Explain the different types of strategic control mechanisms.

SECTION – C

Answer any TWO of the following. **(2X15=30)**

14. How do companies decide between stability, growth, and retrenchment strategies? Provide examples.
15. Write a short note on digital transformation in business.
16. How can an organization achieve differentiation strategy? Discuss with relevant examples.

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(2021 Batch Onwards)

G 340 VO1.6 Reg. No. : | | | | | | | |

St Aloysius College (Autonomous)
Mangaluru
Semester VI – Degree Examination
April/May - 2026
B.Com. (Accounting and Tax)
CORPORATE STRATEGIES

Time: 2½ hours **Max Marks: 60**

SECTION – A

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

1. Who are merchant Bankers?
2. What is an IPO?
3. What is a dead cat bounce in stock market?
4. What are future contacts?
5. What is open interest in future market?
6. Name any two companies from pharma sector which are part of Nifty 50.
7. What is underwriting of shares?

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SECTION - B

Answer any FOUR of the following. **(4X5=20)**

8. What is NAV for a mutual fund? How is it calculated?
9. a) What is an annual report? **(2 Marks)**
   b) What are future contacts? **(3 Marks)**
10. Risk and Return move in the same direction. Explain.
11. What is the responsibilities of a merchant banker in an IPO?
12. What are the differences between a future contract and forward contract?
13. a) What is lot size in future contract? **(2 Marks)**
    b) What is contract value of a future contract. **(3 Marks)**

SECTION – C

Answer any TWO of the following. **(2X15=30)**

14. Consider the following information underlying asset SBI Spot price: 1100 Future price: 1110 Expiry date: 30/6/2026 Current date: 12/04/2026 Risk free rate: 8% Construct an arbitrage strategy if any?
15. a) What are the factors affecting value of an option? **(5 Marks)**
    b) Explain cash secured put option strategy using your own numerical data. **(5 Marks)**
    c) Explain long strangle option strategy using your own numerical data. **(5 Marks)**
16. Consider the following information: Underlying asset: ITC Spot price: 410.4 Future price: 411.5 Expiry date: 27/2/2025 Current date: 12/2/2025 Risk free rate: 7% Construct an arbitrage strategy if any?

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