

(2021 batch onwards)

G 310 DC1.5

Reg. No. :

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Semester V – Degree Examination  
November - 2024**

**FINANCIAL MANAGEMENT**

Time: 2 ½ Hours

Max Marks: 60

Note: P V Table will be provided.

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. Define Financial Management?
2. What is meant by doubling period?
3. List the components of a company's Capital Structure.
4. State any two types of capital investment projects.
5. What is working capital?
6. What is receivables management?
7. What do you understand by Time Value of Money?

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. Explain the need and importance of Financial Planning.
9. The company is considering following projects T&U

Year	0	1	2	3
T	25,000	6,000	5,000	23,640
U	38,000	22,672	12,672	12,602

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Calculate NPV at 8% of both the projects.

10. Degree of operating leverage of Ananya Limited is increased by 40%. What will be the change in the degree of total leverage if the degree of financial leverage is decreased by 20%.
11. What is capital budgeting? Why capital budgeting is crucial for businesses to undertake this process before making long-term investment decisions?
12. What is the meaning of Gross Working Capital, Net working Capital, Permanent or Temporary Working Capital?
13. ABCO Ltd. Achieved the following in year 2022-2023

	₹
Purchase	12,00,000
Opening Stock	8,00,000
Wage	10,00,000
Gross Profit	7,00,000
Closing Stock	16,00,000

It required average working capital of ₹ 5,25,000. Calculate working capital for the year 2023-24 if projected sales amounted to ₹25,00,000.

Contd...2

## SECTION – C

Answer any TWO of the following.

(2x15=30)

14. I) A firm requires ₹8,00,000 , 6 years from now. For this purpose, it is creating a reserve fund by transferring equal annual installment to this fund and investing in outside securities at 8% Compound Interest per annum. Calculate annuity;
- a) If transfer is made at the end of current year.  
b) If transfer is made at the beginning of current year.
- II) For his son doing MBBS, Nagesh wants to accumulate ₹10,00,000 over a period of 5 years. For this he plans to make equal annual deposit in the bank at compound interest of 8% at beginning of each year. Calculate how much he has to deposit each year.

15. Estimate the Working Capital requirements from the following information. You are instructed to add 10% for contingencies.

1) Amount Blocked up in stock:	₹
Stock of Finished Goods	6,000
Stock of materials	10,000
2) Average Credit Sales:	
Inland Sales- 8 weeks' credit	3,00,000
Export Sales-2 weeks' credit	80,000
3) Lag in Payment and Outgoings:	
Wages (2 weeks)	2,50,000
Purchase of materials- 2 months	50,000
Rent & Royalties – 6months	10,000
Clerical Staff – 1 month	5,000
Miscellaneous Expenses – 2 months	50,000
4) Payment in Advance:	
Sundry Expenses Paid Quarterly	10,000

16. An industry Limited presents the following details from which you are required to compute operating, financial and combined leverage. Also determine the EPS.

Financial details:

equity share of ₹10 each, ₹5 lakh

debenture:15% of ₹100 each, ₹10,00,000

Operational details:

Sale price per unit ₹15, variable cost per unit ₹8 fixed cost ₹ 2 lakhs. Tax rate 25%. Assume the output to be one lakh unit. What will be leverage and EPS if the output goes up to 2,00,000 units and 3,00,000 units.

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(2021 batch onwards)

G 310 DC2.5/ G 320 DC2.5/ G 330 DC2.5

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. Semester V – Degree Examination**

**November - 2024**

**INCOME TAX LAW & PRACTICE - I**

Time: 2 ½ Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. What is a finance bill?
2. How is the residential status of HUF determined?
3. Suresh is getting a pension of ₹ 12,000 per month from a company. During the PY, he got his two-third pension commuted and received ₹ 7,38,000. Compute the exempted amount, if he also received gratuity.
4. Which head of income are the following taxable?
  - a. Salary received by Member of Legislative Assembly.
  - b. Rent received from staff quarters.
5. How is the income from house property calculated for a self-occupied property?
6. What are the conditions to be satisfied in order to charge additional depreciation on plant and machinery as per the Income tax act of 1961?
7. State any four fully Taxable allowances.

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**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. Define the term "assessee" and "person" as per the Income Tax Act, 1961. Explain the different types of assessees.
9. Mr. B, a Canadian citizen, comes to India for the first time during the P.Y. 2019-20. During the financial years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24, he was in India for 55 days, 60 days, 90 days, 150 days and 70 days, respectively. Determine his residential status for the A.Y. 2024-25?
10. Mr. Gupta retired on 1<sup>st</sup> December 2023 after 20 years of service and received earned leave encashed of ₹ 5,00,000. Other details of his salary income are
  - Basic salary as on 1.4.2023 ₹25,000 per month (increment ₹1,000 is given with effect from 1/10/2023)
  - Dearness allowance ₹3,000 per month (60% of which is for retirement benefits)
  - Commission at 10% of turnover. ₹ 5,00,000 turnover achieved by him in the last 10 months.
  - Bonus ₹12,000 per annum.
  - Leave availed during service – 16 months of earned leave, he was entitled to 30 days leave every year.

You are required to compute taxable earned leave encashed assuming he's a non-government employee.

**Contd...2**

11. Mr. Xavier is employed at Mumbai in a limited company at a salary of ₹ 16,000 pm, plus DA of ₹ 4,000 pm (given under retirement benefits). Since he is deputy manager in the sales department, he is also entitled to 1% commission on the turnover achieved through him, which amounted to ₹ 20 lakhs during the year. The turnover is evenly spread throughout the year. He is also getting HRA of ₹ 8,000 pm. The actual rent paid by him is ₹ 5,000 per month up to 30th September 2023 and thereafter it has been increased to ₹ 6,000 pm. Find out the taxable amount of HRA for the AY 2024-25.

12. Mr Rathan has three houses. The particulars of the houses for the P.Y. 2023-24 are as under:

Particulars	House 1 (LOP)	House 2 (SOP)	House 3 (SOP)
Municipal Valuation p.a.	₹ 3,00,000	₹ 3,60,000	₹ 3,30,000
Fair rent p.a.	₹ 3,75,000	₹ 2,75,000	₹ 3,80,000
Standard rent p.a.	₹ 3,50,000	₹ 3,70,000	₹ 3,75,000
Municipal taxes paid during the year (% of Municipal Valuation)	10%	12%	10%
Interest on money borrowed for repair of property during the current year	Nil	₹ 32,000	Nil
Interest for current year on money borrowed in April, 2016 for purchase of property	Nil	Nil	₹ 2,04,000

Compute income from house property for the A.Y. 2024-25. House I was let out for ₹ 30,000 p.m.

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13. Mr. X, a proprietor engaged in manufacturing business, furnishes the following particulars:

	Particulars	Amount(₹)
1	WDV of plant and machinery as on 1.4.2023	30,00,000
2	New plant and machinery purchased and put to use on 08.06.2023	20,00,000
3	New plant and machinery acquired and put to use on 15.12.2023	8,00,000
4	Computer acquired and installed in the office premises on 2.1.2024	3,00,000

Compute the amount of depreciation and additional depreciation as per the Income- tax Act, 1961 for the A.Y. 2024-25. Assume that all the assets were purchased by way of account payee cheque.

Contd...3

## SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. Compute the total income of Mr. Das, aged 45 years, being a Resident and Ordinarily Resident, Resident but not ordinarily resident and Non-resident for the AY 2024-25
- Interest on UK development bonds, 50% of interest received in India – ₹ 10,000
  - Income from business in Chennai (50% received in India) - ₹ 20,000
  - Gains from sale of shares of an Indian company received in London - ₹ 20,000
  - Income received from business in Germany which is controlled from Delhi - ₹ 40,000
  - Profit on sale of property at Bangalore, half received in Pakistan ₹ 50,000
  - Income from agriculture in Indonesia, ₹ 30,000, half of the income is received in Bangalore
  - Gift from a friend ₹ 80,000 on the occasion of wedding anniversary
  - Income from a business in Singapore controlled from Singapore ₹ 50,000
  - Fees for technical services rendered in India but received in Nepal ₹ 3,000
  - Salary income for three months for working in the Indian embassy's office in Australia - ₹ 72,000 per month
  - Agricultural income from land in Dharwad ₹ 25,000
  - Dividend from an American company received in India ₹ 10,000
  - Rent received in respect of house property in Bangalore ₹ 15,000
  - Income from profession in Kenya which was set up in India, received there but spent in India ₹ 5,000
  - Interest on savings bank account at SBI - ₹ 7,000
15. Mr. Sharma is an employee of a private firm in Bangalore. He furnishes the following details of his salary. Calculate his income from salary
- Basic salary ₹16,000 p.m.
  - Dearness allowance ₹2,000 per month (₹1,000 per month enters into retirement benefit)
  - City compensatory allowance ₹1,000 p.m.
  - Education allowance for two children ₹350 p.m., per child.
  - House rent allowance ₹3,000 per month (actual rent paid by him ₹6,000 per month).
  - Entertainment allowance ₹1,500 per month.
  - Conveyance allowance ₹1,600 p.m. for visiting the branches.
  - He is provided a motor car of 1.8 litre cc both for official and personal use, with the facility of driver. The car is owned by the employer. The cost of running and maintenance of ₹ 10,000 p.a. was paid by the company.

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Contd...4

- Provision of following domestic servants who were paid by the company  
Watchman – ₹ 2,000 p.m. Sweeper – ₹1,000 p.m. Cook – ₹3,500 p.m.
- He and the company contribute 14% of salary towards RPF, interest on the above fund was ₹21,000 at 12% pa.

16. The following is the Profit and Loss a/c of the Modern Tech for the PY:

Particulars	₹	Particulars	₹
Opening stock	60,000	Sales	12,20,000
Purchases	3,18,000	Dividends	12,000
Wages and salaries	1,00,000	Rent from staff quarters	14,000
Rent	40,000	Interest on Government securities	1,00,000
Reserve for bad debts	20,000	Closing stock	50,000
Advertisement	10,000	Income from smuggling	20,000
Reserve for income tax	14,000	Discount received	4,000
Depreciation on machinery	10,000		
Income tax	14,000		
Interest on loan	14,000		
GST due	30,000		
Insurance	4,000		
Donation to a charitable institution	50,000		
Loss on sale of old printer	6,000		
Computer	75,000		
Staff welfare fund	80,000		
Net profit	5,75,000		
	14,20,000		14,20,000

You are required to compute taxable income from business after taking into account the following information:

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- Stock overvalued by 10%
- Bad debts amounted to ₹4,000
- Purchases include ₹15,000 paid in cash
- Traced embezzlement by an employee in business ₹ 3000
- Allowable depreciation amounted to ₹ 8,000 as per I.T. rules.
- Interest of ₹ 14,000 includes interest on loan taken to buy land ₹ 6,000.

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(2021 batch onwards)

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**St Aloysius College (Autonomous)**  
**Mangaluru**

**B.Com. Semester V – Degree Examination**

**November - 2024**

**PRINCIPLES & PRACTICE OF AUDITING**

**Time: 2 ½ Hours**

**Max Marks: 60**

**SECTION – A**

**Answer any FIVE of the following.**

**(5x2=10)**

1. What is the primary purpose of Audit Evidence?
2. What is 'overtime' payment?
3. What is meant by verification of assets?
4. Define professional ethics.
5. State the objectives of verification and valuation of stock in trade.
6. Give the meaning of Audit Note Book.
7. State the meaning of Audit Risk.

**SECTION - B**

**Answer any FOUR of the following.**

**(4x5=20)**

8. Write a note on internal check regarding Postal Sales.
9. Briefly explain the Objectives of Internal check.
10. Write a note on verification of contingent liabilities.
11. What are the Rights of an auditor? Explain.
12. Explain the audit procedure of hospitals.
13. State in brief the Independent Audit Report.

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**SECTION – C**

**Answer any TWO of the following.**

**(2x15=30)**

14. Explain in detail the verification and valuation of Free hold and lease hold Property.
15. Explain in detail the duties of a company auditor.
16. Explain the secondary objectives of Auditing.

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(2021 - Batch onwards)

310 DE1a.5/ G 310 DE2a.5

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. SEMESTER V - DEGREE EXAMINATION**

**NOVEMBER - 2024**

**FINANCIAL INSTITUTIONS AND MARKETS**

Time : 2 ½ Hours

Max. Marks : 60

**SECTION - A**

Answer any **FIVE** of the following.

(5×2=10)

1. What is the role of the Reserve Bank of India in financial sector reforms?
2. What are recent trends in the money market?
3. What is a recognized stock exchange?
4. Who are the primary players in the capital market?
5. Define the role of financial markets in a financial system.
6. Explain one problem faced by the Indian primary markets.
7. What is Factoring?

**SECTION - B**

Answer any **FOUR** of the following.

(4×5=20)

8. Explain the major functions of a financial system in supporting an economy.
9. Explain the Role of Merchant Banker.
10. Analyze the role of the Reserve Bank of India (RBI) in regulating the money market.
11. What is Leasing? Explain its Types.
12. How has SEBI contributed to the development and regulation of the secondary market through reforms?
13. Discuss the different types of mutual funds and their key features.

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**SECTION - C**

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Answer any **TWO** of the following .

(2×15=30)

14. Explain the procedure of Trading and Settlement in Stock Market
15. Explain the Functions & RBI guidelines with regards to NBFC
16. ABC Ltd need to acquire a machine costing Rs 2000000, decide whether they have to buy the machine or lease the machine. The depreciation subject to 20% on WDV method with Rs 100000 salvage value at the end of 5 years. the lease rent is Rs 250000 to be paid at the end of the year, cost of debt is 16% payable in 5 equal annual installments. Each instalment is due at the beginning of the year, tax rate is 50%. Advise the company with the best alternative.

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(2021 - Batch onwards)

10 DE1b.5/ G 310 DE2b.5

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**St Aloysius College (Autonomous)**  
**Mangaluru**  
**B.Com -SEMESTER V- DEGREE EXAMINATION**  
**NOVEMBER - 2024**  
**RETAIL MANAGEMENT**

Time : 2 ½ Hours

Max. Marks : 60

**SECTION - A**

(5×2=10)

**Answer any FIVE of the following.**

1. Define Retailing.
2. Mention any two functions of Retailing.
3. What is Customer Satisfaction?
4. What do you mean by location of store?
5. What do you mean by store layout?
6. What do you mean by promotional mix?
7. Define Bar Coding and its benefits

**SECTION - B**

(4×5=20)

**Answer any FOUR of the following.**

8. Explain the different types of corporate replenishment policies.
9. Explain the Present Indian Retail Scenario.
10. State in brief all the elements of store design .
11. Explain the Consumer Decision making process.
12. Explain in brief the key impacts of information technology in retailing.
13. Explain the concept of markdown pricing in detail

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MANGALURU - 575 003

**SECTION - C**

(2×15=30)

**Answer any TWO of the following .**

14. Explain in detail the merchandise Planning Process
15. Explain in detail the factors affecting consumer Behaviour.
16. What are the factors to be analysed in preparing a Business Plan

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(2021 - Batch onwards)

G 310 DE1c.5/ G 310 DE2c.5

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**St Aloysius College (Autonomous)**  
**Mangaluru**  
**B.Com SEMESTER V -DEGREE EXAMINATION**  
**NOVEMBER - 2024**  
**HUMAN RESOURCE DEVELOPMENT**

Time : 2 ½ Hours

Max. Marks : 60

**SECTION - A**

**Answer any FIVE of the following.**

(5×2=10)

1. Mention any two managerial functions of Human Resource Management
2. What is the need of HRD in an organization?
3. What is Self-paced Training?
4. How important is Socialization?
5. What is work force Diversity?
6. What is career management?
7. Mention the key processes in HRD.

**SECTION - B**

**Answer any FOUR of the following.**

(4×5=20)

8. What HRD programs can be designed for diverse employees.
9. What is HRD department? Explain the tasks performed by the HRD department.
10. Explain HRD interventions in brief.
11. Give a short note on Organisational Realignment.
12. What are the objectives of HR performance?
13. Explain the qualities of HR manager.

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**SECTION - C**

**Answer any TWO of the following .**

(2×15=30)

14. Explain Learning Transfer Evaluation Model(LTEM) developed by Will Thalheimer.
15. Describe assessing the impact of HRD programs.
16. Elaborate the features of socialisation.

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(2021 - Batch onwards)

G 310 DE1d.5/ G 310 DE2d.5

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**St Aloysius College (Autonomous)**  
**Mangaluru**  
**B.Com - SEMESTER V - DEGREE EXAMINATION**  
**NOVEMBER - 2024**  
**BASICS OF BUSINESS ANALYTICS**

Time : 2 ½ Hours

Max. Marks : 60

**SECTION - A**

**Answer any FIVE of the following.**

(5×2=10)

1. Mention two applications of Internet of Things (IoT) in business.
2. What is the purpose of business analytics in decision-making?
3. List two features of HDFS.
4. Identify one method of data pre-processing.
5. What does the AND function do in Excel?
6. Define "Pivot Table Data."
7. List two industries where analytics is emerging as a key trend.

**SECTION - B**

**Answer any FOUR of the following.**

(4×5=20)

8. How does the type of data (qualitative vs. quantitative) impact the methods used for analysis in business analytics?
9. Explain the key components of a DBMS and their roles in managing databases.
10. What is the difference between horizontal and vertical data scientists?
11. Explain the importance of family health history in genomic data analysis.
12. Compare and contrast descriptive and predictive analytics. Provide examples of how each type is used in business.
13. Discuss the need for data warehousing in large organizations. Why is it essential for handling large amounts of historical data?

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**SECTION - C**

**Answer any TWO of the following .**

(2×15=30)

14. Describe the role of big data in modern enterprises.
15. Define data standardization and its importance in data analysis.
16. Critically assess the role of data mining in enhancing business decision-making. Provide examples from industries such as retail, finance, and healthcare where data mining has led to significant improvements.

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(2021 - Batch onwards)

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G 310 VO1.5/ G 330 VO1.5

St Aloysius College (Autonomous)  
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B.Com. - Semester V - Degree Examination

November - 2024

GST - LAW AND PRACTICE

Max. Marks : 60

Time : 2 ½ Hours

**SECTION - A**

(5×2=10)

Answer any **FIVE** of the following.

1. Give the meaning of GST.
2. What do you mean by Reverse charge?
3. Identify the place of supply for the following transactions  
a) Ram Traders, a dealer in furniture located in Maharashtra, receives an order from Raj Traders in Maharashtra for the supply of 70 tables with an instruction to ship the tables to their customer Ramraj traders, Tamilnadu.  
b) Bheem Ltd registered in Maharashtra sold its pre-installed transmission tower (electric tower) located at Madya Pradesh to Sindhu Ltd registered in Delhi.
4. Mr. Yuvraj from Andra Pradesh, a registered dealer sold goods within and outside the state, and the output tax payable for December 2023 is as follows:  
IGST- 38,200, CGST-12,900, and SGST- 12,900.  
Accordingly, he has an Input Tax Credit available on the purchase of goods and receipt of services:  
IGST- 18,000, CGST- 15,600, SGST-15,600 .  
Compute GST payable.
5. Mr Kavan is a small manufacturer of readymade garments. Turnover for financial year amounts to 90,00,000. Is he eligible for composition levy? If yes, what will be his GST liability?
6. List out the documents through which ITC can be claimed.
7. State any four benefits of being a GST Registered dealer.

**SECTION - B**

ST ALOYSIUS COLLEGE LIBRARY  
MANGALURU - 575 003

(4x5=20)

Answer any **FOUR** of the following.

8. Explain the objectives of GST.
9. Define the term 'Location of supplier of services and location of recipient of services.
10. State the activities to be treated as supply even if made without consideration according to Schedule I.
11. State the inclusions and exclusions in transaction value.
12. Tide Ltd has its Head office based in Mangalore and four branch offices in Bangalore, Delhi, Mumbai, and Hyderabad. It seeks the service of Wall Ltd, an IT company to update its software in all branches. No service was rendered in the Head office. The Wall Ltd raises a bill which includes GST amounting to 2,50,000 on the Head office. The turnover of the Head office and the branches during the quarter ending March 31st were as under.
  - Mangalore Head office- 2,00,000
  - Bangalore - 4,25,000
  - Delhi- 2,80,000
  - Mumbai - 3,75,000
  - Hyderabad- 2,20,000.

Compute the distribution of Input Tax by the Mangalore Head office.

13. Who are the persons liable to register under GST?

Contd...2

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

14. Explain the provisions with regard to time of supply of services under section 13.
15. (a) Suman Ltd. Registered in Maharashtra opens a new office in Delhi. It purchases 10 ACs from Voltas Ltd., Maharashtra to be installed at its Delhi office. Compute the transaction value and GST payable.  
Price of each AC ₹ 60,000. GST rate on AC is 5%.

Expenses not included in the above prices are:

Packing for transportation ₹ 5,000

Transportation charges of AC ₹ 7,000

Commission paid to the agents to fix up agreement for the sale ₹ 12,000

Additional feature charges incurred by the supplier on the request of buyer for each AC ₹ 2000.

Voltas Ltd. supplied following essential items along with the AC:

i) 10 remotes costing ₹ 600 each and rate of GST applicable is 18%.

ii) 20 batteries for the remote costing ₹ 15 each and rate of GST applicable is 12%.

iii) Special discount of ₹ 2,000 for each AC is given if advance of ₹ 2,00,000 is paid with order. The buyer fails to pay the advance. **(10 marks)**(b) Explain the functions of GST Council in India. **ST ALOYSIUS COLLEGE LIBRARY (5 marks)**

MANGALURU - 575 003

16. Mr Ruben is a registered taxable person under GST. From the following particulars, compute net GST payable by him.
- a) Inter state purchase of goods (18%) Rs.9,00,000. Out of these, goods worth ₹ 1,00,000 were used for his domestic consumption; goods sold within the state ₹ 7,00,000; interstate sales ₹ 4,00,000.
- b) Goods purchased within the state (12%) ₹ 15,00,000. Out of these goods, sales within the state was ₹ 13,00,000; inter state sales ₹ 6,00,000; goods distributed as free sample were ₹ 20,000; and goods worth ₹ 40,000 was completely damaged and hence discarded.
- c) Purchases from outside state a new machinery (18%) ₹ 10,00,000 for the use in business.
- d) Input goods purchased within the state (5%) ₹ 8,00,000 for manufacture of articles. These articles were sold within the state (5%) ₹ 4,00,000; sold interstate (5%) ₹ 5,00,000 and supplied to SEZ units ₹ 2,00,000
- e) Input services received within the state in connection with the business (18%) ₹ 4,00,000.
- f) Purchased a car within the state (28%) ₹ 14,00,000
- g) Supply of services to customers (18%) within the state Rs.6,00,000 and interstate ₹ 4,00,000.
- The above amounts are excluding GST. The ITC at the beginning of the relevant period:  
IGST ₹ 63,000; CGST ₹ 45,000 and SGST at ₹ 73,000.  
Assume that all details of all invoices/ Debit notes have been uploaded by all the suppliers in the relevant returns within the due date.

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (International Finance) Semester V – Degree Examination  
November - 2024**

**ADVANCED FINANCIAL MANAGEMENT – I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. What you mean by management of risk?
2. List any four investment appraisal techniques for evaluating the projects.
3. Molier is an unquoted entity with a recently reported after-tax earnings of \$3,840,000. It has issued 1 million ordinary shares. A similar listed entity has a P/E ratio of 9.  
Required:  
Calculate the value of one ordinary share in Molier using the P/E basis of valuation.
4. What you mean by Bi-lateral trade agreements?
5. List out various sources of Islamic Finance.
6. What is Static trade-off theory?
7. List the Types of merger.

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. Summary of information regarding Entity A and Entity B:

	Entity A	Entity B
Market price per share (\$)	75	15
Number of shares	100,000	60,000
Market value (\$)	7,500,000	900,000

**Required:**

If A intends to pay \$1.2m cash for B, what is the cost premium if:

- share price does not anticipate the takeover.
- share price of Entity B includes a 'speculation' element of \$2 per share?

9. Explain the Types of merger.
10. Write a short note on Behavioural Finance.
11. ABC Co is considering making a bid for the entire equity capital of XYZ Co, a firm which has a P/E ratio of 9 and annual earnings of \$390 million.

ABC Co has a P/E of 13 and annual earnings of \$693 million, and it is thought that \$125 million of annual synergistic savings will be made as a consequence of the takeover. The P/E of the combined company is expected to be 12.

**Required:**

Calculate the minimum value acceptable to XYZ's shareholders, and the maximum amount which ABC should consider paying.

12. Aris Inc has its business in Aviation sector. A company value is needed as part of merger talks and the CIV method has been chosen to value the intangible element of the business.

As per the latest financial statements Aris inc made an operating profit of \$135.5 million on an asset base of \$760 million. The company WACC is 10%. The average return on assets of the bench marks company in the industry is \$62.5 profit with a asset base of \$500 Corporation tax is 30%.

**Required:** Calculate the value of DCH, including the CIV.

13. What are Practical considerations for the choice between debt and equity finance.

### SECTION – C

**Answer any TWO of the following.**

(2x15=30)

14. A company is preparing a free cash flow forecast in order to calculate the value of equity.

The following information is available:

Sales: Current sales are \$500 million. Growth is expected to be 8% in year 1, falling by 2% per year (e.g. to 6% in year 2) until sales level out in year 5 where they are expected to remain constant in perpetuity.

The operating profit margin will be 10% for the first two years and 12% thereafter.

Depreciation in year 1 will be \$7 million increasing by \$1 million per year over the planning horizon before levelling off and replacement asset investment is assumed to equal depreciation. Incremental investment in assets is expected to be 8% of the increase in sales in year 1, 6% of the increase in sales in each of the following two years, and 4% of the increase in year 4.

Tax will be charged at 30%. The WACC is 15%.

The market value of short-term investments is \$4 million and the market value of debt is \$48 million.

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**Required:**

Calculate the value of equity.

15. Following is the statement of financial position of a company which is running into losses for the past few years:

Particulars	Amount (\$)	Amount (\$)
<b>Assets</b>		
<u>Non-Current Assets:</u>		
Building	50,000	
Plant and Equipment	70,000	120,000
<u>Current Assets:</u>		
Receivables	30,000	
Inventory	35,000	65,000
<b>Total Assets</b>		<b>185,000</b>

<b>Equity and Liabilities</b>		
<u>Equity:</u>		
Share Capital		
100,000 shares of \$1 each	100,000	
Reserves and Surplus	(75,000)	25,000
<u>Non-current liabilities:</u>		
10% Loan		100,000
<u>Current Liabilities:</u>		
Bank Overdraft		60,000
<b>Total Equity and Liabilities</b>		<b>185,000</b>

**The following scheme of reconstruction was agreed:**

1. Face value of shares to be reduced from \$1 to \$0.25.
  2. Equity shareholders agreed to bring more capital into the business through a right issue of 1:1 and the issue price to be fixed at \$1.5.
  3. Lenders agreed to convert 50% of this loan into equity. Thus, equivalent number of shares should be issued to them.
  4. The bank overdraft is to be repaid using the proceeds of right issue.
  5. Assets to be revalued as follows:
    - Building - \$100,000
    - Plant and equipment - \$55,000
    - Inventory - 70% of the value
- ST ALOYSIUS COLLEGE LIBRARY**  
MANGALURU - 575 003
- a) Give the necessary journal entries for the reconstruction arrangement and prepare the revised statement of financial position. **(12 Marks)**
  - b) Assume that after reconstruction the expected PBIT is \$50,000. Tax rate 25% calculate the Expected EPS. **(3 Marks)**
16. Explain the Key reasons for acquisition.

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(2021 Batch Onwards)

G 320 DE1.5

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (International Finance) Semester V – Degree Examination**

**November - 2024**

**ADVANCED PERFORMANCE MANAGEMENT**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. Give the meaning of Performance Management.
2. A mission should be succinct. Explain
3. What is the role of responsibility centres?
4. State the differences between risk and uncertainty.
5. What is Decision support system (DSS)
6. Which are the sources of information?
7. State any two Features of CRM.

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. What are the benefits of linking reward to performance measures?
9. Explain Porter's 5 Forces with examples.
10. How might an organisation take steps to avoid conflict between strategic business plans and short-term localised decisions?
11. Explain in detail Benchmarking process.
12. Company A is a diversified business with strategic business units (SBUs) in very different business areas. It is organised with each SBU being a separate division. Company B is a multinational with different parts of the supply chain in different countries. It is also divisionalised.

**Required:** Comment on the differences in performance management issues for each company.

13. CB publishing is considering the impact of a new system based on an integrated, single database which would support an executive information system (EIS) and a decision support system (DSS). A network update would allow real time input of data.

**Required:** Evaluate the potential impact of the introduction of the new system on performance management.

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

14. a) HI is a large importer of cleaning products; HI has its head office situated in the centre of the capital city. This head office supports its area branches; a branch consists of an area office and a warehouse. The branches are spread geographically throughout the country; a total of seven area branches are supported. Currently each HI area office and warehouse supports and supplies its own dealers with the required products. When stocks become low they place a Required Stock Form (RSF) with head office. On receipt of the RSF, head office despatch the goods from their central warehouse to the appropriate area office. When the central warehouse becomes low on any particular item(s) HI will raise purchase orders and send them to one of their many international suppliers. Typically, each area office has its own stock recording system, running on locally networked personal computer systems (PCs). RSFs are emailed to head office.

**Required:** How would the introduction of an Intranet enhance performance within HI? **(7 Marks)**

**b)** How does BPR improve organisational performance? Explain the problems associated with BPR. **(8 Marks)**

15. What is CSF? Explain its classification and types.

16. Critically evaluate the following Ratios:

- Return on investment (ROI)
- Economic value added (EVA)
- Residual income ( $\hat{R}\hat{I}$ )

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G 320 VO1.5

St Aloysius College (Autonomous)  
Mangaluru

B.Com. (International Finance) - Semester V - Degree Examination

November - 2024

BUSINESS TAXATION - I

Max. Marks : 60

Time : 2 ½ Hours

**SECTION - A**

(5×2=10)

Answer any **FIVE** of the following.

1. Give the meaning of GST.
2. What do you mean by Reverse charge?
3. Identify the place of supply for the following transactions  
a) Ram Traders, a dealer in furniture located in Maharashtra, receives an order from Raj Traders in Maharashtra for the supply of 70 tables with an instruction to ship the tables to their customer Ramraj traders, Tamilnadu.  
b) Bheem Ltd registered in Maharashtra sold its pre-installed transmission tower (electric tower) located at Madya Pradesh to Sindhu Ltd registered in Delhi.
4. Mr. Yuvraj from Andra Pradesh, a registered dealer sold goods within and outside the state, and the output tax payable for December 2023 is as follows:  
IGST- 38,200, CGST-12,900, and SGST- 12,900.  
Accordingly, he has an Input Tax Credit available on the purchase of goods and receipt of services:  
IGST- 18,000, CGST- 15,600, SGST-15,600 .  
Compute GST payable.
5. Mr Kavan is a small manufacturer of readymade garments. Turnover for financial year amounts to 90,00,000. Is he eligible for composition levy? If yes, what will be his GST liability?
6. List out the documents through which ITC can be claimed.
7. State any four benefits of being a GST Registered dealer.

**SECTION - B**

Answer any **FOUR** of the following.

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(4×5=20)

8. Explain the objectives of GST.
9. Define the term 'Location of supplier of services and location of recipient of services.'
10. State the activities to be treated as supply even if made without consideration according to Schedule I.
11. State the inclusions and exclusions in transaction value.
12. Tide Ltd has its Head office based in Mangalore and four branch offices in Bangalore, Delhi, Mumbai, and Hyderabad. It seeks the service of Wall Ltd, an IT company to update its software in all branches. No service was rendered in the Head office. The Wall Ltd raises a bill which includes GST amounting to 2,50,000 on the Head office. The turnover of the Head office and the branches during the quarter ending March 31st were as under.
  - Mangalore Head office- 2,00,000
  - Bangalore - 4,25,000
  - Delhi- 2,80,000
  - Mumbai - 3,75,000
  - Hyderabad- 2,20,000.

Compute the distribution of Input Tax by the Mangalore Head office.

13. Who are the persons liable to register under GST?

Contd...2

## SECTION – C

(2x15=30)

**Answer any TWO of the following.**

14. Explain the provisions with regard to time of supply of services under section 13.
15. (a) Suman Ltd. Registered in Maharashtra opens a new office in Delhi. It purchases 10 ACs from Voltas Ltd., Maharashtra to be installed at its Delhi office. Compute the transaction value and GST payable.  
Price of each AC ₹ 60,000. GST rate on AC is 5%.

Expenses not included in the above prices are:

Packing for transportation ₹ 5,000

Transportation charges of AC ₹ 7,000

Commission paid to the agents to fix up agreement for the sale ₹ 12,000

Additional feature charges incurred by the supplier on the request of buyer for each AC ₹ 2000.

Voltas Ltd. supplied following essential items along with the AC:

i) 10 remotes costing ₹ 600 each and rate of GST applicable is 18%.

ii) 20 batteries for the remote costing ₹ 15 each and rate of GST applicable is 12%.

iii) Special discount of ₹ 2,000 for each AC is given if advance of ₹ 2,00,000 is paid with order. The buyer fails to pay the advance. **(10 marks)**(b) Explain the functions of GST Council in India. **(5 marks)**ST ALOYSIUS COLLEGE LIBRARY  
MANGALURU - 575 003

16. Mr Ruben is a registered taxable person under GST. From the following particulars, compute net GST payable by him.
- a) Inter state purchase of goods (18%) Rs.9,00,000. Out of these, goods worth ₹ 1,00,000 were used for his domestic consumption; goods sold within the state ₹ 7,00,000; interstate sales ₹ 4,00,000.
- b) Goods purchased within the state (12%) ₹ 15,00,000. Out of these goods, sales within the state was ₹ 13,00,000; inter state sales ₹ 6,00,000; goods distributed as free sample were ₹ 20,000; and goods worth ₹ 40,000 was completely damaged and hence discarded.
- c) Purchases from outside state a new machinery (18%) ₹ 10,00,000 for the use in business.
- d) Input goods purchased within the state (5%) ₹ 8,00,000 for manufacture of articles. These articles were sold within the state (5%) ₹ 4,00,000; sold interstate (5%) ₹ 5,00,000 and supplied to SEZ units ₹ 2,00,000
- e) Input services received within the state in connection with the business (18%) ₹ 4,00,000.
- f) Purchased a car within the state (28%) ₹ 14,00,000
- g) Supply of services to customers (18%) within the state Rs.6,00,000 and interstate ₹ 4,00,000.

The above amounts are excluding GST. The ITC at the beginning of the relevant period:

IGST ₹ 63,000; CGST ₹ 45,000 and SGST at ₹ 73,000.

Assume that all details of all invoices/ Debit notes have been uploaded by all the suppliers in the relevant returns within the due date.

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(2021 Batch Onwards)

G 320 DC3.5

Reg. No. :

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**St Aloysius College (Autonomous)**  
**Mangaluru**

**B.Com. (International Finance) Semester V – Degree Examination**  
**November - 2024**

**ADVANCED AUDIT AND ASSURANCE – I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. What are prohibited services?
2. What is a transnational audit?
3. What is misstatement?
4. What is the need for ethical guidance on money laundering?
5. Who is a group auditor?
6. What are the objectives of an audit committee?
7. What are the consequences if the business fails to meet its obligations under the money laundering regulations?

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. Explain the main provisions of board leadership and company purpose.
9. Define money laundering. Explain its stages along with offences.
10. What is non-compliance? Explain the audit procedures to identify instances of non-compliance.
11. Define audit risk. Explain its types.
12. Define an audit plan. Explain the planning procedures for initial engagements (new audit clients).
13. List out the differences between principles and rules based approach.

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**SECTION – C**

Answer any **TWO** of the following.

(2x15=30)

14. Explain the self interest threats along with their safeguards.
15. a) Explain the fundamental principles of ACCA's Code of Ethics and Conduct.

(5 Marks)

b) The directors of Jubilee Co have asked your firm to provide a detailed report at the end of the audit listing all the deficiencies in the internal control system. They are unhappy that during the year discounts had been given to customers who did not qualify for them. They have expressed dissatisfaction with your audit firm as this control deficiency was not reported to them by your firm.

**Required:** Draft points to include in your reply to Jubilee Co. (5 Marks)

- c) Set out the arguments for and against allowing auditors to agree a contractual liability cap with clients. (5 Marks)

16. Explain the elements of Quality Management System.

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(2022 Batch Onwards)

G 320 DE2.5

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**St Aloysius College (Autonomous)**  
**Mangaluru**

**B.Com. (International Finance) Semester V – Degree Examination**  
**November - 2024**

**CORPORATE REPORTING I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. What are the two types of share based payments transactions?
2. Name the following standards:

- a) IAS 8
- b) IAS 34

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3. The Portugal group of companies has a financial year-end of 30 June 20X4. The financial statements were authorised three months later. The group is disposing of many of its subsidiaries, each of which is a separate major line of business or geographical area.

a) The board has also decided to sell a subsidiary called France. Agents have been appointed to find a suitable buyer but none have yet emerged. The agent's advice is that potential buyers are deterred by the expected price that Portugal hopes to achieve.

b) On 10 July 20X4, an announcement was made that another subsidiary, Croatia, was for sale. It was sold on 10 September 20X4.

**Required:** Explain whether each of these subsidiaries meets the definition of a 'discontinued operation' as defined by IFRS 5.

4. Golden Gate enters into a contract with a major chain of retail stores. The customer commits to buy at least \$20 million of products over the next 12 months. The terms of the contract require Golden Gate to make a payment of \$1 million to compensate the customer for changes that it will need to make to its retail stores to accommodate the products. By the 31 December 20X1, Golden Gate has transferred products with a sales value of \$4 million to the customer.

**Required:** How much revenue should be recognised by Golden Gate in the year ended 31 December 20X1?

5. What are the two main conditions that an asset must meet to be classified as property, plant, and equipment (PPE) under IAS 16?
6. How does IFRS 16 define a lease? Name the parties involved in the contract of lease.

Contd...2

7. An entity makes contributions to the pension fund of employees at a rate of 5% of gross salaries. For convenience, the entity pays \$10,000 per month into the pension scheme with any balance being paid in the first month of the following accounting year. The wages and salaries for 20X6 are \$2.7 million.  
**Required:** Calculate the pension expense for 20X6, and the accrual/repayment at the end of the year.

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

8. The following information relates to a defined benefit plan operated by Fraser. At 1 January 20X1, the present value of the obligation was \$1,000,000 and the fair value of the plan assets amounted to \$900,000.

	20X1	20X2	20X3
Discount rate at start of year	10%	9%	8%
Current and past service cost (\$000)	125	130	138
Benefits paid (\$000)	150	155	165
Contributions paid into plan (\$000)	90	95	105
PV of obligation at 31 December (\$000)	1,350	1,340	1,450
FV of plan assets at 31 December (\$000)	1,200	1,150	1,300

**Required:** Show how the defined benefit plan would be shown in the financial statements for each of the years ended 31 December 20X1, 20X2 and 20X3 respectively.

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9. Explain the principles of ethics and conduct?
10. 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.  
**Required:** 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.
11. What are the qualitative characteristics of useful financial information?
12. GoodWine is a company that grows and harvests grapes. Grape vines, which produce a new harvest of grapes each year, are typically replaced every 30 years. Harvested grapes are sold to wine producers. With regards to property, plant and equipment, GoodWine accounts for land using the revaluation model and all other classes of assets using the cost model. On 30 June 20X1, its grape vines had a carrying amount of \$300,000 and a remaining useful life of 20 years. The grapes on the vines, which are generally harvested in August

each year, had a fair value of \$500,000. The land used for growing the grape vines had a fair value of \$2m. On 30 June 20X2, grapes with a fair value of \$100,000 were harvested early due to unusual weather conditions. The grapes left on the grape vines had a fair value of \$520,000. The land had a fair value of \$2.1m. All selling costs are negligible and should be ignored.

**Required:** Discuss the accounting treatment of the above in the financial statements of GoodWine for the year ended 30 June 20X2.

13. Highlight is an entity whose functional currency is the dollar (\$) and has an annual reporting date of 31 December.

On 1 July 20X3, Highlight purchased an item of plant and equipment on credit for Dn400,000. On 1 November 20X3, Highlight made a payment of Dn180,000 to the supplier. The balance of the invoice remains outstanding.

Highlight has a policy of applying historical cost accounting and depreciating plant and equipment at the rate of 20% per annum. The item of plant and equipment is not expected to have any residual value at the end of its useful life.

Relevant exchange rates to \$1 are as follows:

	Dn
1 July 20X3	10.0
1 November 20X3	7.2
1 December 20X3	9.0
31 December 20X3	8.0

**Required:** Prepare relevant extracts from Highlight's financial statements for the year ended 31 December 20X3 to illustrate the impact of the above transactions.

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### SECTION – C

**Answer any TWO of the following.**

**(2x15=30)**

14. Briefly explain IFRS 13 - Fair Value Measurement.
15. a) 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.

**Required:** 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 Marks)**

**Contd...4**

b) 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.

**Required:** Discuss the possible accounting treatments of the above in the financial statements of Clock for the year ended 31 December 20X1.

(5 Marks)

16. On 1 January 20X1, Kingfisher enters into a four year lease of property with annual lease payments of \$1 million, payable at the beginning of each year. According to the contract, lease payments will increase every year on the basis of the increase in the Consumer Price Index for the preceding 12 months. The Consumer Price Index at the commencement date is 125. The interest rate implicit in the lease is not readily determinable. Kingfisher's incremental borrowing rate is 5 per cent per year. At the beginning of the second year of the lease the Consumer Price Index is 140.

**Required:** Discuss how the lease will be accounted for:

- i) during the first year of the contract.
- ii) on the first day of the second year of the contract.

(8 Marks)

(7 Marks)

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(2022 Batch onwards)

G 330 DE1.5

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (Apprenticeship Embedded) Semester V - Degree Examination  
November - 2024  
CORPORATE LAW AND GOVERNANCE**

Time : 2 ½ Hours

Max. Marks : 60

**SECTION - A**

**Answer any FIVE of the following.**

**(5×2=10)**

1. Write the meaning of Red Herring Prospectus.
2. State any two differences between AOA and MOA.
3. What is share capital?
4. State any two differences between Shareholder and Member.
5. What are resolutions?
6. What is meant by winding up of the company?
7. State any Four duties of Liquidator.

**SECTION - B**

**Answer any FOUR of the following.**

**(4×5=20)**

8. Briefly explain the duties of Promoter.
9. State any ten contents of Articles of Association.
10. Explain the various methods by which the membership is terminated.
11. Write a note on Proxy.
12. Explain duties of Company secretary.
13. Write a note on winding up of the company.

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**SECTION - C**

**Answer any TWO of the following .**

**(2×15=30)**

14. Define Company. Explain various features of company.
15. What is Prospectus? Explain the contents and types of Prospectus.
16. Explain the case study-a) Salomon Vs Salomon and Company Ltd b) Royal British Bank Vs Turquand.

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(2022 batch onwards)

G 330 DC2.5

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (Apprenticeship/Internship Embedded) Semester V – Degree Examination  
November -2024**

**INCOME TAX**

**Max Marks: 60**

**Time: 2 ½ Hours**

**SECTION – A**

**(5x2=10)**

**Answer any FIVE of the following.**

1. Define person as per the Income tax Act of 1961.
2. If any assessee pays medical insurance premium for his/her dependent parents (who are above 60 years), whether he/she can claim deductions u/s 80? If yes, under which section and what is the amount of deduction that can be claimed by the assessee?
3. State the conditions prescribed in rule 4 in order to claim unrealized rent as a deduction from actual rent received while computing gross annual value.
4. State whether the following statements are **true or false** -
  - a. Under Section 54EC, the maximum investment in specified bonds to claim capital gains exemption is ₹ 50 lakh.
  - b. Exemption under section 54 D is available for transfer of residential house and investment in new residential House.
5. What is tax deducted at source?
6. Mrs. Ashel (not being Indian citizen or person of Indian origin) working in Dubai came to India on 15.12.2023 and stayed up to 30.03.2024. Then she returned to Dubai. Find out her **residential status for the previous year 2023-24.**
7. Under which head of income can the following incomes be classified?
  - a. Income from sale of capital asset.
  - b. Rent received from a let out property by the owner of the house.

**ST ALOYSIUS COLLEGE LIBRARY  
MANGALURU – 575 003**

**SECTION - B**

**(4x5=20)**

**Answer any FOUR of the following.**

8. Write a note on agricultural income.
9. Mr. Bavan, a resident individual, furnishes the following particulars for the P.Y. 2023-24:

Particulars	₹
Income from the activity of owning and maintaining the race horses	75,000
Income from textile business	85,000
Brought forward textile business loss (2022 – 23)	50,000
Brought forward loss from the activity of owning and maintaining the race horses (2022 -23)	96,000

What is the total income chargeable to tax for the A.Y.2024-25?

**Contd...2**

10. From the information given below by Mr Akash compute his income from house property for the A Y 2024-25.

(Amount in ₹)

Particulars	I	II	III
Municipal Value	1,00,000	1,00,000	1,50,000
Fair Rent	1,20,000	1,20,000	1,80,000
Standard Rent	90,000	1,40,000	1,60,000
Actual Rent per month	10,000	12,000	20,000
Municipal tax @ 10% of MV paid by	owner	Tenant	owner

11. Write a note on deductions u/s -

- 80 TTA.
- 80 U.

12. From the following information, **compute the total income** in case of

- Ordinarily resident (OR),
  - not ordinarily resident (NOR) and **STALOYSIUS COLLEGE LIBRARY**  
MANGALURU - 575 003
  - non-resident (NR).
- Profits from business in Mangaluru ₹ 3, 20, 000 received in Delhi.
  - Income from let out house property in Canada, credited directly to the bank account at Delhi ₹ 4,20, 000.
  - Gift received from friend on occasion of wedding ₹ 1,00,000.
  - Income from cultivation and sale of paddy in Karnataka ₹ 50, 000.
  - Past untaxed income brought to India in the previous year ₹ 1,00,000.

13. From the following information **compute capital gain** of Mr Ajay for the AY 2024-25.

Particulars.	House 1	House 2
Date of purchase	May 1998	Dec 1998
Cost of additional construction in 2000	10,000	25,000
Cost of acquisition	1,90,000	2,50,000
FMV as on 1.4.2001	1,75,000	3,50,000
Cost of additional construction in 2005-06	51,800	77,700
Sale proceeds in 2023-24	25,00,000	50,00,000

(CII- 2001-02: 100, 2005-06: 117, 2023-24:348)

Contd...3

## SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. From the following profit and loss account of Vivek Shetty ascertain the **taxable profits from business** for the AY 2024-25.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Office salaries	10000	By Gross profit	459500
To Proprietors salary	5000	By Profit on sale of residential house	240000
To Interest on capital	2000	By Interest from Govt. securities	5000
To General expenses	5000	By Dividends from agricultural companies	2500
To Bad debts	2000	By Bad debts recovered	5000
To Advertisements	4500		
To Fire insurance premium	2000		
To Depreciation	4000		
To Reserve for future losses	10000		
To Income tax on last assessment	4000		
To Advance I.T. paid	2000		
To Donations to national laboratory	1000		
To Legal charges for defending suit for alleged breach of trading contract	5600		
To Motor car expenses	1000		
To Net profit	659000		
	712000		712000

General expenses include ₹1000 paid as compensation to an old employee whose services were terminated as his continuance in service was considered detrimental to the profitable conduct of the business and ₹200 by way of help to poor university student. The depreciation is found to be in excess by ₹1800. The advertisement cost includes one wooden show case ₹ 1000 , calendars and diaries ₹1500. Motor car expenses include ₹ 500 as motor car expenses for private use of car.

Contd...4

15. The following details have been supplied by Mr Priyansh (aged 26 years). **Compute Total income and Net tax liability** for the Assessment year 2024-25.

- Profit from Non-speculative business ₹ 802,000, Loss from Speculative business ₹ 5,000.
- Annual rental value of property let-out ₹ 12,000. Municipal taxes paid ₹ 1000.
- Dividend ₹ 500 received from Indian Company.
- Long term capital gain from asset ₹ 30,000, Short term capital gain from shares u/s 111A ₹ 50,000.
- He paid ₹ 12,000 by way of insurance premium on the policies on his life and donated ₹ 6,000 by cheque for National Children's Fund.
- Medical insurance premium on the health of the members of the family (spouse and Children) paid by cheque ₹ 20,000.

16. Mr. Arjun is working in a company at Bangalore. He gives the following details of salary for the previous year. **Compute his income from salary** for the previous year 2023-24.

- a) Basic Salary ₹ 40,000 p.m.
- b) D. A. 30% of Basic.
- c) His Bonus during the year was ₹ 20,000
- d) Uniform allowance ₹ 3,000 p.a.
- e) Children Education allowance ₹ 300 p.m. per child for two children.
- f) Children Hostel Allowance ₹ 400 p.m. per child for two children.
- g) He is provided with a computer for official purpose worth ₹ 15,000.
- h) He contributes 14% of his salary to his RPF, to which his Company contributes an equal amount. During the year interest of ₹ 10,000 is credited to his PF at the rate of 10% p.a.
- i) He is provided with a car of 1.8 Ltr C.C., which he uses for both official and personal purposes. The expenses of running and maintenance ₹ 40,400 and driver's wages of ₹ 6,000 p.m. are paid by the Company.
- j) He had borrowed from the Company, housing loan ₹ 15,00,000 at 4% p.a. on 1.12.2023. The State Bank of India charges 10% p.a. on such loan.
- k) A gift voucher of ₹ 10,000 is provided by the employer on occasion of wedding anniversary.
- l) He is provided with free lunch worth ₹ 80 per meal (Assume 270 working days)
- m) The Company deducted at source Professional tax ₹ 2,400.

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**St Aloysius College (Autonomous)**  
**Mangaluru**

**B.Com. (Apprenticeship Embedded) Semester V – Degree**  
**Examination**

**November - 2024**

**PRINCIPLES OF FINANCIAL MANAGEMENT**

Time: 2 ½ hrs.

Max Marks: 60

Note: Present Value table will be provided.

**SECTION - A**

Answer any **FIVE** questions of the following:

(5x2=10)

1. What do you mean by financial management?
2. Write any four positive benefits of globalization.
3. What is working capital?
4. Write meaning and significance of financial leverage.
5. From the following Information, compute the Return on Total Capital employed.

Net Profit ₹ 100,000

Provision for tax ₹ 100,000

Income from Investment ₹ 10,000

Fixed Assets ₹ 450,000

Current assets ₹ 1,50,000

Interest on debenture ₹ 10,000

Reserves ₹ 100,000

6. Explain the significance of the cost of capital.
7. Write the meaning and components of capital structure.

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**SECTION - B**

Answer any **FOUR** questions of the following:

(4x5=20)

8. From the following information determine the cost of equity shares of Milton Ltd:

Current price of a share – ₹ 150

Cost of floatation per share on a new share – ₹ 3

Dividend paid on the outstanding shares over the past 06 years:

Year	1	2	3	4	5	6
Dividend per share	10.50	11.02	11.58	12.16	12.76	13.40

Assume a fixed dividend pay-out ratio.

Expected dividend on the new shares at the end of the current year is ₹ 14.10 per share.

9. Differentiate between the traditional and modern approach to financial management.
10. Explain risk-return trade off.

11. The following data are available for D Ltd.

Selling price per unit	₹ 120
Variable cost per unit	₹ 70
Total fixed cost	₹ 2,00,000

(a) What is the operating leverage where D Ltd produces and sells 6,000 units?

(b) What is the percentage change that will occur in the EBIT of D Ltd, if output increases by 5%?

12. A company issues 11% irredeemable preference shares of the face value of Rs.100 each. Floatation costs are estimated at 5% of the expected sale price. What is the cost of preference capital if preference shares are issued at par, 10% premium and 5% discount, assuming 13.125% dividend tax.

13. Monthly return data (in per cent) for IPCL stock and the NSE index for a 12-month period are presented as follows:

Month	IPCL	NSE Index
1	10.27	11.00
2	9.31	3.69
3	6.73	4.20
4	-5.68	-4.93
5	2.60	3.05
6	2.86	5.88
7	2.78	3.74
8	3.84	2.63
9	-6.51	-2.10
10	-23.42	-21.35
11	0.00	-4.55
12	6.64	2.80

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Calculate alpha and beta of IPCL stock.

### SECTION - C

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

14. Consider 02 equity stocks of continental and Oriental Continental provides a return of 6%, 11% and 16% with certain probabilities associated with them based on the state of the economy.

The Oriental a volatile stock, earns a return of -20%, 10% and 40% with the same probabilities based on the state of the economy.

The probability distribution of the return on these stocks are shown below:

State of economy	Probability of occurrence
Boom	0.30
Normal	0.50
Depression	0.20

Calculate the expected rate of return and risk for the two stocks.

15. A proforma cost sheet of a company provides the following particular:

Particulars	Amount per unit (₹)
Raw material	80
Direct labour	30
Overheads	60
Total cost	170
Profit	30
Selling Price	200

The following further particulars are available. Raw materials are in stock on an average for one month, WIP on an average for half a month. Finished goods are in stock on an average for one month.

Credit allowed by suppliers is one month; credit allowed to customers is two months. Lag in payment of wages is 1.5 weeks, lag in payment of overhead expenses is one month. One-fourth of the output is sold against cash, cash in hand and at bank is expected to be ₹ 25,000, You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and time period of 4 weeks is equivalent to a month.

16. Anand Ltd. wishes to raise additional finance of ₹ 10,00,000 for meeting its investment plans. It has ₹ 2,10,000 in the form of Retained Earnings available for investment purposes. The following are the further details:

Debt-equity mix 30:70

Cost of debt up to ₹ 1,80,000, 10% before tax; beyond ₹ 1,80,000, 12% before tax.

Earnings per share ₹ 4

Dividend payout 50% of earnings.

Expected growth rate in dividend 10%

Current market price per share ₹ 44

Tax rate 35%

You are required:

- To determine the pattern for raising the additional finance assuming the firm intends to maintain existing debt-equity mix
- To determine the post tax average cost of additional debt
- To determine the cost of retained earnings and cost of equity
- Compute the overall weighted average after tax cost of additional finance

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(2021 Batch Onwards)

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination**

**November - 2024**

**ADVANCED ACCOUNTING - I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION - A**

Answer any **FIVE** of the following.

(5x2=10)

1. Who is a legal Acquiree?
2. What is the difference between Amalgamation and Absorption?
3. What is Business under Ind AS 103?
4. What is fair Value?
5. What is a Contingent Consideration?
6. What is a related party transaction?
7. What are potential shares?

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. From the following information, Calculate the Earnings per Share
  - a. Profit before VRS Payments but after Depreciation: ₹75.00 Cr.
  - b. Paid up share capital (Shares of 10 each): ₹93.00 Cr.
  - c. VRS payments: ₹32.10 Cr.
  - d. Provision for Tax: ₹10.00 Cr.
  - e. Expenses of non-recurring nature: 5 Cr.
  - f. Depreciation Rs.10 Cr.
9. X Ltd and Y Ltd. Had been carrying on business independently. They agreed to amalgamate and form a new company XY Ltd. with an authorized share capital of ₹40,00,000 divided into ₹8,00,000 equity shares of 5 each. On 31st March 2023 the respective information of X ltd and Y Ltd were as follows:

**ST ALOYSIUS COLLEGE LIBRARY**  
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	X Ltd.(₹)	Y Ltd.(₹)
Share Capital	34,25,000	36,10,000
Trade Payable	59,70,000	18,02,500
Property, Plant and Equipment	58,25,000	37,40,000
Current Assets	31,45,000	15,99,500

Additional Information:

The following revalued figures of non-current and current assets are:

	X Ltd.	Y Ltd.
Property, Plant and Equipment	71,00,000	39,00,000
Current Assets	29,95,000	15,77,500

**Contd...2**

The debtors and creditors include 1,37,250 owed by X Ltd. to Y Ltd. The purchase consideration is satisfied by issue of the following shares and debentures. 6,20,000 equity shares of XY Ltd. to X Ltd. and Y Ltd. in the proportion to the profitability of their respective business based on the average net profit during the last four years which were as follows:

	X Ltd.	Y Ltd.
2020 Profit	42,50,000	26,50,000
2021 Profit	44,45,760	27,60,000
2022 (Loss)/Profit	(75,000)	34,00,000
2023 Profit	37,79,240	35,90,000

7.5% debenture in XY Ltd. at par to provide an income equivalent to 4% return business as on capital employed in their respective business as on 31st March, 2023 after revaluation of assets. You are required to: Compute the amount of debenture and shares to be issued to 'X' Ltd. and 'Y' Ltd.

10. Write the meaning and Features of Jointly controlled Operations.
11. Write any circumstance where the disclosure requirements under AS 18 not applicable?
12. As per Ind AS 24 who are not Related Parties?
13. Which are the conditions to determine whether an entity is related to a reporting entity?

ST ALOYSIUS COLLEGE LIBRARY  
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### SECTION - C

Answer any **TWO** of the following.

(2x15=30)

14. The Balance Sheets of Strong Ltd and Weak Ltd as on 31.03.2018 are as below:

Balance Sheet as on 31.03.2018

Liabilities	Strong Ltd(₹)	Weak Ltd(₹)	Assets	Strong Ltd(₹)	Weak Ltd(₹)
Equity			Fixed Assets		
Share Capital			other than Goodwill	30,00,000	20,00,000
(₹10 each)	50,00,000	30,00,000	Stock	8,00,000	6,00,000
Reserve	3,00,000	1,50,000	Debtors	14,00,000	9,00,000
Profit & Loss A/c	6,00,000	4,00,000	Cash & Bank	12,00,000	3,50,000
Creditors	5,00,000	3,00,000			
<b>Total</b>	<b>64,00,000</b>	<b>29,50,000</b>	<b>Total</b>	<b>64,00,000</b>	<b>29,50,000</b>

Strong Ltd takes over Weak Ltd on 01.07.2018 and no Balance Sheet of Weak Ltd is available as on that date. It is however estimated that Weak Ltd earns estimated profit of ₹2,00,000 after charging proportionate depreciation @ 10% p.a. on fixed assets, during April-June, 2018.

Contd...3

Estimated profit of Strong Ltd during these 3 months is ₹4,00,000 after charging proportionate depreciation & 10% p.a. on fixed assets. Both the companies have declared and paid 10% dividend within this 3-month period. Goodwill of Weak Ltd is valued at ₹2,00,000 and Fixed Assets are valued at ₹1,00,000 above the estimated book value Purchase consideration is to be satisfied by Strong Ltd by shares at par. (Ignore Income-tax) You are required to calculate the following:

- No. of shares to be issued by Strong Ltd to Weak Ltd against purchase consideration
  - Net Current Assets of Strong Ltd and Weak Ltd as on 01.07.2018;
  - P/L A/c balance of the Strong Ltd as on 01.07.2018;
  - Fixed Assets as on 01.07.2018,
  - Balance Sheet of Strong Ltd as 01.07.2018 after takeover of Weak Ltd
15. Given below balance sheets of Ravi Ltd and Ramu Ltd. as on 31.12.2018.

Ramu Ltd. was merged with Ravi Ltd with effect from 01.01.2019.

Balance Sheet as on 31.12.2018

Liabilities	Ravi Ltd (₹)	Ramu Ltd (₹)	Assets	Ravi Ltd (₹)	Ramu Ltd (₹)
Share capital:			Sundry fixed assets	9,50,000	4,00,000
Equity shares of ₹10	7,00,000	2,50,000	(Non-trade)	2,00,000	50,000
General reserve	3,40,000	1,20,000	Stock	1,20,000	50,000
Profit and loss A/c	2,10,000	65,000	Debtors	75,000	80,000
Export profit reserve	70,000	40,000	Advance Tax	80,000	20,000
12% Debentures	1,00,000	1,00,000	Cash and Bank balance	2,75,000	1,30,000
Sundry creditors	40,000	45,000			
Provision for taxation					
Proposed Dividend	1,00,000	60,000			
	1,40,000	50,000			
<b>Total</b>	<b>17,00,000</b>	<b>7,30,000</b>	<b>Total</b>	<b>17,00,000</b>	<b>7,30,000</b>

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Ravi Ltd would issue 12% debentures to discharge the claims of the debenture holders of Ramu Ltd at par. Non-trade Investments of Ravi Ltd fetched @ 25% while those of Ramu Ltd fetched @ 18%. Profit (pre-tax) by Ravi Ltd and Ramu Ltd during 2016, 2017 and 2018 and were as follows:

Year	Ravi Ltd (₹)	Ramu Ltd (₹)
2016	5,00,000	1,50,000
2017	6,50,000	2,10,000
2018	5,75,000	1,80,000

Goodwill may be calculated on the basis of capitalisation method taking 20% as the pre-tax normal rate of return. Purchase consideration is discharged by Ravi Ltd on the basis of intrinsic value per share. Both companies decided to cancel the proposed dividend.

ST ALOYSIUS COLLEGE LIBRARY  
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Required: Balance Sheet of Ravi Ltd after merger.

16. Explain the Term Purchase Consideration. Also explain, with an example, how a deemed consideration arises in the content of a Reverse Merger.

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(2021 Batch Onwards)

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination**

**November - 2024**

**FINANCIAL MANAGEMENT - I**

**Time: 2½ Hours**

**Max Marks: 60**

**SECTION – A**

**Answer any FIVE of the following.**

**(5x2=10)**

1. Mr. Mehra had purchased a share of Alpha Limited for ₹1,000. He received dividend for a period of five years at the rate of 10 percent. At the end of the fifth year, he sold the share of Alpha Limited for ₹1,128. You are required to COMPUTE the cost of equity as per realized yield approach.
2. What are the objectives of Financial management?
3. What is debt securitization?
4. What are commercial papers?
5. What is payback period?
6. What is Working Capital?
7. XYZ & Co. issues 2,000 10% preference shares of ₹100 each at ₹95 each. CALCULATE the cost of preference shares.

**SECTION - B**

**Answer any FOUR of the following.**

**(4x5=20)**

8. A firm's details are as under:

Sales (@ ₹100 per unit) ₹24,00,000

Variable Cost 50%

Fixed Cost ₹10,00,000

It has borrowed ₹10,00,000 @ 10% p.a. and its equity share capital is ₹10,00,000 (₹100 each). Consider tax @ 50 %. CALCULATE:

- a) Operating Leverage
- b) Financial Leverage
- c) Combined Leverage
- d) Return on Investment

**ST ALOYSIUS COLLEGE LIBRARY**

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If the sales increases by ₹6,00,000; what will the new EBIT?

9. Briefly explain the objective of Financial Management.
10. Briefly explain lease financing and its types.
11. The Sale revenue of TM excellence Ltd. @ ₹20 Per unit of output is ₹20 lakhs and Contribution is ₹10 lakhs. At the present level of output the DOL of the company is 2.5. The company does not have any Preference Shares.

**Contd...2**

The number of Equity Shares is 1 lakh. Applicable corporate Income Tax rate is 50% and the rate of interest on Debt Capital is 16% p.a.

What is the EPS (At sales revenue of ₹20 lakhs) and amount of Debt Capital of the company if a 25% decline in Sales will wipe out EPS?

12. What are the different methods of Venture Capital Financing?
13. X Co. has made plans for the next year. It is estimated that the company will employ total assets of ₹8,00,000; 50 per cent of the assets being financed by borrowed capital at an interest cost of 8 per cent per year. The direct costs for the year are estimated at ₹4,80,000 and all other operating expenses are estimated at ₹80,000. The goods will be sold to customers at 150 per cent of the direct costs. Tax rate is assumed to be 50 per cent. You are required to CALCULATE:
- net profit margin;
  - return on assets;
  - asset turnover and
  - return on owners' equity.

ST ALOYSIUS COLLEGE LIBRARY  
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### SECTION - C

Answer any **TWO** of the following.

(2x15=30)

14. a) Following information and ratios are given in respect of AQUA Ltd. for the year ended 31st March, 2023:

Current ratio	4.0
Acid test ratio	2.5
Inventory turnover ratio (based on sales)	6
Average collection period (days)	70
Earnings per share	₹3.5
Current liabilities	₹3,10,000
Total assets turnover ratio (based on sales)	0.96
Cash ratio	0.43
Proprietary ratio	0.48
Total equity dividend	₹1,75,000
Equity dividend coverage ratio	1.60

Assume 360 days in a year.

You are required to complete Balance Sheet as on 31st March, 2023.

Balance Sheet as on 31st March, 2023.

Liabilities	(₹)	Assets	(₹)
Equity shares capital (₹10 per share)	XXX	Fixed assets	XXX
Reserves & surplus	XXX	Inventory	XXX
Long-term debt	XXX	Debtors	XXX
Current liabilities	3,10,000	Loans & advances	XXX
		Cash & bank	XXX
Total	XXX	Total	XXX

(10 Marks)

Contd...3

b) Ganesha Limited is setting up a project with a capital outlay of ₹60,00,000. It has two alternatives in financing the project cost.

Alternative-I: 100% equity finance by issuing equity shares of ₹10 each

Alternative-II: Debt-equity ratio 2:1 (issuing equity shares of ₹10 each)

The rate of interest payable on the debts is 18% p.a. The corporate tax rate is 40%.

CALCULATE the indifference point between the two alternative methods of financing. (5 Marks)

15. Following is the abridged Balance Sheet of Alpha Ltd.:

Liabilities	(₹)	Assets	(₹)
Share Capital	1,00,000	Land and Buildings	80,000
Profit and Loss Account	17,000	Plant and Machineries 50,000	
Current Liabilities	40,000	Less: Depreciation 15,000	35,000
		Stock	21,000
		Receivables	20,000
		Bank	1,000
Total	1,57,000	Total	1,57,000

With the help of the additional information furnished below, you are required to PREPARE Trading and Profit & Loss Account and a Balance Sheet as at 31st March, 2019:

- The company went in for reorganisation of capital structure, with share capital remaining the same as follows:

Share capital	50%
Other Shareholders' funds	15%
5% Debentures	10%
Payables	25%

Debentures were issued on 1st April; interest being paid annually on 31st March.

- Land and Buildings remained unchanged. Additional plant and machinery has been bought and a further ₹5,000 depreciation written off.

(The total fixed assets then constituted 60% of total fixed and current assets.)

- Working capital ratio was 8:5.
- Quick assets ratio was 1:1.
- The receivables (four-fifth of the quick assets) to sales ratio revealed a credit period of 2 months. There were no cash sales.
- Return on net worth was 10%.
- Gross profit was at the rate of 15% of selling price.
- Stock turnover was eight times for the year.

Ignore Taxation.

16. a) DETERMINE the cost of capital of Best Luck Limited using the book value (BV) and market value (MV) weights from the following information:

Sources	Book Value (₹)	Market Value (₹)
Equity shares	1,20,00,000	2,00,00,000
Retained earnings	30,00,000	—
Preference shares	36,00,000	33,75,000
Debentures	9,00,000	10,40,000

Additional information:

- Equity: Equity shares are quoted at ₹130 per share and a new issue priced at ₹125 per share will be fully subscribed; flotation costs will be ₹5 per share.
- Dividend: During the previous 5 years, dividends have steadily increased from ₹10.60 to ₹14.19 per share. Dividend at the end of the current year is expected to be ₹15 per share.
- Preference shares: 15% Preference shares with face value of ₹100 would realize ₹105 per share.
- Debentures: The Company proposes to issue 11-year 15% debentures but the yield on debentures of similar maturity and risk class is 16%; flotation cost is 2%.
- Corporate tax rate is 35%. Ignore dividend tax. Flotation cost would be calculated on face value.

(10 Marks)

- b) ABC Company's equity share is quoted in the market at ₹25 per share currently. The company pays a dividend of ₹2 per share and the investor's market expects a growth rate of 6% per year.

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You are required to:

1. CALCULATE the company's cost of equity capital.
2. If the company issues 10% debentures of face value of ₹100 each and realizes ₹96 per debenture while the debentures are redeemable after 12 years at a premium of 12%, CALCULATE cost of debenture Using YTM?

Assume Tax Rate to be 50%.

(5 Marks)

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(2021 Batch Onwards)

G 340 DC3.5

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**St Aloysius College (Autonomous)  
Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination  
November - 2024**

**AUDITING AND ASSURANCE - I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION - A**

Answer any **FIVE** of the following.

(5x2=10)

1. What is 'assurance engagement'?
2. What is 'audit'?
3. Explain any two disadvantages of an audit programme.
4. Give any two examples of costs that cannot be attributable to Property, Plant and Equipment.
5. List out any two factors relevant to the auditor's judgment about whether a control, individually or in combination with others, is relevant to the audit.
6. What is inherent risk?
7. Explain the meaning of audit evidence as per SA 500.

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. How will you verify the following (answer any two):
  - i) Rent expense
  - ii) Power and Fuel Expense
  - iii) Insurance Expense
9. The process of establishing the overall audit strategy assists the auditor to determine, subject to the completion of the auditor's risk assessment procedures. Explain the various matters in this regard.
10. State the objectives of SA 315 "Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment"
11. Explain the various advantages of an audit programme. **ST ALOYSIUS COLLEGE LIBRARY  
MANGALURU - 575 003**
12. Why Planning an audit is necessary? Explain its Benefits.
13. What are the steps to be taken by the auditor when management refuses to allow the auditor to send a confirmation request?

**SECTION - C**

Answer any **TWO** of the following.

(2x15=30)

14. You have been appointed as the auditor of PQR Limited. The Company has an internal audit function and you have decided to use the work of the internal auditor for your statutory audit. You have to determine whether the work of the internal audit function can be used for purposes of the audit. List out the evaluations to be done by the external auditor for this purpose.

Contd...2

15. a) What is Internal Financial Controls? **(3 Marks)**
- b) The Companies Act, 2013 has placed a greater emphasis on the effective implementation and reporting on the internal controls for a company. List out the responsibilities cast on the auditors, audit committee, Directors and independent directors under various provisions of the Companies Act, 2013. **(12 Marks)**
16. Sunshine Limited is engaged in the manufacturing of cotton shirts. The Company has huge amount of inventories as on 31 March 2024. As the auditor of Sunshine Limited, explain:
- i) How will you establish the EXISTENCE of Inventories as at the period-end? **(6 Marks)**
- ii) How will you ensure only the inventories held by entity have been recorded in the financial statements and do not include any inventories that belong to third parties but does include inventories owned by the entity and lying with a third party – 'COMPLETENESS'. **(9 Marks)**

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(2021 Batch Onwards)

G 340 DE1.5

Reg. No. :

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination**

**November - 2024**

**ADVANCED COSTING TECHNIQUES - I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. The average annual consumption of a material is 18,250 units at a price of ₹36.50 per unit. The storage cost is 20% and the cost of placing an order is ₹50. How much quantity is to be purchased at a time?
2. What is FSN Inventory?
3. What is ABC analysis?
4. What is supplementary overhead rate?
5. How is normal loss of material shortage treated?
6. What is VED in inventory Management?
7. What is Idle time?

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. The following data relates to the manufacture of a standard product during the month of April, 20X8:

Raw materials	₹1,80,000
Direct wages	₹90,000
Machine hours worked (hours)	10,000 hours
Machine hour rate (per hour)	₹8
Administration overheads	₹35,000
Selling overheads (per unit)	₹5
Units produced	4,000 units
Units sold	3,600 units
Selling price per unit	₹125

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You are required to prepare cost sheet in respect of the above showing:

- a) Cost per unit
- b) Profit for the month

9. A worker's basic wage is ₹300 per day of 8 hours. His time sheet for a week is summarized below:

Job No	Time allowed	Time taken
1	25 hours	20 hours
2	30 hours	20 hours

Idle time is 8 hours. Dearness Allowance is ₹108 per week of 48 hours.

Calculate the gross wage he has earned for the week under Rowan scheme

**Contd...2**

10. A company has the option to procure a particular material from two sources: Source I assures that defectives will not be more than 2% of supplied quantity. Source II does not give any assurance, but on the basis of past experience of supplies received from it, it is observed that defectives percentage is 2.8%.  
The material is supplied in lots of 1000 units. Source II supplies the lot at a price, which is lower by ₹100 as compared to Source I. The defective units of material can be rectified for use at a cost of ₹5 per unit. You are required to find out which of the two sources is more economical.
11. Briefly explain various items under the head cost of production.
12. The following data are available in respect of material X for the year ended 31st March, 20X1.

Particulars	Amount(₹)
Opening stock	90,000
Purchases during the year	2,70,000
Closing stock	1,10,000

Calculate:

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- a) Inventory turnover ratio  
b) The number of days for which the average inventory is held.

13. As at 31<sup>st</sup> March 2016, the following balances existed in a firms cost ledger, which is maintained separately on a double entry basis:

Particulars	Debit (₹)	Credit (₹)
Stores ledger control account	3,00,000	----
Work-in-progress control account	1,50,000	----
Finished goods control account	2,50,000	----
Manufacturing overhead control account	----	15,000
Cost ledger control account	-----	6,85,000
<b>Total</b>	<b>7,00,000</b>	<b>7,00,000</b>

During the next quarter, the following items arouse:

Particulars	Amount (₹)
Finished product (at cost)	2,25,000
Manufacturing overhead incurred	85,000
Raw material purchased	1,25,000
Factory wages	40,000
Indirect labour	20,000
Cost of sales	1,75,000
Material issued to production	1,35,000
Sales returned (at cost)	9,000
Material returned to suppliers	13,000
Manufacturing overhead charged to production	85,000

**You are required to prepare the:**

- (a) Cost Ledger Control A/c
- (b) Stores Ledger Control A/c
- (c) Work-in-progress Ledger Control A/c
- (d) Finished Stock Ledger Control A/c
- (e) Manufacturing Overhead Control A/c
- (f) Wages Control A/c
- (g) Cost of Sales A/c
- (h) Trial balance as at the end of the quarter.

**SECTION - C**

**Answer any TWO of the following.**

**(2x15=30)**

14. The management of a company is worried about their increasing labour turnover in factory and before analysing the causes and taking remedial steps; they want to have an idea of the profit foregone as a result of labour turnover in the last year.

Last year sales amounted to ₹83,03,300 and the profit-volume ratio was 20%. Total number of actual hours worked by the Direct Labour Force was 4.45 lakhs. As a result of the delays by the personnel department in filling vacancies due to labour turnover, 1,00,000 potentially productive hours were lost. The actual direct labour hours includes 30,000 hours attributable to training new recruits, out of which half of the hours were unproductive.

The costs incurred consequent on labour turnover revealed on analysis the following:

Costs	Amount (₹)
Settlement costs due to leaving	43,820
Recruitment costs	26,740
Selection costs	12,750
Training costs	30,490

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Assuming that the potential production lost as a consequence of labour turnover could have been sold at prevailing prices, find the profit foregone last year on account of labour turnover.

15. RST Limited has received an offer of quantity discount on its order of materials as under:

Price per tonne	Tonnes (no.)
₹9,600	Less than 50
₹9,360	50 and less than 100
₹9,120	100 and less than 200
₹8,880	200 and less than 300
₹8,640	300 and above

The annual requirement for the material is 500 tonnes. The ordering cost per order is ₹12,500 and the stock holding cost is estimated at 25% of the material cost per annum.

Required

- Compute the most economical purchase level.
- Compute EOQ if there are no quantity discounts and the price per tonne is ₹10,500.

16. RST has two production departments: Machining and Finishing.

	HR (₹)	Maintenance (₹)	Design (₹)
Variable	1,00,000	1,60,000	1,00,000
Fixed	4,00,000	3,00,000	6,00,000
Total	5,00,000	4,60,000	7,00,000

The usage of these service departments output during the year just completed is as follows:

Provision of Service Output (in hours of service)

Users of Service	Providers of Service		
	HR	Maintenance	Design
HR	----	---	----
Maintenance	500	---	----
Design	500	500	----
Machining	4,000	3,500	4,500
Finishing	5,000	4,000	1,500
Total	10,000	8,000	6,000

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Required:

- Use the direct method to re-apportion RST Ltd.'s service department cost to its production departments.
- Determine the proper sequence to use in re-apportioning the firm's service department cost by step-down method.
- Use the step-down method to re-apportion the firm's service department cost.

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(2021 Batch Onwards)

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination**

**November - 2024**

**INTERNATIONAL TAXATION**

**Time: 2<sup>1</sup>/<sub>2</sub> Hours**

**Max Marks: 60**

**SECTION – A**

**Answer any FIVE of the following.**

**(5x2=10)**

1. State the due date and the form in which Audit Report is to be submitted under Transfer Pricing.
2. State the rate of TDS to be deducted in the case of Non-Resident Sports Persons.
3. State any 4 measures under SAAR.
4. State the 2 types of Double Taxation.
5. State the application fee in the case of advance ruling where the value of transaction exceeds 100 crores but is less than 300 crores.
6. State the 2 rules based on which income is taxed.
7. State the consequence of non-deduction of equalization levy.

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**SECTION - B**

**Answer any FOUR of the following.**

**(4x5=20)**

8. Write a short note on Permanent Establishment.
9. Sanketh Ltd. an Indian Co. has drawn up a Profit and Loss Account with a net profit of Rs, 10 crores. The sales considered in the Profit and Loss Account were Rs. 60 crores, which pertains to International Transactions. However as per ALP, the total sales value amounts to Rs. 75 crores. What should be the profit under Income Tax Act?  
In the above illustration, what will be the taxable profits if the ALP of sales is only Rs. 50 crores?
10. During the previous year Vishal Ltd. enters into the following transactions:  
Sachin Ltd. Is a foreign company incorporated in Australia, in which Vishal Ltd. holds 20% of voting power, which sells goods to Vishal Ltd. at Rs. 200 per unit whereas Vishal Ltd. purchases similar goods at Rs. 150 per unit from the open market.  
Vishal Ltd. pays consultancy charges of Rs. 6 crores to Dravid Ltd. an Associate Enterprise, whereas the Arm's Length Price for the transaction is Rs. 7 crores. AV Associates, the auditor of Vishal Ltd. advises that Rs. 7 crores may be adopted as the transaction value and deduction may be claimed accordingly.  
Comment on both the scenarios.

**Contd...2**

11. XYZ & Co., a non-resident entity based in Singapore, owns and operates an electronic facility through which it effects online sale of goods manufactured by it. The following are its receipts from the PY 2023-24 –

	Particulars	Amount in Rs.
(a)	Receipts from sale of goods to persons resident in India	158 lakhs
(b)	Receipts from sale of goods to persons not resident in India but resident in other parts of South-East Asia	96 lakhs
	Out of the said sum, Rs. 57 lakhs relates to receipts from persons using internet protocol address located in India	

Discuss the equalisation levy implications of such receipt in the hands of XYZ

& Co., if –

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- XYZ & Co. has no permanent establishment in India
- XYZ & Co. has a permanent establishment in India, and the sale of goods is effectively connected to the permanent establishment in India.

Would your answer change if out of the receipts in (ii) above, only Rs. 40 lakhs relates to receipts from persons using internet protocol address located in India?

12. Mr. Q, a non-resident, operates an aircraft between Singapore and Chennai. He received the following amounts while carrying on the business of operation of aircrafts for the year ended 31.3.2024:
- Rs. 2 crores in India on account of carriage of passengers from Chennai.
  - Rs. 1 crore in India on account of carriage of goods from Chennai.
  - Rs. 3 crores in India on account of carriage of passengers from Singapore.
  - Rs. 1 crore in Singapore on account of carriage of passengers from Chennai.

The total expenditure incurred by Mr. Q for the purposes of the business during the year ending 31.3.2024 was Rs. 6.75 crores. Compute the income of Mr. Q chargeable to tax in India under the head "Profits and gains of business or profession" for the assessment year 2024-25.

What would be your answer in case the business was carried on by a foreign company, Q Airlines (P) Ltd?

13. Examine and state the correctness or otherwise of each of the following statements in the context of international tax treaties between the countries and answer in brief with reasons/ contents thereof:
- "Providing assistance in the collection of the fair and legitimate share of tax by the countries involved" is the sole objective of tax treaties entered into between countries.
  - A Protocol is an integral part of the tax treaty and has the same binding force as the main clauses therein.

## SECTION – C

Answer any **TWO** of the following.

(2x15=30)

14. a) Mr. Anil, a resident individual aged 52 years, furnishes the following particulars of income earned by him in India and Country N for the previous year 2023-24. India does not have a double taxation avoidance agreement (DTAA) with Country N.

Particulars	Amount (Rs.)
Income from profession carried on in Mumbai	8,50,000
Agricultural Income in Country N	1,30,000
Dividend from a company incorporated in Country N	85,000
Royalty income from a literary book from Country N	6,25,000
Expenses incurred for earning royalty	75,000
Business loss in Country N	1,10,000

The rate of income-tax in Country N is 18%. Compute total income and tax payable by Mr. Anil in India for A.Y. 2024-25. (8 Marks)

- b) Mr. Suresh, an individual resident in India aged 37 years, furnishes you the following particulars of income earned in India, Countries "S" and "T" for the previous year 2023-24.

Particulars	Amount (Rs.)
<b>ST ALOYSIUS COLLEGE LIBRARY</b> MANGALURU - 575 003	
<b>Indian Income:</b>	
Income from business carried on in Mumbai	4,40,000
Interest on savings bank with ICICI Bank	42,000
<b>Income earned in Foreign Country "S" [Rate of tax - 16%]:</b>	
Agricultural income in Country "S"	94,000
Royalty income from a book on art from Country "S" (Gross)	7,80,000
Expenses incurred for earning royalty	50,000
<b>Income earned in Foreign Country "T" [Rate of tax - 20%]:</b>	
Dividend received from a company incorporated in Country "T"	2,65,000
Rent from a house situated in Country "T" (gross)	3,30,000
Municipal tax paid in respect of the above house (not allowed as deduction in Country "T")	10,000

Compute the total income and tax payable by Mr. Suresh in India for A.Y. 2024-25 assuming that India has not entered into double taxation avoidance agreement with Countries S & T. (7 Marks)

Contd...4

15. (a) Hyundai Motors Ltd., an Indian Co. declared income of Rs. 300 crores before making any adjustments in respect of the following transactions for the year ended 31-03-2024.
- i. 10,000 cars sold to Ridha Ltd. which holds 30% shares in Hyundai Motors Ltd. at a price which is less by \$200 each car than the price charged from Shingto Ltd.
  - ii. Royalty of \$12,000,000 was paid to Kyoto Ltd. for the use of technical knowhow in the manufacturing of a car. However, Kyoto Ltd. had provided the same knowhow to another Indian CO. for \$9,000,000.
  - iii. Loan of EURO 1000 crores carrying interest @ 10% p.a. advanced by Dorf Ltd. a German Co. was outstanding on 31-03-2024. The total book value of assets of Hyundai Motors Ltd. on the date was Rs. 90,000 crores. The said German Co. had also advanced a loan of similar amount to another Indian Co. @ 9% p.a. Total interest paid for the year was EURO 100 crores.

Explain in brief the provisions of the Act affecting all these transactions and compute the income of the Co. chargeable to tax for AY 2024-25 keeping in mind that the value of 1\$ and of 1EURO was Rs. 50 and Rs. 55 respectively throughout the year.

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**(8 Marks)**

(b) Mr. Hari holds 30% of voting power in ABC Inc, a company incorporated under the laws of Country A. For the purpose of expansion of business, the said company enters into an agreement with XYZ Ltd., a company incorporated under the Indian laws. As per one of the clauses of the agreement, ABC Inc has the power to appoint 6 directors of XYZ Ltd., which has 12 directors on the board. Further, total purchases by XYZ Ltd. for the F.Y. 2024-25 is estimated to be Rs. 500 crores, out of which, purchases of Rs. 48 crores has been sourced locally and the balance shall be supplied by ABC Inc. The price for entire purchase has been fixed in the agreement and the conditions for supply are determined by ABC Inc. Advise Mr. Hari as to whether ABC Inc and XYZ Ltd are Associated Enterprises, on the basis of the provisions of the Income-tax Act, 1961.

**(7 Marks)**

16. 'A' Ltd., an Indian company, was incorporated in the year 2010. It is a wholly owned subsidiary of A Inc, USA. A Ltd. is engaged in the business of manufacturing and selling virtual reality cameras. During the previous year 2023-24, A Ltd. entered into various transactions with the following enterprises for purchase of raw materials, use of technology and sale of finished goods. The earnings before interest, dividend, tax and amortization of A Ltd for FY 2023-24 is Rs. 200 crores. The details of the transactions entered into by A Ltd. during FY 2023-24 are given hereunder:

**Contd...5**

Sl. No.	Transaction	Enterprise	Amount (Rs. In crores)
1	Purchase of Raw Materials	AA Ltd, China	150
2	Payment of Royalty	A Inc, USA	5
3	Sale of finished goods	AAA Ltd, Taiwan	50

Prior to FY 2023-24, A Ltd. had obtained loan of Rs. 1000 crores @8% from A LLC, Cyprus in April, 2023.

The following additional information pertaining to loans obtained by A Ltd. is provided for the previous year 2023-24:

- Interest of Rs. 80 crores paid to A LLC, Cyprus on the loan of Rs. 1000 crores. The book value of the total assets of A Ltd is Rs. 1800 crores.
- A Ltd. obtained loan of Rs. 100 crores from Bank of Chennai, India based on a guarantee provided by A Inc., USA. Interest of Rs. 8 crores paid on such loan and guarantee fee of Rs. 50 lacs paid to A Inc., USA.
- A Ltd. obtained loan of Rs. 50 crores from TN Mercantile Bank, India based on a letter of comfort provided by Mr. Balaji, who is an Indian resident and director of A Ltd. Interest of Rs. 4 crores is paid towards such loan.
- A Ltd. obtained an independent loan of Rs. 300 crores from Union City Bank, India for which interest of Rs. 3 crores has been paid to the bank.
- A Ltd. obtained loan of Rs. 50 crores from Bank of Taiwan, India Branch. Guarantee was provided by AAA Ltd., Taiwan. Interest paid for the concerned year is Rs. 3 crores. Guarantee fees paid to AAA Ltd. is Rs. 25 lakhs. A Ltd. holds shares carrying 25% voting power in AAA Ltd., Taiwan.
- A Ltd. obtained interest-free loan of Rs. 50 crores from A Pty, Singapore. Out of the 25 directors of A Pty., Singapore, 10 are appointed by A Ltd.
- A Ltd. obtained foreign currency loan of \$ 10 million from Wells Fargo Bank of USA, in USA, based on a back to back deposit made by A Inc. USA to the tune of \$ 5 million in the bank. Interest of Rs. 6 crores is paid on such loan.
- A Ltd. obtained foreign currency loan of \$ 20 million from Bank of USA, in USA, based on a back to back deposit made by A Inc., USA to the tune of \$ 20 million in the bank. Interest works out to Rs. 12 crores.
- A Ltd. had to incur a sum of Rs. 1 crore as an interest towards the delayed payment to AA Ltd. China, being its creditor for supply of raw material. 90% of raw materials required by A Ltd. is supplied by AA Ltd., China. The price and other conditions for supply of raw material are influenced by AA Ltd., China.

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Based on the above facts, you are required to answer the following questions:

a. Which of the following enterprises are associated enterprises/deemed associated enterprises of A Ltd.?

- i. A Inc., USA; A LLC, Cyprus; and AAA Ltd., Taiwan
- ii. A Inc., USA; A LLC, Cyprus; and A Pty, Singapore
- iii. A Inc., USA; A LLC, Cyprus; and AA Ltd., China
- iv. A Inc., USA; AA Ltd., China; and A Pty, Singapore

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b. Determine the amount of interest to be disallowed for A.Y. 2024-25 under the relevant provisions of the Income Tax Act, 1961 relating to limitation of interest deduction, giving reasons for treatment of each item of interest. Consequently, determine the permissible interest deduction while computing income under the head "Profits and gains of business or profession".

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(2021 Batch Onwards)

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**St Aloysius College (Autonomous)**

**Mangaluru**

**B.Com. (Accounting and Tax) Semester V – Degree Examination**

**November - 2024**

**STRATEGIC MANAGEMENT - I**

Time: 2<sup>1</sup>/<sub>2</sub> Hours

Max Marks: 60

**SECTION – A**

Answer any **FIVE** of the following.

(5x2=10)

1. Define the threat of new entrants in an industry.
2. Describe the term strategic intent.
3. What is PESTLE analysis used for?
4. How do social factors impact business demand?
5. What is the objective during the maturity stage of a product?
6. What does the micro environment consist of?
7. List any two primary activities in value chain analysis.

**SECTION - B**

Answer any **FOUR** of the following.

(4x5=20)

8. How does the bargaining power of suppliers influence a company's strategic decisions? Give an example.
9. What is an experience curve and how does it provide competitive cost advantages to firms?
10. Write a short note on product life cycle.
11. How does business-level strategy differ from corporate-level strategy?
12. Describe the role of vision statements in shaping the future direction of a company.
13. Discuss the limitations of strategic management.

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**SECTION – C**

Answer any **TWO** of the following.

(2x15=30)

14. How does the bargaining power of customers influence a company's strategic decisions? Give an example.
15. Write a short note on strategic intent.
16. Explain the difference between micro environment and macro environment.

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