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**St Aloysius (Deemed to be University)**  
**Mangaluru**

**Semester I – P.G. Examination - M.Com.**

**November - 2024**

**ACCOUNTING THEORY AND PRACTICE**

Time: 2 ½ hrs.

Max Marks: 60

**PART - A**

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Answer any **FIVE** of the following

(5×4=20)

1. Discuss the key users of accounting information and their specific needs.
2. Accounting is a system that provides information about the amounts of resources used in the organization, means of financing them and the results achieved through using them. Explain.
3. What is the difference between cash basis of accounting and accrual basis of accounting?
4. What is the role of accounting standards in promoting comparability and consistency in financial reporting?
5. Discuss the different methods of depreciation. What factors should be considered when selecting a depreciation method?
6. What are the primary characteristics of monetary assets?
7. Discuss the concept of relevance in financial reporting. How does materiality influence the relevance of information?

**PART - B**

Answer any **THREE** of the following

(3×10=30)

8. Mr X started a real estate agency business with a cash investment of ₹ 21,000. The following business transactions have been recorded. Use the accounting equation to show the effect on assets, liabilities and capital.
  - a) Invested ₹ 21,000 in cash.
  - b) Paid three months advance rent for office accommodation ₹1,260.
  - c) Bought Car for office ₹ 12,600.
  - d) Purchased Office Furniture ₹ 4,200.
  - e) Bought Office Computer from Standard Supply Company on credit ₹1,800.
  - f) Sold extra Office Furniture at cost to Amar for ₹ 600. Amar paid ₹ 360 in cash and accepted a bill at three months for the balance.
  - g) Amar paid the amount of the bill at maturity and Mr X paid half the amount he owed to Standard Supply Company.
  - h) Collected ₹ 3,600 as commission.
  - i) Paid telephone bill amounting to ₹ 90.
  - j) Withdrew for private use ₹ 420.

9. State & explain the Concepts which clearly explain the timing & amount of revenue recognition with suitable examples.
10. Discuss the role of inductive logic in accounting theory development. How is inductive reasoning used to identify patterns and relationships in accounting data?
11. Discuss the key steps involved in the standard-setting process. How do these steps contribute to the development of high-quality accounting standards?
12. Explain the recognition criteria for Property, Plant, and Equipment (PPE) under IND AS 16.

**PART – C (Compulsory)****(1×10=10)**

13. From the following particulars prepare, Cash Flow Statement.

Balance sheet as at 31<sup>st</sup> March 20X1 and 31<sup>st</sup> March 20X2.

Liabilities	20X2 ₹	20X1 ₹	Assets	20X2 ₹	20X1 ₹
Equity Share Capital	80,000	55,000	Fixed Assets	80,000	82,000
12% Pref. Share Capital	20,000	25,000	Less: Accumulated Depreciation	(30,000)	(22,000)
General Reserve	4,000	4,000		50,000	60,000
Profit & Loss A/C	2,400	2,000	15% Investments	20,000	10,000
15% Debentures	34,000	22,000	Debtors & B/R	49,000	20,600
Creditors & B/P	19,000	23,000	Stock	70,000	80,000
Outstanding Expenses	3,000	1,000	Marketable Securities	5,000	2,000
Provision for Taxation	8,400	6,000	Cash	2,000	400
Proposed Dividend	11,600	10,000			
Bank Overdraft	13,600	25,000			
	1,96,000	1,73,000		1,96,000	1,73,000

Additional Information:

1. Provision for Tax made ₹ 9,400.
2. Fixed assets sold for ₹ 10,000, their cost ₹ 20,000 and accumulated depreciation till date of sale on them ₹ 6000.
3. An Interim Dividend paid during the year ₹ 9,000.

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**St Aloysius (Deemed to be University)**  
**Mangaluru**

**Semester I - P.G. Examination - M.Com.**

**November - 2024**

**FINANCIAL MANAGEMENT AND POLICY**

**Time : 2 ½ Hours**

**Max. Marks : 60**

**PART - A**

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**(5x4=20)**

**Answer any FIVE of the following :**

1. Explain business finance and its goals.
2. Raj Plastics has been in operation for the last 15 years and its shares in the stock market are currently trading at ₹ 120. The most recent dividend by the firm was ₹ 10 per share. Historically, the dividend of Raj Plastics has been growing at 10% but a majority of financial analysts are of the opinion that firm would grow at 12% per annum and so would be the dividend. Find out the cost of equity from the perspective of  
(a) management of Raj Plastics and (b) Financial Analysts
3. A company has 10 per cent perpetual debt of ₹1,00,000. The tax rate is 35 per cent. Determine the cost of capital (before tax as well as after tax) assuming the debt is issued at 10 per cent premium and at 10 per cent discount.
4. The following information is available for Crompton Ltd. for the year ended 31st March, 2024.

Interest on debt	₹ 4,00,000
Preference dividend	₹ 2,00,000
Corporate tax rate	40%

Calculate the degree of financial leverage

- i) if EBIT is ₹ 10,00,000 and                      ii) if EBIT is ₹ 15,00,000.
5. Discuss the Net Income and Net Operating Income approach to capital structure and its implications for capital structure decisions.
6. What are the key determinants that influence a company's choice of dividend policy?
7. A company belongs to a risk class for which the approximate capitalisation rate is 10 per cent. It currently has outstanding 25,000 shares selling at ₹ 100 each. The firm is contemplating the declaration of a dividend of ₹ 5 per share at the end of the current financial year. It expects to have a net income of ₹ 2,50,000 and has a proposal for making new investments of ₹ 5,00,000. Show that under the MM assumptions, the payment of dividend does not affect the value of the firm.

**PART - B**

**Answer any THREE of the following :**

**(3x10=30)**

8. Elaborate on the scope of financial decision making that encompass investment decisions, capital structure, and dividend policies.
9. Calculate the explicit cost of debt for each of the following situations: (a) Debentures are sold at premium of 10 per cent and flotation costs are 5 per cent of issue price.  
(b) Debentures are sold at discount of 5 per cent and flotation costs are 5 per cent of issue price. Assume: (i) coupon rate of interest on debentures is 10 per cent;  
(ii) face value of debentures is ₹ 100; (iii) maturity period is 10 years; and (iv) tax rate is 35 per cent.
10. A Ltd. company has equity share capital of ₹ 5,00,000 divided into shares of ₹ 100 each. It wishes to raise further ₹ 3,00,000 for expansion cum modernization plans. The company plans the following financing plans.
  - i) All common stock
  - ii) ₹ 1 lakh in common stock and ₹ 2 lakhs in debt @ 10% p.a.
  - iii) All debts @ 10% p.a.
  - iv) ₹ 1 lakh in common stock and ₹ 2 lakh in preference capital with the rate of dividend at 8%.

The company's expected earnings before interest and tax (EBIT) are ₹ 1,50,000. The corporate rate of tax is 50%. Determine Earning per share in each plan and comment on the implication on the financial leverage.
11. What are the critical aspects to be considered of while determining the capital structure of a company?

**Contd...2**

12. The two companies, U and L, belong to an equivalent risk class. These two firms are identical in every respect except that U company is unlevered while Company L has 10% debentures of ₹ 30 Lakhs. The other relevant information regarding their valuation and capitalization rates are as follows:

Particulars	Firm U	Firm L
Net Operating Income	7,50,000	7,50,000
Interest on Debt	-	3,00,000
Earning to equity holders	7,50,000	4,50,000
Equity-Capitalization Rate	0.15	0.20
Market value of equity	50,00,000	22,50,000
Market Value of Debt	-	30,00,000
Total value of the firm	50,00,000	52,50,000
Implied overall capitalization rate	0.15	0.143
Debt equity ratio	0	1.33

- a) An investor owns 10% equity shares of Company L. Show the arbitrage process and the amount by which he could reduce outlay through the use of leverage.  
b) According to Modigliani and Miller, when will this arbitrage process come to an end?

**PART - C**

**(Compulsory)**

**(1×10=10)**

13. A company has on its books the following amounts and specific costs of each type of capital.

Type of Capital	Book Value (₹)	Market Value (₹)	Specific Cost (%)
Debt	5,00,000	4,80,000	5
Preference	2,00,000	2,10,000	8
Equity	7,00,000		15
Retained Earning	3,00,000	13,00,000	13
Total	17,00,000	19,90,000	

- Determine the weighted average cost of capital using a) Book Value Weights and, b) Market Value Weights. How are they different? Can you think of a situation where the weighted average cost of capital would be the same either of the weights.

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**St Aloysius (Deemed to be University)**

**Mangaluru**

**Semester I – P.G. Examination - M.Com.**

**November - 2024**

**INCOME TAX**

Time: 2 ½ hrs.

Max Marks: 60

**PART - A**

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

1. What are the exceptions to the general rule that only the income of the previous year is taxed in the immediately following assessment year?
2. Ms. Anna, an Indian citizen, departs from India for the first time on September 20, 2020, and returns on February 5, 2023. She leaves India once again on August 8, 2023, and returns on December 21, 2023. She has been residing in India since then. Determine her status for the previous year 2023-24.
3. What deductions are allowed from the annual value while computing taxable income from house property?
4. WDV of block of P & M on 1-4-2023 was ₹ 5,95,000. During the year 2023-24 a new item costing ₹1,50,000 was acquired in May, 2023 and an item was sold on 15-9-2023 for ₹ 79,000. Calculate the WDV of this block of assets and calculate the depreciation @ 15% in relation to assessment year 2024-25.
5. Explain the concept of 'Capital Gain' and describe the procedure for calculating Capital Gains as outlined in the Income-tax Act, 1961.
6. Provide a real-life scenario where clubbing of income is applicable, and explain how it would be taxed.
7. Define 'Salaries' as per Income Tax Act.

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**PART - B**

Answer any **THREE** of the following (3×10=30)

8. Mr. Anand Das furnishes the following particulars of his income earned during the previous year relevant to the assessment year 2024-25 :
  1. Interest on German Development Bonds (one-third is received in India)- ₹51,000
  2. Income from agriculture in Bangladesh, remitted to India- ₹31,000
  3. Income from property in Canada received in U.S.A.- ₹110,000
  4. Income earned from business in Kuwait, business being controlled from Mumbai ( ₹25,000 is received in India)- ₹ 65,000
  5. Dividend from an Indian Company- ₹ 15,000
  6. Royalty received in Singapore from Mr. Gulfam, a resident in India, for technical services provided for a business carried on in Singapore- ₹ 25,000
  7. Profit from a business in Chennai; this business is controlled from Singapore ₹ 125,000
  8. Profit on sale of a building in India, but received in Nepal- ₹ 250,000
  9. Income from agriculture in Punjab, received in Mumbai- ₹ 30,000
  10. Profit from business in Indonesia; this business is controlled from Delhi (60% of the profit deposited in a bank there and 40% is remitted to India)- ₹ 40,000
  11. Interest received from Mr. Shyam, a non-resident, on the loan provided to him for a business in India- ₹ 28,000.

Compute his Gross total Income, if he is :(i) Resident, (ii) Not Ordinarily Resident, (iii) Non-Resident.

Contd...2

9. Dr. Bijli is a registered medical practitioner. From the following Income and Expenditure Account for the year, prepare a Statement showing his Income from Profession.

## Income and Expenditure Account

	₹		₹
Household expenses	20,000	Interest on Fixed deposits	15,300
Car purchased	30,000	Consultation fees	10,000
Travelling expenses [Personal]	4,000	Visiting fees	20,000
Charity and donations	1,000	Race winnings	10,000
Income tax	2,000	Sale proceeds of an Ancestral house	24,000
Salaries	8,000	Profit in sale of shares	16,000
Gift to daughter	7,000	Dividend on shares	15,000
Establishment expenses	1,000	Interest on POSB Account	6,000
Surgical equipment	4,000	Presents from patients	2,000
Books	1,200	Bad debts recovered [previously disallowed]	2,600
Life Insurance Premium	2,000		
Fines and penalties	1,000		
Interest on Capital	1,000		
Surplus	38,700		
	<b>120,900</b>		<b>120,900</b>

Rate of depreciation allowable on Car and Surgical equipment is 15% and on Books 40%.

10. Given below is the Profit & Loss A/c of a Merchant for the year ended 31<sup>st</sup> March 2024.

Opening Stock	25,000	Sales	5,00,000
Purchases	2,50,000	Rent of Property	15,000
Wages	1,00,000	Closing stock	35,000
Audit fees	1,000		
Repairs (House Property)	2,000		
General charges	1,500		
Commission for raising loan	1,000		
Bad debts reserve	500		
Bad debts	2,000		
Interest on capital	1,500		
Contribution to staff welfare fund	2,500		
Provision for income tax	10,500		
Depreciation (Allowable)	2,500		
Net Profits	1,50,000		
	<b>5,50,000</b>		<b>5,50,000</b>

You are required to compute his Total Income for the AY 2024-25.

11. Mrs. Padmini owned two motor-cars which were mainly used for business purposes. The written-down value on 1.4.2023 of the block of assets comprising of only these two cars, both of which were purchased in May 2012, was ₹ 1,81,000. These two cars were sold in June 2023 for ₹ 1,50,000. In June 2023, she sold jewellery for ₹ 10,63,000. She had purchased the same during March 2005 for ₹ 4,52,000. A house plot purchased by her in March 2002 for ₹ 3,00,000 was sold by her for ₹ 18,00,000 on 18.01.2024. Compute the amount of net capital gains chargeable to tax in respect of the above transactions for the Assessment Year 2024-25.  
Cost inflation index for 2001-02—100, 2004-05 - 113, 2023-24 348.
12. Analyze the concept of the qualifying amount under section 80G, identify the eligible beneficiaries, and elaborate on the specific provisions outlined in the Act concerning this aspect.

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**PART – C (Compulsory)**

**(1×10=10)**

13. Mr. Sarati is employed in a Private Company at Delhi. He furnishes the following particulars for the year ended 31.3.2024.
1. Net salary ₹ 4,80,000 after deducting ₹ 15,000 for income tax, ₹ 26,000 towards RPF, ₹ 8,500 towards LIC premium and ₹ 1,800 professional tax.
  2. Bonus ₹ 30,000
  3. Travelling allowance ₹ 8,000. He spent ₹ 5,000 for official purposes.
  4. Education allowance ₹ 500 p.m. for one child
  5. He has been given a rent free furnished home for which the company pays rent of ₹15,000 p.m. The cost of the furniture provided to him ₹ 60,000.
  6. Telephone bills of ₹ 25,000 p.a. for the telephone facility at his residence provided by the company.
  7. He received ₹ 30,000 in December for surrendering his one month's earned leave.
  8. The employer contributed equally to the RPF. The interest credited during the year 10% p.a. ₹ 12,000.
  9. Mr. Sarati has been provided free meals during the office hours costing ₹ 50/meal for 280 working days in the year.
  10. Reimbursement of medical expenses ₹ 22,000, the actual amount spent ₹25,000(In a notified hospital)
  10. He deposited ₹ 25,000 in PPF, repaid housing loan of ₹1,22,000 (including interest of ₹ 75,000), paid tuition fees of his child ₹ 30,000. Paid LIC premium on wife's policy ₹ 5,000.
- Compute Mr. Sarati's taxable income from salary and deduction u/s 80C.

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**St Aloysius (Deemed to be University)**  
**Mangaluru**  
**Semester I - P.G. Examination - M.Com.**  
**November - 2024**  
**ECONOMIC ENVIRONMENT AND POLICY**

Time : 2 ½ Hours

Max. Marks : 60

**PART - A**

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Answer any **FIVE** of the following :

(5x4=20)

1. Explain the concept of geo-technological war and provide an example of how technology has been used as a tool for power in global conflicts.
2. Compare and contrast the second-generation and third-generation economic reforms in India.
3. What is Foreign Direct Investment (FDI) and how does it differ from Foreign Portfolio Investment (FPI)?
4. Describe the Competition Act 2002. Is price-setting illegal in India?
5. What is the role of central banks in implementing monetary policy, and how does it affect inflation and interest rates?
6. How does money market help the businesses in meeting their short term financial obligations?
7. How do capital adequacy norms protect customers' money?

**PART - B**

Answer any **THREE** of the following :

(3x10=30)

8. What does the term "business" mean, and what are the key features of modern business?
9. In what ways does a mixed economy attempt to balance the interests of both private and public sectors?
10. What role do financial institutions and financial markets play in allocating resources efficiently, and how do they impact businesses and individuals?
11. Examine how globalization has affected in labour market, particularly in terms of employment generation and skill development.
12. Evaluate the structure and functions of the Consumer Protection Councils and Consumer Disputes Redressal Agencies established under the Consumer Protection Act, 2019.

**PART - C**

**(Compulsory)**

(1x10=10)

13. Company XYZ is looking to expand into a new market and is considering different investment options. They need to decide between Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI).

- List and explain the types of Foreign Direct Investment (FDI) that Company XYZ might use for its expansion.
- Discuss the benefits and costs of Foreign Direct Investment (FDI) for Company XYZ.

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**St Aloysius (Deemed to be University)**  
**Mangaluru**  
**Semester I - P.G. Examination - M.Com.**  
**November - 2024**  
**CORPORATE LAW, ETHICS AND GOVERNANCE**

Time : 2½ Hours

Max. Marks : 60

**PART - A**

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

1. Comment on the legal status of a company under the Companies Act 2013 as an artificial person and its citizenship.
2. Describe the general contents involved in an Articles of Association.
3. What qualifications are required for the President and Judicial members of the National Company Law Tribunal (NCLT)?
4. List the various sources from which ethical standards can be derived.
5. How do the benefits of good corporate governance positively impact the performance and reputation of a company?
6. "Imagine you are the CEO of a large corporation. Describe why corporate social responsibility is considered a necessity for your corporation."
7. Explain how CSR and corporate philanthropy can be misused as a tool for corporate self-promotion or to deflect criticism of unethical business practices.

**PART - B**Answer any **THREE** of the following :**(3x10=30)**

8. Discuss the statutory provisions that allow for the piercing of the corporate veil, with relevant examples.
9. Explain the doctrine of Ultra-vires. What are the effects of Ultra-vires agreements?
10. Analyze the characteristics and types of whistle-blowing, including internal and external whistle-blowing. Evaluate the benefits and challenges of whistle-blowing for individuals and organizations, providing examples.
11. Discuss the ethical issues that arise in human resource management.
12. Evaluate the different models of Corporate Social Responsibility.

**PART - C****(Compulsory)****(1x10=10)**

13. QuickMeal, a popular meal kit delivery service, has recently introduced a new line of "organic" meal kits. The company heavily promotes these kits as being made with fresh, locally sourced ingredients and sustainable packaging. However, upon closer examination, environmental groups have uncovered discrepancies between QuickMeal's claims and the reality of their products.

Investigations have revealed that some of the ingredients used in QuickMeal's "organic" meal kits do not meet the rigorous standards for organic certification. While the company may source some ingredients from local farms, others may be sourced from suppliers who do not adhere to organic practices. Additionally, the packaging used for the meal kits is not as recyclable as claimed. While some components may be recyclable, others may contain materials that are difficult to recycle or may not be accepted by local recycling programs. Furthermore, QuickMeal's marketing materials exaggerate the nutritional value and convenience of their meal kits.

- a. What ethical issues are raised by QuickMeal's misleading claims about their products?
- b. How can consumers be more aware of greenwashing tactics in the food industry and make informed purchasing decisions?
- c. What are the potential consequences for QuickMeal if their misleading practices are exposed?

**St Aloysius (Deemed to be University)**  
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**Semester I – P.G. Examination - M.Com.**

**November - 2024**

**QUANTITATIVE TECHNIQUES FOR DECISION MAKING**

Time: 2 ½ hrs.

Max Marks: 60

**PART - A**

Answer any **FIVE** of the following

(5×4=20)

1. What is Linear Programming Problem?

2. Maximize  $Z = 10 X_1 + 13 X_2$

$$3x_1 + 2 X_2 \geq 6$$

$$X_1 + X_2 \leq 5$$

$$\text{Then } X_1, X_2 \geq 0$$

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3. Determine the optimum transportation schedule so that the cost is minimized by using Least Cost Method.

	D1	D2	D3	D4	Supply
S1	3	5	7	6	50
S2	2	5	8	2	75
S3	3	6	9	2	25
Demand	20	20	50	60	150

4. Draw the network diagram for the following data

Activity	A	B	C	D	E	F	G	H	I	J	K
Predecessor	-	-	A	A	I,J,K	B,D	B,D	F	A	G,H	F

5. What is PERT, and how are the different types of time estimates used in project scheduling?

6. Determine the optimal strategies for players A and B. Also determine the value of game. Is this (i) fair or (ii) strictly determinable?

	B1	B2
A1	20	80
A2	40	30
A3	50	60

7. A manufacturing company keeps stock of a special product. Previous experience indicates the daily demand as given below

Daily Demand	5	10	15	20	25	30
Probability	0.01	0.20	0.15	0.50	0.12	0.02

Simulate the demand for the next 10 days. Also find the daily average demand for the product on the basis of simulated data.

Day	1	2	3	4	5	6	7	8	9	10
Random numbers	82	96	18	96	20	84	56	11	52	03

**PART - B**

Answer any **THREE** of the following

(3×10=30)

8. What are the primary areas of focus and applications within the field of Operations Research?

9. Find the initial basic feasible solution for the following transportation problem by VAM

Origin	Destination					Supply
	D1	D2	D3	D4		
O1	11	13	17	14	250	
O2	16	18	14	10	300	
O3	21	24	13	10	400	
Demand	200	225	275	250	950	

10. From the following machines and Operators minimize the assignment model

Operators	Machines					
	1	2	3	4	5	6
1	5	8	9	10	24	15
2	20	22	6	7	14	19
3	12	20	30	31	29	11
4	16	27	13	17	23	25
5	18	26	10	32	28	29
6	21	32	11	37	7	36

11. What are the various models of operations research?  
 12. Solve the game given in the below table using graphical method

A	B			
	Y1	Y2	Y3	Y4
X1	19	6	7	5
X2	7	3	14	6
X3	12	8	18	4
X4	8	7	13	-1

**PART - C (Compulsory)**

(1×10=10)

13. Suppose the following estimates of activity times (days) are provided.

Activity	Optimistic	Most Likely	Pessimistic
A	1	3	5
B	3	4	5
C	4	5	6
D	3	5	7
E	5	6	13
F	4	7	10
G	6	8	10

- a. Determine the expected completion time and variance for the project  
 b. What is the probability that project will be completed within 20 days?

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