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PG63T201—SEP. 2023—2793

SECOND SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2023

Commerce

FINANCIAL REPORTING STANDARDS

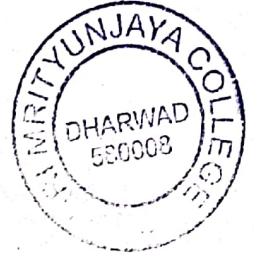
Time : Three Hours

Maximum : 75 Marks

Use of calculator, log table and financial table permitted.

Section A

*Answer any six sub-questions.
Each sub-questions carries 2 marks.*



1. (a) State any two objectives of financial reporting.
- (b) Define Liability.
- (c) State the guidelines of IND AS.
- (d) What are cash and cash equivalents as per IND AS 7 ?
- (e) Distinguish taxable temporary and tax deductible temporary differences.
- (f) State the accounting treatment of revaluation surplus of PPE on decognition.
- (g) What are potential ordinary share ?
- (h) What do you mean by impairment of assets ?
- (i) State the recognition criteria of investment property.
- (j) What is share option ?

(6 × 2 = 12 marks)

Section B

*Answer any three questions.
Each question carries 6 marks.*

2. What are the objectives of financial reporting ?
3. Briefly explain the carve-outs in IND AS as compared with IFRS.
4. ABC Ltd. has a branch in USA. At the end of 31st March 2023, the following ledger balances have been extracted from the books branch of USA :

Particulars	US Dollars	
	Debit	Credit
Plant and Machinery	2,00,000	—
Depreciation on Plant on machinery	—	1,30,000
Debtors	60,000	—
Creditors	—	30,000

Turn over



Stock on 1-4-2022	...	20,000	—
Bank balances	...	10,000	—
Purchases	...	20,000	—
Sales	...	—	1,23,000
Goods sent to branch	...	5,000	—
Wages and salaries	...	45,000	—
Rent	...	12,000	—
Office expenses	...	18,000	—
Commission receipts	...	—	1,00,000
Branch H.O. current A/c	...	—	7,000
		<u>3,90,000</u>	<u>3,90,000</u>

The following information is available. Goods sent by H.O. ₹ 1,00,000 and Branch A/c in H.O. ₹ 1,20,000. Stock at 31-03-2023 USA branch \$ 312500. You are required to translate branch trial balance into INR. Use following exchange rate : Opening rate \$ = ₹ 80, closing rate \$ = ₹ 85, Average rate \$ = ₹ 83, for fixed assets \$ = ₹ 75.

- Ajay Ltd. had 5,00,000 ordinary shares outstanding on 1-1-2022. Profit for 2002 was ₹ 12,00,000 average fair value per share during 2022 was ₹ 20. Ajay Ltd. has given share option to its employees of 1,00,000 shares at option price of ₹ 15. Calculate basic EPS and diluted EPS.
- Micro Ltd. acquired a plant and machinery originally for ₹ 40 lakhs. After 10 years cumulative depreciation of ₹ 22 lakhs and an impairment loss of ₹ 3 lakh were recognised. At the end of second quarter of 11th year, Micro ltd. plan to sell the plant and machinery. Depreciation charged for the half year is ₹ 1.1 lakh. The fair value less cost to sell of the asset is measured at ₹ 12 lakhs. The fair value less costs to sell of plant and machinery was remeasured at the end of the 11th year at ₹ 14 lakhs. It wishes to carry the plant and machinery at ₹ 9.80 lakhs. Advise the company.

(3 × 6 = 18 marks)

Section C

Answer any **three** questions.

Each question carries 15 marks.

- Explain the underlying assumptions for preparation and presentation of financial statement.
- Briefly explain applicability, recognition, measurement and disclosure of non current assets held for sale as per IND AS 105.
- From the following information, calculate the value of inventories of A, B, C, D and E products as per IND AS 2.

Particulars	Products C				
	A	B	C	D	E
Materials (₹)	... 10,00,000	15,00,000	18,00,000	22,00,000	30,00,000
Direct labour (₹)	... 3,00,000	3,20,000	4,00,000	5,00,000	7,00,000

Freight inward (₹)	...	10,000	15,000	13,000	10,000	20,000
Freight outward (₹)	...	15,000	12,000	15,000	20,000	15,000
Direct expenses (₹)	...	20,000	18,000	19,000	25,000	20,000
Factory overhead :						
Variable (₹)	...	5,00,000	4,00,000	6,00,000	4,00,000	5,50,000
Fixed (₹)	...	1,50,000	1,80,000	2,50,000	3,00,000	3,50,000
Normal capacity (units)	...	10,000	12,000	15,000	18,000	20,000
Actual production units)	...	12,000	10,000	18,000	15,000	25,000
Administration overhead (₹)...	...	16,000	20,000	35,000	20,000	18,000
Selling overhead (₹)	...	30,000	40,000	40,000	60,000	30,000
Abnormal wastage of materials (₹)	...	40,000	40,000	20,000	30,000	50,000
Storage cost (₹)	...	30,000	32,000	40,000	25,000	30,000

Further informations :

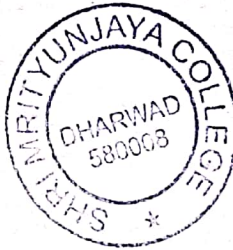
- GST on purchase of materials at 5 %.
 - Company received trade discount at 5 %.
 - Administration overhead is attributable to inventory.
 - Storage cost is not indispensable in production prior to further processing stage.
10. X Ltd. began the construction of factory on 1-10-2022. The cost relating to construction of factory are as follows :

	Amount
Purchase of land	... 10,00,000
Cost of dismantling existing structure	... 5,000
Purchase of materials to construct the factory	... 6,00,000
Employee costs	... 1,80,000
Production overhead related to the construction	... 1,20,000
General production overhead	... 1,00,000
General administrative overhead	... 60,000
Administration overhead related to construction	... 50,000
Architect fees for construction	... 40,000
Cost of relocating staff who are to work at the new factory	... 30,000
Cost of formal opening of the factory	... 20,000
Interest on loan to partly finance factory construction	... 1,20,000
Plant and Machinery purchased for the use of factory	... 6,00,000

Additional information :

- The factory took eight months to construct and was brought into use on 30th June 2023.
- The employment costs and for nine months to 30th sum 2023.

Turn over



- (c) Material costing ₹ 50,000 had been spoiled and therefore wasted and further ₹ 40,000 was spent on faulty design work.
- (d) The production overhead of ₹ 20,000 is abnormal.
- (e) X Ltd. took a loan of ₹ 12,00,000 on 1-10-2022. The constructed factory meets the definition of qualifying asset in accordance with ind AS 23. The loan carries a rate of interest of 10 % per annum.

Calculate the cost of factory to be included in the Balance Sheet upon initial recognition, giving reasons for inclusion and exclusion of costs.

11. ABC Corporation has outstanding ordinary shares of 20,00,000 on 1-1-2022. Average fair value per equity share during 2022 was ₹ 75 potential ordinary shares in capital structure of the company are under :

- (a) Options 1,00,000 shares with exercise price of ₹ 60.
- (b) 8 % convertible preference shares of 8,00,000 shares of ₹ 100 each to be converted into two ordinary shares attributable corporate dividend tax 10 %.
- (c) 12 % convertible debentures of ₹ 100 each nominal value of ₹ 10 crores convertible into four ordinary shares.
- (d) 10 % convertible debentures of ₹ 100 each, nominal value of ₹ 5 crores convertible into three ordinary shares.

Tax rate is 30 %. Profit attributable to ordinary shareholder is ₹ one crore. Calculate basic and diluted EPS.

(3 × 15 = 45 marks)

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PG63T202—SEP. 2023—2794

SECOND SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2023

Commerce

MERGERS, ACQUISITIONS AND CORPORATE RESTRUCTURING

Time : Three Hours

Maximum : 75 Marks

Use of simple calculator and financial table is permitted.

Section A

*Answer any six of the following sub-questions.
Each sub-questions carries 2 marks.*

1. (a) What are mergers and what do they represent ?
- (b) State why first merger wave was described as merging for monopolies.
- (c) Give reasons for managerial hybris in merger decisions.
- (d) How P/E ratio exchanged is determined ?
- (e) Give meaning of Q-theory of mergers.
- (f) How use of short-term debt leads to merge failure ?
- (g) What is due diligence ?
- (h) State the effect of spin-offs on ownership structure.
- (i) Give meaning of dual-class recapitalisation.
- (j) What is buyback of shares ?

(6 × 2 = 12 marks)

Section B

*Answer any three questions.
Each question carries 6 marks.*

2. "A price rise leads to a decrease in merger activity." Examine the statement.
3. Explain the concept and motives of corporate restructuring.
4. Supreme Ltd. is examining super hotels for acquisition. The following details are available :

	Supreme Ltd.	Super Hotels Ltd.
No. of shares ...	50,000	25,000
MPS ...	250	100
P/E ratio ...	10	8

Turn over



The acquirer is considering the use of EPS based Stock Exchange Ratio (SER). Compute :

- (i) EPS based SER.
 - (ii) Post merger EPS of acquiring company.
 - (iii) Weighted average P/E ratio.
5. Good Ltd. is considering merger with Better Ltd. Best Ltd. is also interested in Good Ltd. The details of three companies are given below :

	Good Ltd.	Better Ltd.	Best Ltd.
Earnings (₹) ...	75,000	80,000	1,00,000
P/E ratio ...	10	12	20
No. of shares ...	15,000	20,000	25,000
EPS (₹) ...	5.0	4.0	4.0
MPS (₹) ...	50.0	48.0	80.0

Better Ltd. is considering EPS based exchange ratio while Best Ltd. intends to use MPS based exchange ratio :

- (i) Compute post merger EPS of each merger.
 - (ii) What is the MPS of each merger assuming P/E ratio of acquiring continues ?
 - (iii) With which company Good Ltd. should merge ?
6. The market and book values of GH Ltd. are as given below :

	Book value (₹ in lakhs)	Market value (₹ in lakhs)
Land and Building ...	160	200
Plant and Machinery ...	250	170
Inventory ...	150	120
Book debts ...	100	60 %
Cash and Bank ...	140	140
Investment ...	200	50 % saleable at book value and balance at 125 % of book value.

Calculate Tobin's a ratio of GH Ltd. and comment whether GH Ltd. is undervalued or overvalued.

(3 × 6 = 18 marks)

Section C

Answer any **three** questions.
Each question carries 15 marks.

7. Explain various motives of corporate mergers.
8. Evaluate the reasons for corporate restructuring. Explain various form of corporate restructuring.

9. The following is the Balance Sheet of ABC Ltd. as at March 31, 2021 :

(₹ in lakhs)		(₹ in lakhs)	
Equity share capital (₹ 100 each)	600	Land and building	200
14 % Pref. shares of ₹ 100 each	200	Plant and Machinery	300
13 % Debentures	200	Furniture and Fixtures	50
Debenture interest accrued and payable	26	Inventory	150
Loan from bank	74	Sundry Debtors	70
Trade creditors	340	Cash at Bank	130
		Preliminary expenses	10
		Cost of issue of debentures	5
		Profit and Loss A/c	525
	1440		1440

The company did not perform well and has suffered sizeable losses during the last few years. However, it is felt that the company could be nursed back to health by proper financial restructuring. Consequently, the following scheme of reconstruction has been drawn up :

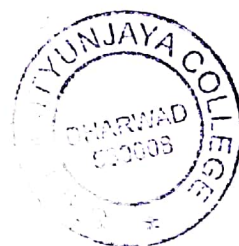
- Equity shares are to be reduced to ₹ 25 per share, fully paid up.
- Preference shares are to be reduced (with coupon rate of 10 %) to equal number of shares of ₹ 50 each, fully paid up.
- Debenture holders have agreed to forgo the accrued interest due to them. In the future, the rate of interest on debentures is to be reduced to 9 %.
- Trade creditors will forgo the accrued interest due to them.
- The company issues 6 lakh equity shares at ₹ 25 each and the entire sum was to be paid on application. The entire amount was fully subscribed by promoters.
- Land and building was to be revalued at ₹ 450 lakhs plant and machinery was to be written down by ₹ 120 lakhs and a provision of ₹ 15 lakhs had to be made for bad and doubtful debts.

Required :

- Show the impact of financial restructuring on the company's activities.
- Prepare the fresh Balance Sheet after the reconstruction is completed on the basis of above proposals.

10. B Ltd. wants to acquire S Ltd. and has offered a swap ratio of 2 : 3 (2 shares for every 3 shares of S Ltd.). The following information is available :

	B Ltd.	S Ltd.
Profit after tax (in ₹)	21,00,000	4,50,000
Equity shares outstanding (Nos.)	6,00,000	1,80,000
EPS (₹)	3.5	2.5
P/E ratio	10 times	7 times
Price quoting per share on BSE before the merger announcement (₹)	35.0	17.50



Turn over

Required :

- (i) The number of equity shares to be issued by B Ltd. for acquisitions of S Ltd.
 - (ii) What is the EPS of B Ltd. after the acquisition ?
 - (iii) Determine the equivalent EPS of S Ltd. and calculate gain or loss to the shareholders of both the companies.
 - (iv) Assuming P/E multiple remains unchanged, find the MPS of B Ltd. after the acquisition.
 - (v) Determine the market value of the merger firm.
 - (vi) After the announcement of merger, price of shares of S Ltd., rose by 10 % on BSE. Mr. X, an investor, having 10,000 shares of S Ltd. is having another investment opportunity, which yields annual return of 14 % is seeking your advice whether he needs to offload the shares in the market or accept the shares from B Ltd.
11. X Ltd., a start up entity, in Hubli is encountering the threat of takeover and is considering various alternative defensive mechanism the latest Balance Sheet details are :

₹ in lakhs		
Owners' equity	...	500.0
Loan funds	...	250.0
		<u>750.0</u>
Fixed Assets	...	450.0
Current Assets :		
Cash	... 150.0	
Inventory	... 100.0	
Debtors	... <u>50.0</u>	300.0
		<u>750.0</u>

The management is considering the following alternatives :

- (i) Grant of a Poison put option to owners of subscribing additional shares of 10 lakhs at face value of ₹ 10 each.
- (ii) Grant of poison pill option of loan becoming repayable at 10 %. Premium in the event of hostile bid.
- (iii) Use excess cash to pay dividend on expanded equity. The rate proposed is 50 %. The number of existing equity shares is 10 lakhs.

Y Ltd. is aiming to bid X Ltd. and X Ltd. initiates defensive mechanism.

Prepare post-restructuring Balance Sheet of X Ltd.

(3 × 15 = 45 marks)

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PG63T203—SEP. 2023—2795

SECOND SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2023

Commerce

BUSINESS RESEARCH METHODS

Time : Three Hours

Maximum : 75 Marks

Use of simple and non-programmable calculator, statistical and financial table is allowed.

Section A

1. Answer any six sub-questions. Each sub-question carries 2 marks :

- (a) Distinguish between pure research and applied research.
- (b) What is sampling error ?
- (c) What is quota sampling ?
- (d) What do you mean by univariate analysis ?
- (e) State the meaning of level of significance.
- (f) State the nature of Chi-square test.
- (g) What is p-value ?
- (h) Distinguish between positive and negative correlation.
- (i) What are the major parts of research report ?
- (j) Why review of literature is important in research ?

(6 × 2 = 12 marks)

Section B

*Answer any three questions.
Each question carries 6 marks.*

2. Explain in brief, the main areas where business research is applied.
3. Enlist the different methods of conducting a survey.
4. A manufacturer claimed that at least 95 % of the equipment which he supplied to a factory conformed to specifications. An examination of a sample of 200 pieces of equipment revealed that 18 were faulty. Test the claim at a significance level of 5 %.
5. Two types of light bulbs are manufactured by firm A and firm B. The life of bulb type A is normally distributed with mean 100 hours and variance 15. The life of bulb type B is normally distributed with mean 105 hours and variance 30.
Test at 5 % level of significance whether average life of two bulbs are equal.

Turn over



6. An IQ test was administered to 6 persons before and after they were trained. The results are given below :

Candidates	1	2	3	4	5	6
IQ before training	110	120	123	132	130	125
IQ after training	120	118	125	136	132	121

Test whether there is any change in IQ after the training programme at 5 % level of significance.

(3 × 6 = 18 marks)

Section C

Answer any **three** questions.

Each question carries 15 marks.

7. What is Z test ? Explain different types of Z test and their applications.
8. "Business Research facilitates the process of managerial planning and decision making by providing perfect information." Discuss.
9. A florist stocks a highly perishable flower. A dozen flowers costs ₹ 3.00 and sells for ₹ 10.00. Any flower not sold the day are worthless. Demand in dozen of flowers is as follows :

Demand in dozen	0	1	2	3	4
Probability	0.1	0.2	0.4	0.2	0.1

Assuming that failure to satisfy any one customer's request will result in future lost profit amounting to ₹ 5.00, in addition to the lost profit on the immediate sale. How many flowers should the florist stock to expect maximum profit ?

10. Two researchers adopted different sampling techniques while investigating the same group of students to find the number of students falling in different intelligence levels. The results are as follows :

Researcher	No. of students in each level				Total
	Below Average	Average	Above average	Genius	
X	86	60	44	10	200
Y	40	33	25	2	100
Total	126	93	69	12	300

Would you say that the sampling techniques adopted by the two researchers are significantly different at 5 % level of significance ?

11. A certain company had 4 salesmen A, B, C and D, each of whom was sent for a week into three types of areas, K, O and S. The sales in kg. per were shown :

Area	Salesman			
	A	B	C	D
K	30	70	30	30
O	80	50	40	70
S	100	60	80	80



Carryout the analysis of variance and interpret the results.

(3 × 15 = 45 marks)

(Pages : 2)

PG63T204—SEP—2023—2796

SECOND SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2023

Commerce

PG63T204—STRATEGIC HUMAN RESOURCE MANAGEMENT

Time : Three Hours

Maximum : 75 Marks

Section A

*Answer any **six** sub questions, each carries 2 marks.*

1. (a) What are the components of SHRM ?
- (b) State the meaning of the word 'Strategic Fit'.
- (c) Write different components of Job Analysis.
- (d) What is human resource supply ?
- (e) Write objectives of training.
- (f) What is campus recruitment ?
- (g) State the objectives of Performance Management.
- (h) Give meaning of Critical Incident Methods.
- (i) What is Merit pay and Variable pay ?
- (j) How does IHRM differ from HRM ?



(6 × 2 = 12 marks)

Section B

*Answer any **three** of the following, each question carries 6 marks.*

2. Write a note on best fit approach.
3. Explain the challenges facing in SHRM in the knowledge management.
4. Discuss factors influence on 360 degree appraisal.
5. What is the role of equity in compensation and reward decision ? Discuss.
6. What are the major components of expatriate compensation ? Discuss.

(3 × 6 = 18 marks)

Turn over



Section C

Answer any three of the following, each question carries 15 marks.

7. Explain major HR challenges confronted by business environment after liberalisation.
8. Discuss various internal and external methods of recruitment.
9. Discuss the training and management development process at food service industry with respect to its design, purpose, methods and content.
10. Discuss strategic dimensions of talent management in India.
11. Discuss strategic HR issues in global assignments.

(3 × 15 = 45 marks)

(Pages : 3)

PG63T205—SEP. 2023—2797

SECOND SEMESTER M.Com. DEGREE EXAMINATION, OCTOBER 2023

(CBCS)

Commerce

ECONOMIC ANALYSIS FOR MANAGERIAL/BUSINESS DECISIONS (New/Old)

Time : Three Hours

Maximum : 75 Marks

Use of calculator, Financial table and log table is permitted.

Section A

*Answer any six sub-questions.
Each sub-questions carries 2 marks.*



1. (a) State the assumptions of sales maximisation objective of firm..
- (b) What is equimarginal principle ?
- (c) State the reasons for law of demand.
- (d) What is cross elasticity of demand ?
- (e) Define production function.
- (f) State any two diseconomies scale.
- (g) State the sources of monopoly.
- (h) What are the reasons for price discrimination in monopolistic market ?
- (i) What are the reasons for wrong selection of industrial location ?
- (j) State the affect of change in technology on production function.

(6 × 2 = 12 marks)

Section B

*Answer any three questions.
Each question carries 6 marks.*

2. Explain the usefulness of opportunity cost principle in Managerial decision.
3. What are the challenges in location of industry in global economy ?
4. From the following, calculate income elasticity of demand and comment :

Year	Income (₹ '000')	Quantity demand (in kgs.)
1	50	500
2	45	480
3	60	550
4	75	650
5	70	625
6	90	700

Turn over



5. Cost function of a firm is $TC = 40 + 4Q + 2Q^2$.

You are required to calculate :

- Average fixed cost of producing 5 units.
 - Average variable cost of producing 10 units.
 - Average total cost of marginal cost of producing 10 units.
6. A monopolist faced demand curve

$$P = 100 - 2Q$$

If marginal cost is constant and is equal to 20. What is the amount of total revenue made by the monopolist firm ? What is the dead weight loss on account of monopoly ?

(3 × 6 = 18 marks)

Section C

*Answer any three questions.
Each question carries 15 marks.*

- What are the role and responsibilities of economic analysis ? Explain.
- Discuss the price output determination under monopolistic competition.
- The marketing department of ABC company has the following demand function :

$$Q = 3,00,000 - 90P + 150P_c + 0.5A + 0.9Y$$

Where Q is the quantity of unit

P = Price of product

P_c = Price of close competitor's product

A = Advertisement

Y = Income of family

- If $P = ₹ 10,000$, $P_c = ₹ 9,000$, $A = ₹ 3,00,000$, $Y = ₹ 20,000$, calculate the quantity of output demanded.
 - Compute price elasticity, income elasticity cross elasticity and promotion elasticity of demand and comment.
 - Compute price elasticity, income elasticity, cross elasticity and promotion elasticity of demand if $P = ₹ 12,000$, $P_c = ₹ 12,000$, $A = ₹ 3,50,000$ and $Y = ₹ 30,000$ for the above demand function and comment.
10. The production function of a firm is $Q = 100 K^{0.5} L^{0.5}$.
- Determine the optimal input combination for producing 1500 units of output if wage rate of labour (w) is ₹ 30 and price per unit of capital (c) is ₹ 40. What is minimum cost of production.
 - Also determine optimal input combination for producing 2000 units of output if wage rate of labour (w) is ₹ 40 and price per unit of capital (c) is ₹ 50. What is the minimum cost of production ?

11. A firm is facing the problem of selection of most suitable location for setting up its unit. It has four options namely, A, B, C and D for producing products expected to sell at ₹ 100 per unit. The following information is available in respect of potential locations :

Location	Fixed cost (₹)	Variable cost per unit (₹)
A	40,000	50
B	70,000	30
C	90,000	20
D	1,20,000	15



Find out the most suitable location for an expected level at sales of (a) 2000 units, (b) 2500 units, (c) 3000 units. Also determine the range of annual volume of production for which each of the locations A, B, C and D would be most economical.

(3 × 15 = 45 marks)