

Seat No. : _____

AA-111

April -2018

B.Com., Sem.-VI

CC-306 : Economic

(Indian Business & Economic Environment)

Time : 3 Hours]

[Max. Marks : 70

1. What is Economic Environment ? Explain its nature and factors affecting to it. 14

OR

Explain how the sociological, cultural and political factors affects to the Economic Environment.

2. Explain the Economic and Social effects of Technology. 14

OR

- (1) Explain policy of Green dots and Brown dots. 7
(2) Explain the foreign investment policy of India. 7



3. Explain the role of International Monetary Fund (I.M.F.) and International Bank for Reconstruction and Development (IBRD) with reference to India. 14

OR

Write a short note below :

- (1) Special Economic Zone (S.E.Z.) 7
(2) World Trade Organisation (W.T.O.) 7

4. Compare the Competition Act and Monopolistic & Restrictive Trade Practices Act (M.R.T.P.) of the government of India. 14

OR

Explain the Agricultural Policy of year 2000 of the Government of India.

5. Write down the correct options given below the options. 14

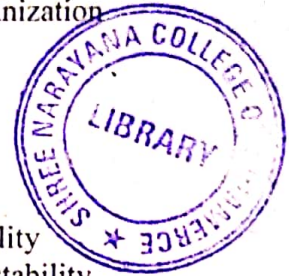
- (1) _____ consist of Economic conditions, Economic policies, Industrial policies and Economic system.

- (a) Business Environment (b) Economic Environment
(c) Social Environment (d) Political Environment

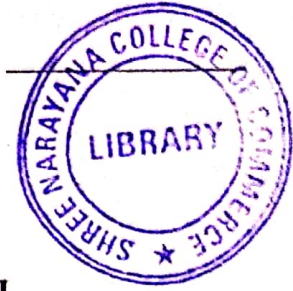
- (2) Morality values are associated with which factors ?

- (a) Technological (b) Social
(c) Economic (d) Legislative

- (3) Which of the following is not included in Social Environment ?
(a) Culture (b) Economic laws
(c) Business ethics (d) Social organization
- (4) How many parts of the Business Environment ?
(a) Three (b) Two
(c) Four (d) Five
- (5) What is the objectives of capital transfer policy ?
(a) Monetary stability (b) Fiscal stability
(c) Balance of payment stability (d) Economic stability
- (6) Technology vision for India upto 2020 has been prepared by whom ?
(a) Department of Science & Technology of Government
(b) Department of Information Technology
(c) Department of R & D
(d) Planning Commission
- (7) Which type of food items in India indicate the Green dots ?
(a) Vegetarian (b) Non-food
(c) Non-vegetarian (d) None of the above
- (8) Foreign investment promotion Board is working under which department ?
(a) Money (b) Industry
(c) Commerce (d) Home
- (9) Which type of import policy was adopted before economic reforms in India ?
(a) Import liberalisation (b) Tax free import
(c) Export oriented import (d) Import substitution
- (10) In which year International Monetary Fund (I.M.F.) has started its functioning ?
(a) 1970 (b) 1945
(c) 1980 (d) 1947
- (11) When World Trade Organisation (W.T.O.) was established ?
(a) 1991 (b) 1945
(c) 1948 (d) 1995
- (12) When Monopolistic & Restrictive Trade Practices Act (M.R.T.P.) was abolished ?
(a) 1970 (b) 1973
(c) 2001 (d) 1991
- (13) Which investments are known as "Portfolio Investment" ?
(a) FDI (b) NRI
(c) FII (d) IBRD
- (14) In which among the following year, the "National Environment Policy" in India was announced ?
(a) 2007 (b) 2008
(c) 2006 (d) 2009



Seat No. : _____



AB-127

April -2018

B.Com., Sem.-VI

CC-309 : Commercial Communication – VI

Time : 3 Hours]

[Max. Marks : 70

1. (A) Answer any **four** questions in brief : 12
- (1) What was the Colonel's condition for Hughie to get married ?
 - (2) What were the different kinds of tax that were levied on the people of Monaco ?
 - (3) Why was the convict's punishment changed from of death sentence to life imprisonment ?
 - (4) How does Tom finally get rich ?
 - (5) Why was the cook dismissed from service ?
 - (6) Why was Mathilde unhappy with her life ?
- (B) State whether the following statements are **TRUE** or **FALSE**: 2
- (1) Six poets wrote epic poems about the noble qualities of Long-Nose.
 - (2) Hughie Erskine was a very rich man.
2. (A) Write a short note on any **one**: 8
- (1) The character of Alan Trevor
 - (2) The title of story – 'Too Dear'
 - (3) The character of Brother Long-nose
- (B) Choose the appropriate options : 6
- (1) Who scolded Hughie for giving a sovereign to a beggar ?
(A) Laura (B) Alan Trevor (C) Colonel Merton
 - (2) What was the sum of the pension that the government offered to the prisoner ?
(A) 300 francs (B) 600 francs (C) 500 francs



AB-127

1

P.T.O.

- (3) What tactic did Tom adopt when George Ramsay washed his hands off Tom ?
- (A) Blackmailed George
(B) Went out to earn
(C) Borrowed from George's friends
- (4) What title did the Government bestow upon the protagonist of 'The World-Renowned Nose' ?
- (A) Chief among the long-nosed ones
(B) Long-nosed wonder boy
(C) Chief of the human race
- (5) What was the profession of the owner of the World-Renowned Nose ?
- (A) Magician (B) Cook (C) Singer
- (6) What did Mr. Loisel get for his wife one evening ?
- (A) A new dress
(B) A diamond necklace
(C) An invitation to a ball



3. Write a press report on any **one** :

- (1) A Plane Crash
(2) A Devastating Flood
(3) Parents' Protest against School Fee Hike in Gujarat

14

4. As from the Secretary of the company, draft a comprehensive report on establishing a Welfare Centre for the employees of the company.

14

OR

On behalf of the committee write a report on the demands and grievances of the workers of the factory.

5. (A) Read the following market report carefully and answer the questions that follow it : 8

FREAKY FRIDAY ON D-STREET

Sensex Falls 410 points

The benchmark BSE Sensex today cracked below 33,000 mark to extend its slide for the fifth straight session on selling pressure amid worries over the widening current account deficit and possible US Fed rate hike. Bears tightened their grip on the Dalal Street following negative news from global stock markets. US-China trade war concerns and rising oil prices also dented sentiment. A host of other factors like high rate of inflation, decline in exports and higher current account deficit are also cracking the market down. Possible negative economic growth was also one of the major factors for the markets.

The 50-share NSE Nifty closed below the psychological 10,000 mark for the first time since October 11, 2017, falling 117 points to close at 9,998.05. The 30-share BSE Sensex was down 410 points to close at 32,595. All Nifty bank stocks closed with sharp cuts. HDFC Bank, ICICI Bank, Axis Bank, Yes Bank, SBI and Kotak Mahindra Bank declined up to 4 percent.

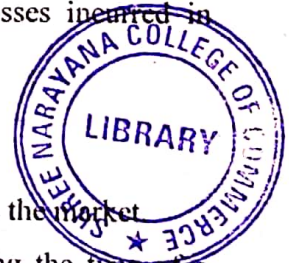
Hindalco and Vedanta Ltd. lost 5 percent each. NMDC and SAIL among others fell up to 6.47 per cent. Reliance Industries, L&T, HDFC, Tata Motors, Tata Steel and Maruti Suzuki slipped. Fortis Healthcare tumbled 7% after Delhi HC ordered attachment of all disclosed assets of Singh brothers. Union Bank of India dropped over 8 percent to hit a one-year low amid concerns over losses incurred in ₹ 1,394-crore loan fraud case.

Questions :

- (1) Which trend is indicated in the headline ?
- (2) Mention any two factors responsible for the current trend in the market.
- (3) What type of a report is this ? Quote the word indicating the type of a report.
- (4) Find out any two verbs from the report denoting the bearish trend.

- (B) Do as directed :

- (1) Explain the following terms:
 - (a) Correction
 - (b) Bourse
 - (c) Intra-day
 - (d) Points
- (2) Give full forms of the following:
 - (a) FIIs
 - (b) PSU



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AC-132

April -2018

B.Com., Sem.-VI

CC-308 : Business Laws-II

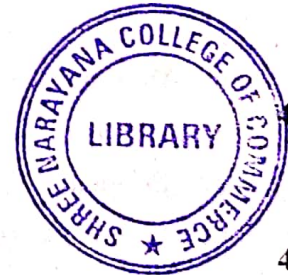


Max. Marks : 70

Time : 3 Hours]

Note : Figures to the right indicate marks.

1. (A) Explain the difference between the contract of Indemnity and Guarantee. 6
OR
What are the rights and duties of Bailee in a contract of Bailment ?
- (B) Mention how an agency can be terminated by mutual consent ? 4
OR
Mention the rights of surety against the creditor.
- (C) Write the difference between : Sub agent and substituted agent. 4
OR
Give the meaning of agency by ratification.
2. (A) Explain any six points of difference between a public company and a private company. 6
OR
Discuss the clauses of Memorandum of Association.
- (B) Mention any four characteristics of a company. 4
OR
Write a short note on legal position of directors of a company.
- (C) Write a note on promoters of a company. 4
OR
Write a note on prospectus of a company.
3. (A) Define 'Consumer' and explain the rights of a consumer. 6
OR
Write a note on State Consumer Protection Council.
- (B) Give the qualifications of members of a district forum. 4
OR
What are unfair trade practices ?



AC-132

3

P.T.O.

- (C) Define the following :
- (1) Appropriate laboratory
 - (2) Complaint

OR

- Define the following :
- (1) Consumer dispute
 - (2) Services



4

4. (A) Mention the Presumptions regarding negotiable instruments.

OR

Explain the difference between a cheque and bill of exchange.

- (B) Define :Holder and Holder in due course.

OR

Write a note on conditional indorsement.

- (C) Give the characteristics of a promissory note.

OR

Write a note on crossing of a cheque.



6

4

4

5. State whether following statements are **True** or **False**.

- (1) There are three parties in a contract of indemnity.
- (2) There must be 'delivery' of goods in a contract of bailment.
- (3) Agency cannot be terminated by operation of law.
- (4) There is a contract between a principal and sub-agent.
- (5) A non-owner can pledge the goods.
- (6) Common seal is the signature of a company.
- (7) All promoters become directors of the company on it's registration.
- (8) A company has a perpetual existence.
- (9) 'Insurance' is included in services as per the Consumer Protection Act.
- (10) It is not necessary that one of the members of a district forum should be a woman.
- (11) A suit can be filed in the state commission for services and goods worth rupees 10 crores.
- (12) Promissory note has a conditional promise to pay money.
- (13) Holder in due course can acquire the instrument even without consideration.
- (14) Negotiable instruments are easily transferable.

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Seat No. : _____

AC2-01

April - 2018

B.Com., Sem.-VI

CC-310 : Statistics
(Fundamental of Statistics-IV)
(Compulsory)
(New Course)



Time : 3 Hours]

[Max. Marks : 70

Instructions : (1) Figures to the right indicate full marks of the question.
(2) Simple calculator can be used.

1. (a) Explain the components of Decision Theory. 4

OR

Explain (i) EMV (ii) Hurwitz's Principle.

(b) Decide the best act for the following pay-off matrix using (i) Maxi-min (ii) Maxi-max (iii) Laplace (iv) Hurwitz's ($\alpha = 0.6$) principles. 6

Event	Act			
	A ₁	A ₂	A ₃	A ₄
E ₁	20	16	24	22
E ₂	-8	-13	-10	-7
E ₃	16	12	10	18
E ₄	24	30	0	20



OR

The selling price of a unit of commodity is ₹ 28 and its cost price is ₹ 20. The unsold item can be returned at ₹ 15. From past experience the demand of the commodity is as follows. Determine how many units of an item is beneficial to keep by the seller as per EMV.

Demand	2	4	6	8	10
Probability	0.5	0.2	0.1	0.5	0.1

(c) Decide the best strategy using EMV : 4

Events	Probability	Strategy		
		S ₁	S ₂	S ₃
A ₁	0.6	30	50	60
A ₂	0.5	70	65	55
A ₃	0.3	45	35	35

OR

Find EVPI from the following pay-off matrix :

Events	Probability	Strategy			
		A	B	C	D
E_1	0.4	8	7	5	4
E_2	0.1	9	6	7	8
E_3	0.5	5	6	10	0



2. (a) Explain : Parameter and Statistic.

4

OR

Explain : Type I error and Type II error.

- (b) The mean of a sample of size 800 units is 38, and the mean of another sample of size 1000 units is 37.6. Can it be concluded that both the samples taken from the same population with standard deviation 2.6 ? ($|Z_t| = 1.96$)

6

OR

A sample of 500 students have a mean height of 165.76 cms. Can it be reasonably regarded as a random sample from a large population with mean height 165.16 and standard deviation 4.8 cms ? ($|Z_t| = 1.96$)

- (c) A die is tossed 600 times and even numbers are obtained 280 times. From this one can consider the die to be unbiased ? ($|Z_t| = 1.96$)

4

OR

In a sample of 600 men from a certain large city, 450 are found to be smokers. From this can we say that most of the men are smokers in this city ? ($|Z_t| = 1.65$)

3. (a) Explain with illustration :

- (i) Symmetric matrix
(ii) Diagonal matrix

4

OR

Define matrix and state the difference between matrix and determinant.

- (b) Solve the following equations using Inverse matrix :

$$x - y - 2z = 4$$

$$2x + y = 13$$

$$-2y + z = -18$$

6

OR



If $A = \begin{bmatrix} 3 & 1 & -1 \\ 2 & 0 & 4 \\ 1 & -2 & 2 \end{bmatrix}$, then find the value of $A^3 - 2A' + 4I$.

(c) If $A = \begin{bmatrix} 5 & -7 \\ 2 & 4 \end{bmatrix}$, then find matrix B such that $2A - 3B' = O$ where O is a null matrix.

4

OR

If $A = \begin{bmatrix} 1 & -2 & 1 \\ 3 & 1 & 4 \end{bmatrix}$ and $B = \begin{bmatrix} 2 & 1 \\ 0 & 6 \\ 5 & -1 \end{bmatrix}$, then prove that $(AB)' = B'.A'$

4. (a) Explain :

4

- (i) Saddle point
- (ii) Pure and mixed strategy

OR

Explain the principle of dominance.

(b) Solve the problem and obtain value of game :

6

		Player B			
		I	II	III	IV
Player A	A	6	9	2	3
	B	5	8	5	1
	C	3	4	1	2
	D	2	3	6	1



OR

Solve the problem of game and find value of game :

		Player B			
		A	B	C	D
Player A	P	3	2	4	0
	Q	3	4	2	4
	R	4	2	4	0
	S	0	4	0	3

(c) Solve the problem of the game and its value :

4

$$\text{Player A} \begin{matrix} & \text{Player B} \\ & \begin{matrix} B_1 & B_2 \end{matrix} \\ \begin{bmatrix} 2 & 5 \\ 7 & 3 \end{bmatrix} \end{matrix}$$

OR

Solve the problem of the game and find its value :

$$\text{Player A} \begin{matrix} & \text{Player B} \\ & \begin{matrix} B_1 & B_2 & B_3 \end{matrix} \\ \begin{matrix} A_1 \\ A_2 \\ A_3 \end{matrix} \begin{bmatrix} 8 & 5 & -3 \\ 7 & 6 & 2 \\ -9 & 10 & 1 \end{bmatrix} \end{matrix}$$



5. Answer the following questions :

14

- (1) In a problem an act have minimum value 5 and maximum value is 25. According to Hurwitz's principle an act have value 19. Find the value of optimistic coefficient.
- (2) For a pay-off matrix maximum EMV = 1680 and if EVPI = 680, then find value of EPPI.
- (3) Explain : Standard Error
- (4) Explain : Critical region
- (5) If $A = \begin{bmatrix} 24 & 16 \\ k & 4 \end{bmatrix}$ then for which value of K, A^{-1} is not possible ?
- (6) If $\begin{bmatrix} x+y & 6 \\ -7 & 2x-y \end{bmatrix} = \begin{bmatrix} 10 & 6 \\ -7 & 5 \end{bmatrix}$ then find the value of x and y.
- (7) Find the value of x to have a saddle point :

$$\text{Player A} \begin{matrix} & \text{Player B} \\ & \begin{matrix} B_1 & B_2 & B_3 \end{matrix} \\ \begin{matrix} A_1 \\ A_2 \\ A_3 \end{matrix} \begin{bmatrix} x & 6 & 4 \\ -2 & x & 1 \\ 1 & 3 & x \end{bmatrix} \end{matrix}$$



Seat No. : _____

AF-121

April-2018

B.Com., Sem.-VI

**CE-304 (A) : Adv. Acc. & Auditing
(Auditing-II)**



Time : 3 Hours]

[Max. Marks : 70

Instruction : Figures to the right indicate marks.

1. (A) You are appointed as an auditor of a Public limited company. State the preliminary information you would require before commencing the audit. 7

OR

- (A) Discuss the provisions of the Companies Act and Auditors' duties in respect of issue of shares at a premium.
- (B) Distinguish between Interim Dividend and Final Dividend. 7

OR

- (B) Discuss the duties of an Auditor in respect of share Transfer Audit. 7

2. (A) Distinguish between an audit report and an audit certificate.
- (B) Write a note on : Auditor's qualified Report

OR

- (A) Explain the meaning of the words 'True and fair' used in Audit Report and state the characteristics of good Audit Report.
- (B) Write a short note on Social Audit.

3. (A) From the following information of Aanal Limited, determine its divisible profit of the year 2017-18. 7

Year	Profit or Loss before depreciation	Depreciation Prescribed as per Co. Act	Depreciation unabsorbed
2015-16	- 75,000	25,000	6,250
2016-17	25,000	37,500	10,000
2017-18	2,62,500	62,500	—

OR

(A) Is there any difference between 'Net Profit' and 'Divisible Profit' ? Which of the two is more important to an auditor ? Why ?

(B) Write short notes : (any two)

- (1) Capital Gain (Profit)
- (2) Debatable points regarding divisible profits
- (3) Dividend out of past profits
- (4) Duties of an auditor's regarding divisible profit.



7

4. (A) What do you mean by investigation ? What are the points to be considered at the time of investigation ?

7

OR

(A) Prepare audit programme of the Educational Institution.

(B) Answer any two.

- (1) Investigation on behalf of an intending purchaser of a Business
- (2) Importance of an Audit Programme
- (3) Distinguish between Audit and Investigation

7

5. Write correct answer for multiple choice questions. (any seven)

14

(1) Which of the following is not included in the clauses of Memorandum of Association of company ?

- (A) Name clause of company
- (B) Address of Registered office of the company
- (C) Clause of liability of members
- (D) Rights of shareholders

(2) Minimum time lag required between two bonus issue is :

- (A) 12 months
- (B) 24 months
- (C) 36 months
- (D) None of the above



- (3) If the auditor has given a qualified report, the following consequences may result
- (A) The Board of Directors have to resign.
 - (B) The Auditor has to resign
 - (C) The Central Government may impose a fine on shareholders
 - (D) The Board of Directors have to give reply to such Qualifications in his Board's report.
- (4) To which of the following parties is the auditor expected to address his certificate ?
- (A) Board of Directors of the company
 - (B) Share holders of the company
 - (C) Central Government
 - (D) Not addressed to any party
- (5) Unpaid Dividend should be transferred to a special unpaid dividend A/c after _____ Days of declaration of dividend.
- (A) Sixty
 - (B) Forty Two
 - (C) Thirty Seven
 - (D) Thirty
- (6) The profit that is to be distributed among shareholders as per prescribed rate of dividend is called
- (A) Divisible profit
 - (B) Gross profit
 - (C) Reserve profit
 - (D) Capital profit
- (7) Which of the following statement is correct ?
- (A) Investigation is compulsory under the Co. Act 1956.
 - (B) The terms investigation implies an examination of accounts for some special purpose.
 - (C) The investigation is always carried out as per the instructions issued by SEBI.
 - (D) Audit Report must incorporates the details of the investigation.



- (8) Which one of the following details is not required to be obtained before preparing an audit programme ?
- (A) System of Internal Check
 - (B) Technical details of business or institution
 - (C) Accounting system adopted by the competitors
 - (D) Report of the previous auditor
- (9) The profit on sale of Assets is known as
- (A) Gross Profit
 - (B) Net Profit
 - (C) Revenue Profit
 - (D) Capital Profit
- (10) _____ is a statement of collected and considered facts.
- (A) Audit programme
 - (B) Report
 - (C) Annual statement
 - (D) None of the above
-



Seat No. : _____

AG-101

April -2018

B.Com., Sem.-VI

CC-307 : Fundamentals of Financial Management

Time : 3 Hours]

[Max. Marks : 70

1. (A) Define Financial Management and discuss its functions. 6
OR
Explain the process of Financial Planning.
- (B) Explain modern approach of Finance Function. 4
OR
Discuss the objectives of Financial Planning.
- (C) Write a note on role of Financial Manager. 4
OR
Discuss in brief factors affecting Financial Planning
2. (A) What is Capital Structure ? Explain the characteristics of an ideal Capital Structure. 6
OR
Define Equity share and write down its advantages & limitations.
- (B) Write a note : Over Capitalization - causes and remedies. 4
OR
Write down any six factors affecting Capital Structure.
- (C) Explain the meaning and types of Leverage. 4
OR
When Trading on equity can become profitable ? Explain.
3. (A) Discuss any eight factor determining working capital. 6
OR
Discuss various types of working Capital.
- (B) Discuss limitations of inadequate working capital. 4
OR
Explain the objective of holding inventories.



(C) Explain the objective of maintaining receivables.

OR

Discuss motives for holding cash.

4. (A) Explain the importance of cost of capital.

OR

Explain factors affecting capital budgeting.

(B) Give answers any two :

(1) Explain pay back method of capital budgeting.

(2) Explain weighted average cost of capital.

(3) Himanshu Co. Ltd, wants to invest ₹ 3,50,000 in machine. Life of machine is 5 years. The scrap value of the machine is ₹ 50,000. Profit before depreciation and tax is as below:

Years	1	2	3	4	5
Income(₹)	60,000	1,00,000	1,00,000	1,10,000	80,000

Tax rate is 50%, if depreciation is calculated on straight line method

Calculate : Average Rate of Return on average investment

(4) Nirali Ltd. has issued 10% debenture worth of ₹ 10,00,000 having face value of ₹ 100 with discount of 5% for the period of 10 years. Cost of issue will be 5% and rate of tax is 50%. Calculate cost of debenture after tax.

5. Answer the following question briefly : (any seven)

(1) What is Maximization of Profit ?

(2) Explain the meaning of under capitalization.

(3) Give the meaning of Net Working Capital.

(4) Which functions are included in Incidental Finance Function?

(5) Which are the sources of Long Term Capital ?

(6) Write down four merits of Cash Management

(7) What is Opportunity Cost Approach ?

(8) Explain the four limitation of preference share.

(9) Which are the components of Working Capital ?

(10) What do you mean by flexible Working capital ?



Seat No. : _____

AE-124

April -2018

B.Com., Sem.-VI

**CE-303(A) : Advanced Accounting & Auditing
(Management Accounting – II)**

Time : 3 Hours]

[Max. Marks : 70

- Note : (1) Figures to the right indicates full marks.
(2) Show necessary calculations as a part of your answer.

1. The standard mix for one unit of a product is as follows :

Material	Kilograms	Price per kg ₹
A	20	6
B	30	8
C	50	12

The standard loss is estimated at 15% of the input. There is no scrap value. Actual output of product was 15300 kgs.

Actual consumption and cost of goods were as follows :

Material	Kilograms	Price per kg ₹
A	3000	5
B	5000	9
C	8000	11

Calculate following variances :

- (1) Material Cost Variance
- (2) Material Price Variance
- (3) Material Usage Variance
- (4) Material Mix Variance
- (5) Material Yield Variance

OR

AE-124

9

P.T.O.

The standard labour hours and rates of payments per article 'A' of Manish Co. Ltd were as under :

Type of Workers	Hours	Rate per hour ₹
Skilled	5	30
Semiskilled	4	25
Unskilled	8	10



The actual production was 100 articles of 'A' for which actual hours worked and wages are given below :

Type of Workers	Total Hours	Total ₹
Skilled	450	18000
Semiskilled	420	6300
Unskilled	1000	9000



Find out following variances :

- (1) Labour Cost Variance
- (2) Labour Rate Variance
- (3) Labour Efficiency Variance
- (4) Labour Mix Variance
- (5) Revised Labour Efficiency Variance

2. The details of overhead cost for March 2018 of Gopy Ltd are as under :

14

Particulars	Standard	Actual
Hours	18,000	20,000
Production (Units)	9,000	12,000
Days	25	26
Fixed Overheads (₹)	36,000	40,000
Variable Overheads (₹)	18,000	25,000

Find out following variances :

- (1) Variable Overhead Variance
- (2) Variable Overhead Expenditure Variance
- (3) Variable Overhead Efficiency Variance
- (4) Fixed Overhead Variance
- (5) Fixed Overhead Volume Variance
- (6) Fixed Overhead Capacity Variance
- (7) Fixed Overhead Calendar Variance

OR

Find out following sales variances from the given data :

- (1) Sales Value Variance
- (2) Sales Price Variance
- (3) Sales Volume Variance
- (4) Sales Mix Variance
- (5) Sales Sub-volume Variance

Product	Standard		Actual	
	Quantity (Units)	Price per unit ₹	Quantity (units)	Total Amount ₹
A	1000	4	1200	6000
B	2000	5	2500	17,500
C	3000	6	3500	31,500

3. (a) One company intends to invest ₹ 2,25,000 in a project, the expected scrap value of the project after the useful life of 5 years is ₹ 40,000. Company uses straight line method for depreciation. Rate of tax is 50%. Every year the expected "cash flow" is ₹ 90,000. Cost of capital is 10%.

What will be the internal rate of return on the basis of 20% discount factor and 22% discount factor ?

Year	01	02	03	04	05
Present value at 10%	0.909	0.827	0.751	0.683	0.621
Present value at 20%	0.8333	0.6944	0.5787	0.4823	0.4019
Present value at 22%	0.8197	0.6719	0.5507	0.4514	0.3700

(b) (1) Find in how many years ₹ 1,50,000 will be double at 10% compounded interest. 7

(2) Mr. Rajesh wants to invest ₹ 1,20,000 for 4 years. He has two options :

Option : 1 Compounding is done annually at 10% p.a.

Option : 2 Compounding is done quarterly at 12% p.a.

Which of the two options would be more profitable ? How ?

Under A1 table of compound interest

The factor value of ₹ 1 at the end of 4 years at 10% p.a. is 1.464.

The factor value of ₹ 1 at the end of 16 years at 3% p.a. is 1.605.

OR

Rima Company Ltd. has a proposal for the approval which requires initial investment of ₹ 4,40,000. The expected scrap value at the end of 5 years useful life is ₹ 40,000. Following is the profits of five years before depreciation and tax. Rate of tax is 50%. 7

Year	I	II	III	IV	V
	₹	₹	₹	₹	₹
Profit before depreciation and tax	80,000	1,60,000	2,40,000	3,30,000	3,00,000

Find out payback period of the project.

(b) (1) Explain concepts of 'Compounding' or 'Discount' in brief. 7

(2) Which amount will convert into ₹ 6,000 after 10 years at 6% compound interest rate ?

4. Maitri Company intends to purchase a machine of ₹ 12,00,000. Two proposals are available A and B. Expected life of each proposal is 5 years. Expected scrap value is zero in both the case. Cost of capital is 12%, Rate of tax is 50%. Company has adopted straight line method for depreciation. The earnings before depreciation and tax of both the proposals is as under : 14

Year	Proposal A	Proposal B
	₹	₹
1	7,80,000	6,60,000
2	6,00,000	7,80,000
3	4,80,000	4,80,000
4	4,20,000	3,60,000
5	3,00,000	4,20,000



Evaluate both the proposals using following methods and state which proposal is more profitable :

- (1) Payback Period Method
- (2) Net Present Value Method
- (3) Profitability Index Method

OR

Ishan Co. Ltd has two proposals M and N. Evaluate both the proposals under following methods and state which proposal is more profitable.

- (1) Payback period method
- (2) Net present value method
- (3) Average rate of return method

Information :

Particulars	Proposal M	Proposal N
Initial Investments	₹ 6,00,000	₹ 6,00,000
Expected Life	5 years	5 years
Method of Depreciation	Straight line method	Straight line method
Expected Scrap Value	Zero	Zero
<u>Profit after depreciation and tax</u>		
<u>Year :</u>	₹	₹
1	25,000	50,000
2	50,000	75,000
3	1,00,000	1,25,000
4	75,000	25,000
5	50,000	-

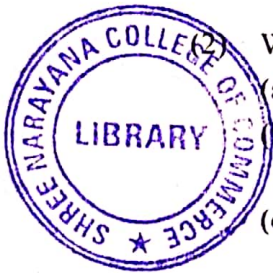
Present value of ₹ 1 at 10% discount factor for both the proposals for 5 years is as follows :

Year	1	2	3	4	5
Present value	0.909	0.827	0.751	0.683	0.621

5. The sub-questions below are provided with more than one answers. Find out correct (true) answer with working : (any seven) 14

(1) Which of the following statements is not correct ?

- (a) An unfavourable variance always indicates operational inefficiency.
- (b) Material cost variance is divided into material price variance and material usage variance.
- (c) Favourable variance would increase the budgeted profit.
- (d) The most important use of standard cost is the analysis of variances and cost control.



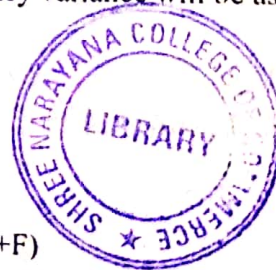
(2) Which of the following statements is correct as regards Fixed Overhead Variances ?

- (a) There can be no efficiency variance in fixed overheads.
- (b) Fixed overhead budget variance is the difference between total fixed overheads as per budget and actual fixed overheads.
- (c) As fixed overhead always remains fixed there can be no variance as regards fixed overheads.
- (d) While computing fixed overhead variances, it is not necessary to work out recovery rate.

(3) Using following data the variable overhead efficiency variance will be as under :

	Budgeted	Actual
Production (units)	2,000	2100
Variable Overheads	₹ 40,000	₹ 38,000
Labour Hours	4000	4100

- (a) 1000 (-U)
- (b) 2000 (+F)
- (c) 1000 (+F)
- (d) 2000 (-U)



(4) Following is the information of Radhika Ltd.

Actual Sales Quantity	15000 units
Budgeted selling price per unit	₹ 30
Budgeted total cost per unit	₹ 20
Budgeted sales quantity	12500 units
Actual sales price per unit	₹ 24
Actual total cost per unit	₹ 18

The sales margin quantity variance arising from the above data is

- (a) ₹ 90,000 (U)
- (b) ₹ 90,000 (F)
- (c) ₹ 25,000 (U)
- (d) ₹ 25,000 (F)

- (5) As per the concept of 'Time Value of Money' the value of money
- is higher in earlier years than in later years
 - is equal in all the years
 - is higher in later years than in earlier years
 - None of the above



- (6) A firm intends to invest ₹ 1,80,000 in a project. Life of the project is 5 years. It has no scrap value. Rate of tax is 50%. Depreciation is charged on straight line method.

The profits before depreciation and tax are as follows :

₹ 36,000, ₹ 39,600, ₹ 50,400, ₹ 54,000, ₹ 90,000

From the above data, find out average rate of return :

- 12%
 - 10%
 - 15%
 - 8%
- (7) Shri Nath Company is thinking to invest ₹ 2,00,000 in a project. Return for three years before tax is as follow : ₹ 80,000, ₹ 90,000 and ₹ 1,60,000. Rate of tax is 50%. Depreciation is charged at 10% on straight line method.

Taking into account cash flow without discounting it, say which of the following is the payback period ?

- 4 years
 - 2 years 6 months
 - 2 years 9 months
 - 3 years 2 months
- (8) Vasani Ltd. wants to purchase a machine costing ₹ 6,00,000. The scrap value after useful life of 5 years is zero. Rate of tax is 50%. The profits before depreciation and tax for five years in rupees is as follow :

I - 2,10,000, II - 2,40,000, III - 2,70,000, IV - 3,60,000, V - 1,50,000

Rate of return on original investment will be as follow :

- 12%
- 15%
- 10%
- 13%



(9) 'M' Company Ltd. has invested ₹ 5,00,000 in a project. The cash inflow of three years is as follow respectively. ₹ 2,00,000, ₹ 3,00,000 and ₹ 2,00,000. The discount factor at 10% discount rate is as follow : 0.9091, 0.8265 and 0.7513. (Depreciation and taxes are to be ignored) Which of the following is the net present value ?

(a) ₹ 80,030

(b) ₹ 50,000

(c) ₹ 75,600

(d) ₹ 60,900



(10) Which of the following statements is correct ?

(a) Mix variance can arise only in case of material.

(b) Material price variance + Material usage variance = Material cost variance

(c) Labour rate variance + Labour efficiency variance = Labour mix variance

(d) Labour efficiency variance is the difference, between wages for actual hours at standard rate and wages at actual wage rate for standard hours.