

Seat No. : \_\_\_\_\_

**ML-124**

March-2019

**B.Com., Sem.-VI**

**306 : Economics  
(Indian Business Environment)**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. (A) Give the meaning of economic environment, explain its elements and explain factors affecting to it. 14

**OR**

Give the meaning of socio-cultural environment and examine the effects of social-cultural environment on business environment.

(B) M.C.Q. :

4

- (1) Which form of economy take process freely in trade and business ?

(a) Capitalist economy                      (b) Socialist economy  
(c) Mixed economy                          (d) Economic Planning

- (2) The economic environment of business includes

(a) economic system                      (b) economic policies  
(c) economic condition                    (d) all of the above

- (3) Which of the following is not included in social environment ?

(a) culture                                      (b) business ethic  
(c) economic laws                          (d) social organisation

- (4) Which environment is composed of law, government agencies and pressure groups ?

(a) social                                        (b) economic  
(c) political                                      (d) cultural

2. (A) What is capital transfer ? Discuss issues covered in capital transfer. 14

**OR**

Explain India's policy regarding foreign capital investment and benefits of foreign direct capital investment.

(B) M.C.Q. :

4

- (1) Which investment is known as 'Portfolio Investment' ?

(a) F.D.I.            (b) F.I.I.            (c) N.R.I.            (d) W.T.O.

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P.T.O.

- (2) Who decided green dots for vegetarian food and brown dots for non vegetarian food ?  
 (a) FISSA (b) FSSIA (c) FASSI (d) FSSAI
- (3) Which of the following is a factor that doesn't play an important role in attracting FDI ?  
 (a) laws, rules and regulations (b) cost of resources  
 (c) language (d) administrative procedures
- (4) Under which department the foreign investment promotion board (FIPB) works ?  
 (a) finance (b) trade (c) industry (d) home

3. (A) Write objectives and functions of International Monetary Fund (I.M.F.)

OR

Write objectives and functions of World Trade Organisation (W.T.O.)

(B) M.C.Q. :

- (1) In which country of Asia, first export processing zone (EPZ) established ?  
 (a) India (b) China (c) Pakistan (d) Sri Lanka
- (2) 'International Bank for Reconstruction and Development' (IBRD) also known as  
 (a) EXIM Bank (b) World Bank  
 (c) International Bank (d) International Monetary Fund
- (3) In which year International Monetary Fund (IMF) was established ?  
 (a) 1970 (b) 1945 (c) 1947 (d) 1980

4. (A) Evaluate Industrial Policy - 1991 of India.

OR

Explain the objectives and importance of Human Resource Policy of India.

(B) M.C.Q. :

- (1) In \_\_\_\_\_ year Government of India declared its National Agriculture Policy.  
 (a) 2000 (b) 1991 (c) 1951 (d) 1981
- (2) In \_\_\_\_\_ Competition Act implemented in place of MRTP Act.  
 (a) 1991 (b) 2002 (c) 2007 (d) 2009
- (3) In which year, the new National Environment Policy was announced in India ?  
 (a) 2014 (b) 2009 (c) 2006 (d) 2001

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**MM-141**

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**B.Com., Sem.-VI**

**Commercial Communication – VI**  
**(Text : Gems of Wisdom)**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. (A) Answer any **three** questions in brief : 9
- (1) How did Hughie Erskine show his reckless generosity ?
  - (2) What was the hitch in executing the death-punishment ?
  - (3) Why was George Ramsay in deep gloom ?
  - (4) Why was a medical check-up of Comrade Long-Nose ordered ?
  - (5) How did Mathilde react on reading the invitation card ?
- (B) Write a short note on any **one** : 8
- (1) The Kingdom of Monaco
  - (2) George and Tom - a study in contrast
  - (3) The character of Comrade Long-nose
2. Write a press-report on any **one** : 17
- (1) A Serious Road Accident
  - (2) A Cyclone Storm
  - (3) Deforestation in India
3. As from a Manager of Arnav Private Limited, draft a report on establishing a *Welfare Centre* for the employees. 17

**OR**

*Draft a committee report inquiring into the decline in sales of a company's products.*

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

8

### EQUITIES GAIN ON DALAL STREET

#### Sensex Increases 510 points

The current account started on a steady note and the market closed around the best level of the day. Today, the institutional buying and the low carry-over charges gave strength to the markets and the pivotal gained on a short-covering.

Arnav Ltd, Telco, Century, Tata Steel and Ambuja Cement were in limelight. In cash section, in the absence of selling pressure, Tata Chemicals, DLF and Reliance Industries were in demand. G. E. Shipping was quoted at the ex-bonus and improved at the close.

#### QUESTIONS :

- (1) Which trend is indicated in the headline ?
- (2) Which stock exchange is mentioned in the headline ?
- (3) What type of a report is this one ?
- (4) Find out two factors responsible for the present trend.

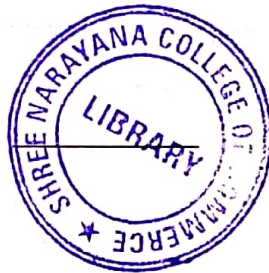
- (B) Match the following :

- | (A)            | (B)                                  |
|----------------|--------------------------------------|
| (1) Intra-day  | Fall in market                       |
| (2) Blue chip  | A French word for the stock exchange |
| (3) Punter     | Price at which a share is issued     |
| (4) Face value | During the day                       |
| (5) Bourse     | Speculator                           |
| (6) Correction | Shares of leading companies          |

- (C) Choose the appropriate options :

- (1) What was the name of the old man that Hughie met at Alan Trevor's studio ?
  - (A) Georges Ramponneau
  - (B) Baron Hausberg
  - (C) Monsieur Forestier
- (2) What did the prisoner do with land he bought from the money he received ?
  - (A) Lost it in a gaming house
  - (B) Loaned it to a farmer
  - (C) Started market-gardening

- (3) Why did Tom go to the prison ?
- (A) He murdered a man
  - (B) He cheated a man called Cronshaw
  - (C) He tried to commit suicide
- (4) Once it was confirmed that the nose was real, what did the President do ?
- (A) Executed the people of the opposition party.
  - (B) Nominated the Long-Nose as a member of parliament.
  - (C) Apologized to the Long-Nose and set him free.
- (5) What piece of jewellery did Mathilde choose from her friend's jewel box ?
- (A) A diamond necklace
  - (B) A bracelet
  - (C) A locket



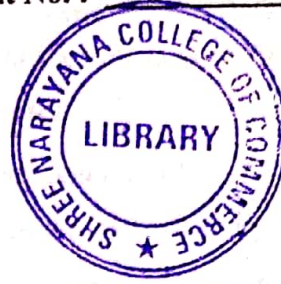
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**MN-115**

March-2019

B.Com., Sem.-VI

CC-308 : Business Laws – II



Time : 2:30 Hours]

[Max. Marks : 70

1. (a) Define Bailment and discuss rights and duties of a Bailee in detail. 14

OR

(i) Explain the difference between contract of Indemnity and guarantee. 7

(ii) Explain how an agency can be terminated by operation of law. 7

(b) Answer any **four** of the following questions in short : 4

(1) Can a non-owner pledge the Goods ?

(2) What is Agency by ratification ?

(3) Define : Substituted agent.

(4) Give the names of parties in a contract of pledge.

(5) Against whom the surety can assert the rights ?

(6) Can an agent be held personally liable.



2. (a) What is memorandum of association of a company ? Discuss it's clauses in detail. 14

OR

(i) Mention the privileges enjoyed by a private company. 7

(ii) Discuss the legal position of a director of a company. 7

(b) Answer any **four** of the following questions in short. 4

(1) Define the term Company.

(2) What is doctrine of Indoor Management ?

(3) What is prospectus of a company ?

(4) Define the term : Promoter.

(5) What is certificate of incorporation of a company ?

(6) Mention three duties of a director of a company.



3. (a) Define the term 'Consumer' and explain the rights of consumer as per the Consumer Protection act. 14

OR

- (i) Write a note on Central Consumer Protection Council. 7  
(ii) Mention the qualifications of members of a district forum. 7
- (b) Answer any **three** of the following questions in short : 3
- (1) Define : Services.  
(2) Mention any two unfair trade practices.  
(3) Mention the jurisdiction of a State Commission.  
(4) Define : Complaint.  
(5) Define the term : Appropriate laboratory.



4. (a) Define promissory note and Bill of exchange and explain the difference between them. 14

OR

- (i) What are the presumptions regarding negotiable Instruments ? 7  
(ii) What is endorsement ? Discuss types of endorsement. 7
- (b) Answer any **three** of the following questions in short : 3
- (1) Give the characteristics of negotiable instrument.  
(2) Define : Holder in due course.  
(3) What is an Inland instrument ?  
(4) What is special crossing of a cheque ?  
(5) What is Inchoate stamped Instrument ?





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**MO-116**

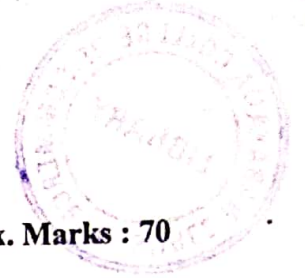
March-2019

**B.Com., Sem.-VI**

**CC-310 : Statistics**  
**(Fundamental of Statistics - IV)**

**(Compulsory)**

**(New)**



**Time : 2.30 Hours]**

**[Max. Marks : 70**

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

1. (A) (1) What is decision theory ? Explain its components. 7  
(2) The cost price of an item is ₹ 10 and its selling price is ₹ 15. The unsold item can be returned at ₹ 8 at the end of a day. The probability distribution of daily demand is as follows : 7

Demand	0	1	2	3	4
Probability	0.15	0.20	0.35	0.25	0.05

Decide how many units of an item should be kept, daily. Also find Expected Value under Perfect Information (EVPI).

**OR**

- (1) Write short note on : 7  
(i) Maxi-min principle  
(ii) Maxi-max principle  
(iii) Hurwitz's principle  
(iv) Laplace principle

- (2) From the following payoff matrix find EVPI. 7

State of nature	Probability	Act			
		A	B	C	D
S <sub>1</sub>	0.25	50	10	60	80
S <sub>2</sub>	0.40	0	30	45	40
S <sub>3</sub>	0.35	80	35	30	45



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(B) Answer any two of the following :

4

- (1) If EMV for acts are 800, 860 and 700 and  $EVPI = 160$ . Find Expected Profit for Perfect Information.
- (2) The item costs ₹ 40 per unit and sells at ₹ 60 per unit. If units are not sold it can be returned back at ₹ 10 per unit. The demand of an item is given below :

<b>Demand</b>	40	50	60	70
<b>Probability</b>	0.20	0.25	0.50	0.05

Calculate EMV, if 50 units are produced.

- (3) For any problem an act have maximum value 25 and minimum value 5. According to Hurwitz's principle an act have value 19. Find value of optimistic and pessimistic coefficient.

2. (A) (1) Explain :

- (i) Parameter and Estimator
- (ii) Level of significance
- (iii) Null Hypothesis

- (2) A sample of 900 observations is found to have a mean of 3.4 cm. Can it be reasonably regarded a simple sample from a population with mean 3.25 cm and S.D. 2.61 cm. ( $|Z_1| = 1.96$ )

OR

(1) Explain :

- (i) Standard error of a statistic.
- (ii) Type-I and Type-II errors.

- (2) The means of the large samples of sizes 500 and 1000 are respectively 66.5 inches and 67.5 inches. Can the samples be regarded as drawn from the same population of S.D. 2.5 inches ?

( $|Z_1| = 1.96$ )

(B) Answer any two from the following :

- (1) The value of the power of test is 0.58. Find the value of type-II error.
- (2) In a hospital out of 1000 new born babies 560 are boys. Compute the value  $SE_{(p)}$  to test "The births of boy and girls are in equal proportion".
- (3) Draw normal curve to indicate two sided test corresponding to 5% and 1% level of significance.

3. (A) (1) (i) Explain the saddle point in the context of game theory. 7  
(ii) State the assumptions of game theory. 7  
(2) Solve the problem and obtain value of game :

		Player B			
		B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>
Player A	A <sub>1</sub>	5	1	7	4
	A <sub>2</sub>	9	4	15	6
	A <sub>3</sub>	0	5	3	9
	A <sub>4</sub>	5	0	10	4



OR

- (1) (i) Explain the principle of dominance in the solution of game. 7  
(ii) Explain algebraic method in the context of game theory. 7  
(2) Solve the problem and obtain value of game. 7

		Player B			
		B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>	B <sub>4</sub>
Player A	A <sub>1</sub>	1	0	2	-2
	A <sub>2</sub>	1	2	0	2
	A <sub>3</sub>	2	0	2	-2
	A <sub>4</sub>	-2	2	-2	1



(B) Answer any three from the following : 3

- (1) When the game is said to be fair ?  
(2) When the game is said to be strictly determinable ?  
(3) "Game has more than one saddle point". Is the statement true or false ?  
(4) Which property is used to reduce the size of the payoff matrix.

4. (A) (1) (i) Explain : Scalar matrix, Inverse matrix, Diagonal matrix, Symmetric matrix 7

(ii) If  $A = \begin{bmatrix} 2 & 3 & 1 \\ 0 & -1 & 5 \end{bmatrix}$  and  $B = \begin{bmatrix} 1 & 2 & -6 \\ 0 & -1 & 3 \end{bmatrix}$

find  $3A - 4B$ .

(2) If  $A = \begin{bmatrix} 1 & 2 \\ 3 & -5 \end{bmatrix}$  then prove that

$$A (\text{adj } A) = (\text{adj } A) A = |A| I.$$

OR



- (1) (i) Write difference between matrix and determinant.

(ii) If  $A = \begin{bmatrix} 2 & 3 & 4 \\ 1 & 2 & 3 \\ -4 & -5 & 7 \end{bmatrix}$  and  $B = \begin{bmatrix} 2 & 1 & 3 \\ 6 & -1 & 3 \\ 4 & 2 & 1 \end{bmatrix}$  then,

prove  $(A + B)^T = B^T + A^T$ .

- (2) Solve the following equations using matrix inverse  
 $x - y = 3$ ,  $2x + 3y + 4z = 17$ ,  $y + 2z = 7$ .

- (B) Answer any **three** from the following :

(1) Find adjoint of  $A = \begin{bmatrix} -9 & 4 \\ 11 & 1 \end{bmatrix}$ .

(2) Given a matrix  $A = \begin{bmatrix} 0 & 1 & 2 \\ 1 & -4 & -5 \\ 2 & -5 & 0 \end{bmatrix}$  calculate the minor for the element  $-4$ .

- (3) "If A and B are two square matrix then AB and BA are always equal." Is the statement true or false ?

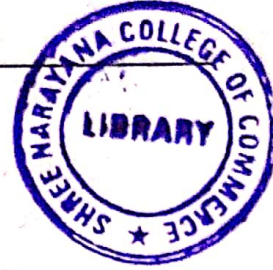
(4) If  $A = [4 \ -5]$  and  $B = \begin{bmatrix} -6 \\ 7 \end{bmatrix}$  then find AB.



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**MP-115**

March-2019

B.Com., Sem.-VI

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

Time : 2:30 Hours]

[Max. Marks : 70

1. (A) The standard mix of product ABCD is as follows :

14

Material	Kgs.	Price per kg. (₹)
ABC	50	5
PQR	20	5
XYZ	30	10

The standard loss in production is 20% of the input. There is no scarp value. Actual production of product ABCD was 6,400 kgs.

Actual consumption of material and cost were as follows:

Material	Kgs.	Price per kg. (₹)
ABC	4,100	6
PQR	1,700	4
XYZ	2,600	9

You are required to calculate the following variances:

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



**OR**

- (1) Standard labour hours and rate per hour of product XXX are as follows :

7

	Hours	Wage Rate (₹)	Total (₹)
Skilled Workers	25	8	200
Unskilled Workers	10	4	40
Semi-skilled Workers	5	6	30
			270

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Actual Production: 100 Units :

	Hours	Wage Rate (₹)	Total (₹)
Skilled Workers	2,000	9	18,000
Unskilled Workers	1,600	5	8,000
Semi-skilled Workers	1,400		8,400
	5,000		34,400

Calculate following variances :

- (1) Labour Cost Variance
- (2) Wage Rate Variance
- (3) Labour Mix Variance

(2) What is Standard Costing ? Explain its benefits and limitations. 7

(B) Select correct answer for the following sub-questions : (Any Four) 4

(1) Use of inferior quality raw material in production may lead to \_\_\_\_\_  
Material Usage Variance.

- (A) Unfavourable (B) Favourable  
(C) Zero (D) None of the above

(2) Labour Idle Time Variance will always be \_\_\_\_\_.

- (A) Adverse (B) Favourable  
(C) Zero (D) None of the above

(3) A Company purchased 10,000 kgs. of material for ₹ 50,000. The Material Price Variance was ₹ +2,000(F). The Standard Price of Material per kg. is \_\_\_\_\_.

- (A) ₹ 5.20 (B) ₹ 5.30  
(C) ₹ 5.40 (D) None of the above

(4) The purchase department manager is usually held accountable for the \_\_\_\_\_.

- (A) Material Price Variance (B) Material Usage Variance  
(C) Labour Efficiency Variance (D) Wage Rate Variance

(5) The Efficiency Variance is also known as \_\_\_\_\_.

- (A) Quantity Variance (B) Cost Variance  
(C) Rate Variance (D) Budget Variance

(6) Data about a company for March, 2018 are as follow : Standard Wage Rate per hour ₹ 10

Actual Wage Rate per hour ₹ 15

Abnormal Idle Time 100 hours

What will be the Idle Time Variance ?

- (A) -1,000(U) (B) +1,000(F)  
(C) -1,500(U) (D) +1,500(F)

2. (A) From the following information, calculate :

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



14

Product	Standard			Actual		
	Quantity (units)	Selling Price (₹)	Total (₹)	Quantity (units)	Selling Price (₹)	Total (₹)
X	1,000	10	10,000	1,500	9	13,500
Y	1,600	14	22,400	1,400	15	21,000
Z	1,400	22	30,800	2,100	20	42,000
	4,000		63,200	5,000		76,500

OR

(1) The following information is available from the books of a company :

7

Particular	Standard	Actual
Monthly Hours	3,000	3,150
Monthly Production (Units)	2,000	2,200
Days	25	27
Fixed Overheads (₹)	6,000	6,400

Calculate the following Variances :

- (1) Fixed Overhead Volume Variance
- (2) Fixed Overhead Efficiency Variance
- (3) Capacity Variance
- (4) Calendar Variance



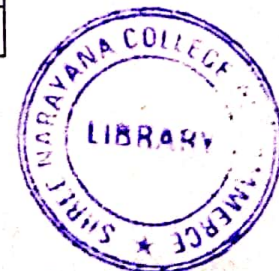
(2) The following information is available in the books of a company :

7

Particular	Standard	Actual
Monthly Hours	6,000	6,300
Monthly Production (Units)	4,000	4,400
Variable Overheads (₹)	18,000	22,050

Calculate the following Variances :

- (1) Variable Overhead Variance
- (2) Variable Overhead Expenditure Variance
- (3) Variable Overhead Efficiency Variance



(B) Select correct answer for the following sub-questions : (Any Four)

- (1) Excess of actual cost over standard cost is a \_\_\_\_.
- (A) Favourable (B) Unfavourable  
(C) Abnormal Gain (D) None of the above
- (2) The following information is available :

Particular	Standard	Actual
Variable Overheads (₹)	20,000	19,000
Labour Hours	2,000	2,050
Production (Units)	1,000	1,050

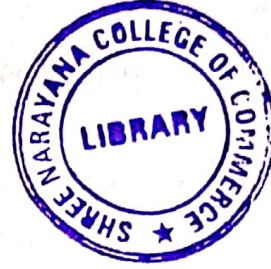
Variable Overhead Cost Variance will be

- (A) -2,000(U) (B) +2,000(F)  
(C) -4,000(U) (D) +4,000(F)
- (3) Actual fixed overheads was ₹ 9,90,000; which is 10% more than budgeted fixed overhead. What will be Fixed Overhead Expenditure Variance ?
- (A) +90,000(F) (B) -90,000(U)  
(C) +99,000(F) (D) -99,000(U)
- (4) If actual sales is 5,000 units, budgeted sales is 4,000 units, actual profit per unit is ₹ 10 and budgeted profit per unit is ₹ 8, what will be Sales Margin Price Variance ?
- (A) -10,000(U) (B) +10,000(F)  
(C) -8,000(U) (D) +8,000(F)
- (5) If actual sales is 8,000 units, budgeted sales is 12,000 units, actual price per unit is ₹ 8 and selling price per unit is ₹ 10, what will be Sales Volume Variance ?
- (A) +40,000(F) (B) -40,000(U)  
(C) +32,000(F) (D) -32,000(U)
- (6) Sales Value Variance = \_\_\_\_.
- (A) Sales Price Variance + Sales Volume Variance+ Sales Mix Variance  
(B) Sales Price Variance + Sales Mix Variance + Sales Sub-Volume Variance.  
(C) Sales Price Variance + Sales Volume Variance + Sales Sub-Volume Variance  
(D) None of the above

3. (A) Nishtha Limited wants to purchase one of the two alternative machines, each costing ₹ 10,00,000. Estimated life of each machine is 5 years. There is no scrap value. Tax rate is 50%. Expected rate of return is 10%. Earning before depreciation and tax are as follow :

14

Year	Machine A (₹)	Machine B (₹)
1	5,00,000	4,60,000
2	5,00,000	4,80,000
3	4,00,000	7,60,000
4	4,00,000	3,20,000
5	3,00,000	2,90,000



Advise the company regarding the selection of the machine as per following methods :

- (1) Pay-Back Period
- (2) Average Rate of Return

OR

- (1) Mr. Prayas wants to invest ₹ 5,00,000 for 3 years at 12% compound interest per annum.

7

He has three option :

- Option 1: Compounding is done annually
- Option 2: Compounding is done semi-annually
- Option 3: Compounding is done quarterly

Which option would be more profitable ?

Under A-1 table of compound interest

- (1) The factor value of Re. 1 at the end of 3 years at 12% p.a. is ₹ 1.405
  - (2) The factor value of Re. 1 at the end of 6 years at 6% p.a. is ₹ 1.419
  - (3) The factor value of Re. 1 at the end of 12 years at 3% p.a. is ₹ 1.426
- (2) Explain the concept of "Time Value of Money".

7



(B) Select correct answer for the following sub questions : (Any Three)

(1) Compound interest is calculated on \_\_\_\_\_.

- (A) Principal Amount
- (B) Interest Amount
- (C) Principal Amount + Interest Amount
- (D) None of the above



(2) As per the concept of Time Value of Money, the value of money is \_\_\_\_\_.

- (A) Equal in all years
- (B) Higher in later years than in earlier years
- (C) Higher in earlier years than in later years
- (D) None of the above

(3) While evaluating capital investment proposals, the Time Value of Money is considered in case of \_\_\_\_\_.

- (A) Pay-Back Period Method
- (B) Average Rate of Return Method
- (C) Net Present Value Method
- (D) None of the above

(4) An annuity is \_\_\_\_\_.

- (A) A series of unequal but consecutive payments
- (B) A series of equal but non-consecutive payments
- (C) A series of equal but consecutive payments
- (D) None of the above



(5) If interest is compounded every six months at 12% annually on ₹ 50,000; what will be the amount at the end of 3 years ?

- (A) ₹ 68,000
- (B) ₹ 70,246
- (C) ₹ 70,926
- (D) ₹ 71,288

4. (A) A company wants to purchase a machine for which two mutually exclusive alternatives are available : Machine X and Machine Y.

14

The details is given below :

Particular	Machine X (₹)	Machine Y (₹)
Initial Investment	11,00,000	15,00,000
Expected Life	5 years	5 years
Profit after Depreciation and tax		
Year 1	80,000	5,00,000
Year 2	3,80,000	4,00,000
Year 3	2,80,000	3,00,000
Year 4	1,80,000	2,00,000
Year 5	4,80,000	1,00,000



Company's cost of capital is 10%. Calculate : (1) Net Present Value and (2) Profitability Index and suggest which machine should be purchased.

Present Value of Re. 1 at 10% discount rate is as follows:

Year	1	2	3	4	5
Present Value	0.909	0.826	0.751	0.683	0.621

OR

- (1) A company wants to purchase a machine. The initial investment is ₹ 1,00,000.

Estimated life of machine is 5 years. There is no scrap value. Expected cash flows are as follows :

Year	Cash flow (₹)
1	35,000
2	25,000
3	25,000
4	40,000
5	35,000



Find out Internal Rate on Return by using 15% and 20% discount factor.

The Present Value of Re. 1 at 15% and 20% discount factors are as follows :

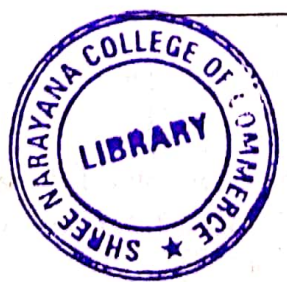
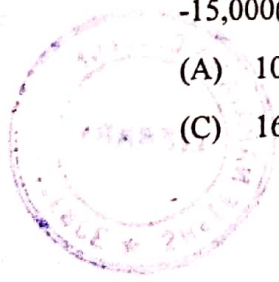
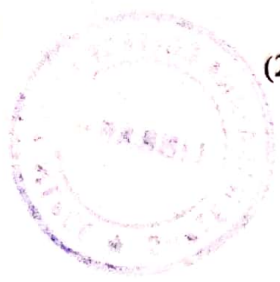
Year	1	2	3	4	5
Present Value 15%	0.870	0.756	0.658	0.572	0.497
Present Value 20%	0.833	0.694	0.579	0.482	0.402

- (2) Write a short note on : "Discounted Cash Flow Methods.

7

(B) Select correct answer for the following sub-questions : (Any Three)

- (1) Which of the following considers a project's profitability ?
  - (A) Pay-Back Period
  - (B) Pay-Back Reciprocal (period)
  - (C) Discounted Cash flow
  - (D) Average Rate of Return
- (2) A "Zero" Net Present Value indicates that project \_\_\_\_\_.
  - (A) is unacceptable.
  - (B) has Profitability Index less than 1.
  - (C) has Profitability Index more than 1
  - (D) has Profitability Index 1.
- (3) A company wants to buy a machine costing ₹ 10,00,000 which has useful life of 10 years. Tax rate is 50%. Annual Profit After Tax is ₹ 1,50,000. The Pay-Back Period will be \_\_\_\_\_.
  - (A) 6.67 years
  - (B) 5 years
  - (C) 8 years
  - (D) 4 years
- (4) Discount factor is highly necessary in \_\_\_\_\_.
  - (A) Pay-Back Period
  - (B) Average Rate of Return
  - (C) Earning per Share
  - (D) Net Present Value
- (5) A project's Net Present Value is +10,000(F) at 10% discount factor and -15,000(U) at 20% discount factor. Internal Rate of Return will be \_\_\_\_\_.
  - (A) 10.40%
  - (B) 18%
  - (C) 16.67%
  - (D) 14%



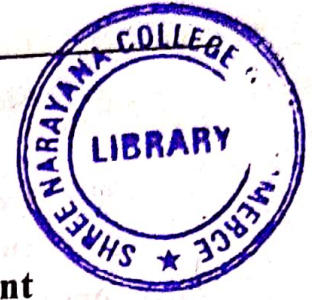
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**MR-104**

March-2019

B.Com., Sem.-VI

**CC-307 : Fundamentals of Financial Management**



[Max. Marks : 70]

Time : 2:30 Hours]

1. (A) (1) What is Finance Function ? Explain its Importance. 7  
(2) Discuss the Process of Financial Planning. 7

**OR**

- (1) Explain the Traditional and Modern Approach of Finance Function. 7  
(2) Explain the Role and Functions of Financial Manager. 7  
(B) Answer the following questions briefly : (Any four) 4  
(1) Is the utilization of Finance not considered in Modern Approach of Finance Function ?  
(2) How the Return on Investment is calculated ?  
(3) What is Maximization of Wealth ?  
(4) Who is Financial Manager ?  
(5) How the condition of Financial Market affects Financial Planning ?  
(6) Mention three limitations of Maximization of Profit.



2. (A) (1) Explain the difference between Over Capitalization and Under Capitalization. 7  
(2) Write a short note on "Trading on Equity". 7

**OR**

- (1) Explain the characteristics of an Ideal Capital Structure. 7  
(2) What is Equity share ? State its advantages and disadvantages. 7  
(B) Answer the following questions briefly : (Any four) 4  
(1) Explain the meaning of Capitalization ?  
(2) How the condition of Capital Market affects the Capital Structure ?  
(3) What is Watered Capital ?  
(4) Explain the meaning of Financial Leverage ?  
(5) Give the meaning of Debenture ?  
(6) What is Thick Equity ?

MR-104

3

P.T.O.

3. (A) (1) Explain the factors determining Working Capital Requirement. 7  
 (2) State the results of excess Working Capital. 7

OR

- (1) Explain the objectives of Holding Inventories.  
 (2) Discuss the factors determining the requirement of Cash.  
 (B) Answer the following questions briefly : (Any three)  
 (1) Explain the meaning of Initial Working Capital ?  
 (2) What is Special Working Capital ?  
 (3) Mention any three objectives of maintaining Receivables.  
 (4) Explain the meaning of Bank-Overdraft.  
 (5) Give the meaning of Finished Goods.



4. (A) (1) Explain the Importance of Cost of Capital. 7  
 (2) Sun Co. Ltd. wants to buy a machine. Its particulars are as under :

Capital Investments ₹ 4,00,000. Depreciation on machine 20%. Profit after deduction of depreciation and other expenses will be as under :

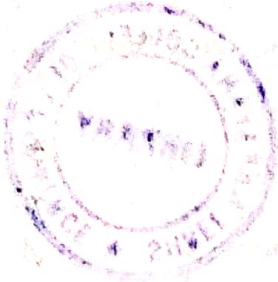
Year	1	2	3	4	5	Total
Profit ₹	2,00,000	2,00,000	1,60,000	1,60,000	80,000	8,00,000

Assuming Income tax @ 50%, calculate rate on Capital Investment through the Payback period method. 7

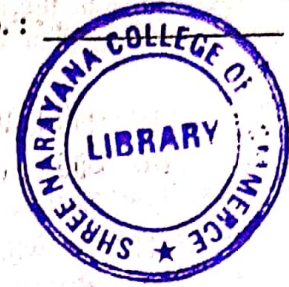
OR

- (1) Moon Co. Ltd has issued 4,00,000 debentures of ₹ 100 each with Interest rate of 14% for the period of 8 years. Expected expenditure to issue debentures is ₹ 4 per Debenture. If the tax rate is 30%, calculate the cost of debentures after payment of tax. 7  
 (2) Explain the factors affecting Capital Budgeting. 7  
 (B) Answer the following questions briefly : (Any three) 3  
 (1) What is Average Cost of Capital ?  
 (2) Give the formula of calculating Cost of Equity Share Capital on the basis of Earning Method.  
 (3) State any three characteristics of Capital Budgeting.  
 (4) Explain the meaning of Profitability Index.  
 (5) What is Historical Cost of Capital ?





Seat No. :



**MQ-113**

March-2019

**B.Com., Sem.-VI**

**CE-304(A) : Auditing-II**

**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. (A) You are appointed as an auditor of a company. Discuss the points to be considered before commencing the audit of a company. 14

**OR**

- (i) Discuss the provisions of the Companies' Act in respect of "Interest paid out of Capital" u/s 208. 7
- (ii) State Auditor's duties in respect of "Share Transfer". 7
- (B) In the following sub-questions, select the correct answer : (any four) 4

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

- (a) Name clause of the company
- (b) Address of Registered office of the company.
- (c) Clause of Liability of members
- (d) The rights, liabilities and dividend rights of various types of shareholders.

- (2) As per the requirements of the Companies' Act, the gap between date of profit and loss account and the date of AGM should not exceed :

- (a) 6 months (b) 3 months
- (c) 9 months (d) 4 months

- (3) According to Sec. 208 of companies Act the percentage of dividend on capital should not be more than-

- (a) 4% (b) 5%
- (c) 10% (d) 12%

- (4) Bonus shares can not be issued from the following sources:

- (a) General Reserve (b) Capital Redemption Reserve
- (c) Revaluation Reserve (d) Security Premium

- (5) Minimum time lag required between two bonus issues is :

- (a) 12 months (b) 24 months
- (c) 36 months (d) None of the above

- (6) Can the securities premium be utilized to convert partly paid up shares in to fully paid up shares as bonus ?

- (a) No
- (b) Yes
- (c) Can be utilised if articles of Association of the Company provides.
- (d) Companies Act does not provide anything with respect to this.



2. (A) Explain the meaning of the phrase "True & Fair View" used in Audit Report. Distinguish between Audit Report and Audit Certificate.

OR

- (i) Discuss the importance of Audit Report.  
(ii) Distinguish between Clean Report and Qualified Report.
- (B) In the following sub-questions, select the correct answer : (any four)
- (1) To which of the following parties is the auditor expected to address his Report :
- (a) Shareholder of the company  
(b) Board of Directors of the company  
(c) Central Government  
(d) Company Secretary
- (2) If the auditor has given a qualified report, which of the following consequences may result:
- (a) The Board of Directors have to give reply to such qualifications in Board's Report.  
(b) The Board of Directors have to resign  
(c) Auditor has to resign  
(d) The Central Government may impose a fine on shareholder.
- (3) To which of the following parties is the auditor expected to address his Certificate :
- (a) Board of Directors of the company  
(b) Central Government  
(c) Shareholder of the company  
(d) Not addressed to any party
- (4) \_\_\_\_\_ is a statement of collected and considered facts.
- (a) Audit Programme (b) Report  
(c) Audit Statement (d) None of the above
- (5) The date of auditor's report should not be -
- (a) earlier than the date on which the accounts are approved by the management.  
(b) later than the date on which the accounts are approved in the Board's meeting.  
(c) the date of AGM.  
(d) both (b) and (c).
- (6) In which circumstances clean Audit Report can be given ?
- (a) Profit and Loss Account does not give a true and fair view of profit or loss.  
(b) When Balance Sheet does not give true and fair view of the state of Affairs.  
(c) Proper books of accounts are kept as required by law.  
(d) Defect is found in examination of accounts.

3. (A) What is divisible profit ? Explain the guiding principles for calculating divisible profit.

14

OR

- (i) State the auditor's duties regarding divisible profit. 7
- (ii) From the following information of Keshav Limited, determine its divisible profit for the year 2017-18. 7

Year	Profit / Loss before Depreciation ₹	Depreciation as per Company Law ₹	Unabsorbed depreciation ₹
2015-16	- 2,80,000	4,20,000	3,00,000
2016-17	- 2,00,000	2,80,000	1,80,000
2017-18	+ 12,50,000	2,50,000	-

(B) In the following sub-questions, select the correct answer : (any three)

(1) Profit of a company for current year is ₹ 10,00,000. Calculate the amount required to be transferred to General Reserves, if the company declares dividend on share capital @ 14%.

- (a) ₹ 25,000 (b) ₹ 50,000  
(c) ₹ 75,000 (d) ₹ 1,00,000

(2) 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

(3) Which of the following is not a guiding principle in computing divisible profit ?

- (a) The generally accepted principles of accountancy should be followed.  
(b) The provisions of the Companies' act must be strictly complied with.  
(c) The regulation of the Memorandum and Article of Association must be complied with.  
(d) The reputation of the company must be maintained by any means.

(4) Which of the following statements is not correct for the divisible profit ?

- (a) No dividend can be declared without providing for depreciation on fixed assets.  
(b) The Board of Directors can declare interim dividend.  
(c) Dividend cannot be declared from the profit prior to incorporation.  
(d) The members of the company have the power to raise the rate of dividend being declared by the Board of Directors in the general meeting.

(5) Which of the following statements is not a consequence of over valuation of profits ?

- (a) It may result into payment of dividend out of capital.  
(b) This will protect the interest of the debenture holders and creditors.  
(c) More profits will attract more tax liabilities.  
(d) It will result into more payment of managerial remuneration - if based on profits.

MQ-113

7



4. (A) What is an audit programme ? Prepare an audit programme of Educational Institution. 14

OR

- (i) Discuss in brief the points to be considered while preparing an audit programme. 7
- (ii) Distinguish between Audit and Investigation. 7

(B) In the following sub-questions, select the correct answer : (any three) 3

- (1) Which of following statements is correct ?
- (a) The term 'Investigation' implies an examination of accounts and records for some special purpose
- (b) Investigation is compulsory under the Companies' Act.
- (c) Audit Report must incorporate the details of investigation.
- (d) The Investigation is always carried out as per the instructions issued by SEBI.
- (2) Which one of the following points is not relevant in relation to investigation when there is considerable increase in gross profit in spite of steady sales figure ?
- (a) Examinations of reasons for increase in the percentage of gross profit.
- (b) Increase in the price of raw materials.
- (c) Closing stock might have been overvalued.
- (d) The purchases are omitted from being recorded in the books.
- (3) Which one of the following is not required to be considered for "Investigation in case of suspected fraud" ?
- (a) Embezzlement of cash to be examined.
- (b) The nature of fraud suspected.
- (c) Disqualifications of Directors of the company.
- (d) The period of investigation to be covered.
- (4) Which of the following details is not required to be obtained before preparing an audit programme ?
- (a) Accounting system adopted by the competitors
- (b) System of internal check
- (c) Technical details of business or institution
- (d) Report of the previous auditor.
- (5) Which of the following statements is not correct in regard to verification and valuation of assets and liabilities, while preparing an audit programme of a college ?
- (a) Cash on hand and balance with bank should be verified as usual.
- (b) The stock of stationery and furniture should be physically verified.
- (c) All the debts and liabilities should have been accounted for.
- (d) The investment made for specific purpose should have been recorded properly.

