

Seat No. : _____

MV-101

December-2016

M.Com., Sem.-I

405 : Financial Marketing

Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) All questions are compulsory.
(2) Figures to the right indicate marks allotted to each question.

1. (A) What is Financial System ? Explain the role of Financial System.

7

OR

What is Market based Financial System ? State the advantages of market based financial system.

(B) Answer in brief : (any two)

4

- (i) What is the Money Market ?
(ii) What is the Secondary Market ?
(iii) What is the Financial Services ?

(C) Answer in one or two lines only :

3

- (i) State any two elements of Indian Financial System.
(ii) State any two instruments of the Money Market.
(iii) State any two instruments of Capital Market.

2. (A) What is Treasury Bill ? State its advantages and disadvantages.

OR

Describe the functions of Money Market.

(B) Distinguish between : (any two)

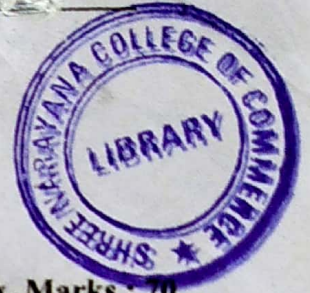
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- (i) Money Market and Capital Market
(ii) Commercial paper and Certificates of deposit.
(iii) Money Market and Debt Market

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(C) Answer in **one** or **two** lines :

- (i) What is CRR ?
- (ii) What is CBLO ?
- (iii) What is SLR ?



3

3. (A) Explain the function of Capital Market.

7

OR

Explain the role of Securities Exchange Board of India (SEBI) in capital market.

(B) Answer in brief : (any **two**)

4

- (i) What is Right Issue ?
- (ii) What is Public Issue ?
- (iii) What is Private Placement ?

(C) Answer in **one** or **two** lines only :

3

- (i) What is ADR ?
- (ii) What is GDR ?
- (iii) What is ECB ?



4. (A) Describe the functions of Secondary Market.

7

OR

What is listing of security ? State the advantages of security listing.

(B) Answer in brief : (any **two**)

4

- (i) State the difference between Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- (ii) What is Stock Exchange Index ?
- (iii) What is Demat of Securities ?

(C) Answer in **one** or **two** lines only :

3

- (i) Give the full form of OTCEI .
- (ii) How many stock exchanges are there in India ?
- (iii) When was Bombay Stock Exchange established ?

3

14

5. Choose the correct option :

- (1) _____ of the following is not the instrument of Money Market.
- (a) Certificate of deposit (b) Treasury bill
(c) Commercial paper (d) Equity share
- (2) Company does not get new capital by way of issuing _____.
- (a) Equity Share (b) Bonus share
(c) Preference Share (d) Debentures
- (3) When was EXIM Bank established by Government of India ?
- (a) 1986 (b) 1972
(c) 1961 (d) 1982
- (4) What is the scope of Capital Market as compared to Money Market ?
- (a) Limited (Restricted) (b) Expanded
(c) At par (d) None of the above
- (5) Which of the following is negotiable instrument ?
- (a) Commercial paper (b) Commercial Bill
(c) Treasury bill (d) All of the above
- (6) What minimum percentage of the issue should be subscribed by the company for right shares ?
- (a) 51% (b) 90%
(c) 75% (d) 80%
- (7) Which of the following is not instrument of Capital Market ?
- (a) Equity Share (b) Debenture
(c) Commercial Paper (d) None of these
- (8) Money Market is regulated by _____.
- (a) SEBI (b) RBI
(c) SBI (d) BOI
- (9) In which year NSE was established ?
- (a) 1964 (b) 1992
(c) 1986 (d) 1996
- (10) Who is regulating authority of Stock Markets in India ?
- (a) SEBI (b) Security Contract Regulation Act
(c) (a) and (b) both (d) RBI



(11) There are _____ shares in BSE Sensex.

- (a) 30 (b) 40
(c) 50 (d) 80

(12) There are at present _____ types of Treasury Bills issued by the RBI.

- (a) two (b) three
(c) four (d) six

(13) CDSL means _____.

- (a) Central Depository Service Limited
(b) Central Deposit Service Limited
(c) Central Direct Service Limited
(d) None of the above

(14) Money at short notice is for a maturity of or upto _____ in the call Money market.

- (a) 12 days (b) 21 days
(c) 7 days (d) 14 days



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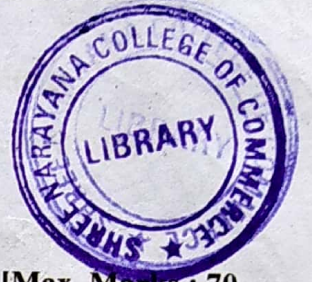
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MO-110

December-2016

M.Com., Sem.-I

401 : Financial Economics



Time : 3 Hours]

[Max. Marks : 70

Instruction : All questions are compulsory.

1. (a) Explain the term Financial Economics and Financial Transaction. 4
- (b) Mr. Y deposit ₹ 1,000 now and then ₹ 2,000 a year from now. How much will Mr. Y have two years from now, if the interest rate is 10% per year ? 4
- (c) Write a short note on Financial Markets. 6

OR

- (a) Discuss the relationship between Risk and Return.
 - (b) Find the present value of ₹ 5,000 to be received in five years at 10%.
 - (c) Write a short note on Money Market Instruments.
2. (a) Define the term volatility. Discuss the various types of risk and the ways to measure the volatility. 7

OR

Define the term Interest Rate and term structure of interest rates. Discuss the various types of interest rates.

- (b) Discuss the Keynes liquidity preference theory of rate of interest. 7

OR

How are interest rates decided under loanable funds theory ?

3. (a) Discuss the various forms of Efficient Market Hypothesis. 7

OR

Explain the concept of purchasing power parity.

- (b) State the Lemon's problem. 7

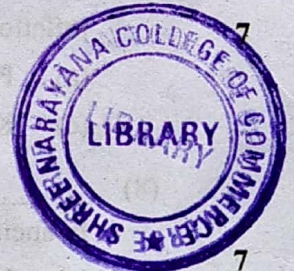
OR

Define Arbitrage and explain the law of one price.

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4. (a) Explain the concept of derivatives and differentiate between options and futures. 7

OR

Define derivatives and explain swaps in detail.

(b) Write a short note on Black-Scholes Model. 7

OR

Write a short note on CAPM.

5. Attempt all : 14

(1) Name the two types of options.

(2) Name any four financial instruments of Money Market.

(3) _____ deals with the new issue of shares.

- (a) Secondary market (b) Forex market
(c) Primary market (d) Exchange market

(4) In _____ already issued shares are bought and sold.

- (a) Secondary market (b) Forex market
(c) Primary market (d) Exchange market

(5) The full form of OTCEI _____.

(6) A _____ allows a group of people to pool their money together and have it professionally managed, in keeping with a predetermined investment objective.

- (a) Financial group (b) Mutual funds
(c) Exchange funds (d) Primary fund

(7) _____ theory of interest rates relates the nominal interest rate i to the rate of inflation π and the "real" interest rate r .

- (a) Fisher equation (b) German equation
(c) Keynes equation (d) Socrates equation

(8) _____ is the standard deviation of the change in price of a stock or other financial instrument relative to its historic price over a period of time.

- (a) Historic volatility (b) Implied volatility
(c) Expressed volatility (d) Future volatility

(9) Define Fixed Exchange Rate

(10) Define Moral Hazard



Seat No. : 7

MQ-109

December-2016

M. Com., Sem.-I

402 : Financial Management



Time : 3 Hours]

[Max. Marks : 70

1. (A) Explain the meaning of "Maximization of Profit" in the Financial Management. 7

OR

Explain the Modern and Traditional concept of financial function.

- (B) Attempt any **two** : 4

- (1) Explain in detail the role of Financial Manager.
- (2) Explain Administrative Finance functions.
- (3) Discuss stages of evolution of Financial Management.

- (C) Answer the following : 3

- (1) What is Managerial Finance function ?
- (2) What is earning per share ?
- (3) What is wealth maximization ?

2. (A) Explain causes of financial risk and business risk.

OR

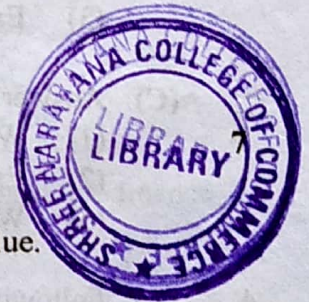
What is time value of money ? Explain present value and future value.

- (B) Attempt any **two** : 4

- (1) Write short note on "Bond Market".
- (2) Explain the future value of an annuity.
- (3) Explain 'H' model of equity share valuation.

- (C) Answer the following : 3

- (1) What is Market Risk ?
- (2) What is coupon rate ?
- (3) Explain "Social Risk".



3. (A) A company is considering to install two projects involving an investment of ₹ 6,00,000 each. Calculate pay-back period of both the project with the help of discounted cash flow and give your option. 7

Cash flow from both the projects are as under :

Year	Project - 1	Project - 2
1	1,40,000	2,90,000
2	2,20,000	2,80,000
3	2,30,000	90,000
4	1,50,000	65,000
5	2,00,000	2,00,000

Present value of ₹ 1 at 5% rate is as under :

Year	Discount factor
1	0.9524
2	0.9070
3	0.8638
4	0.8227
5	0.784

OR

What is working capital ? Discuss the factors affecting working capital requirement.

- (B) Attempt any two :

- (1) Explain Capital rationing.
- (2) Explain Fluctuating working capital.
- (3) Explain characteristics of working capital in brief.

- (C) Answer the following :

- (1) What is net working capital ?
- (2) Explain the circulating nature of working capital in short.
- (3) What is the investment pay-back method.

4. (A) Following details related to a company for the year 2015-16. 8

Equity share capital (Each of ₹ 10) ₹ 2,00,000.

10% Debentures ₹ 4,00,000.

Sales ₹ 15,00,000

Variable Operating expenses 60% of Sales.

Fixed Operating expenses ₹ 1,50,000.

Rate of Tax 50%.

On the basis of these details calculate :

- (1) Degree of Operating Leverage
- (2) Degree of Financial Leverage
- (3) Degree of Combined Leverage

OR

The Balance Sheet of a Company as on 31-03-2016 is as under :

Liabilities	₹	Assets	₹
Equity Capital (₹ 10 each)	1,00,000	Fixed Assets	2,00,000
Reserves	50,000	Current Assets	1,00,000
10% Preference Capital (₹ 100 each)	50,000		
10% Debentures (₹ 100 each)	50,000		
Current Liabilities	50,000		
	3,00,000		3,00,000

Additional information :

- (1) The cost of equity capital is 16% and the cost of reserves is 15%.
- (2) Tax rate is 50%.
- (3) The average market prices are as under :
Equity shares ₹ 18, Preference share ₹ 80 and Debentures ₹ 70.

Calculate the following :

- (1) Weighted average cost of capital under the book value.
- (2) Weighted average cost of capital under the market value.

(B) Attempt any two :

- (1) Explain – Fixed Dividend Policy.
- (2) What is Equity Share ? Discuss its characteristics.
- (3) Explain the cost of debenture.

5. Select the correct answer :

14

- (1) The function of Finance Manager is _____.
 (a) Estimate needs of finance (b) Distribution of the finance
 (c) Procurement of Finance (d) All of the above
- (2) The only feasible purpose of Finance Management is _____.
 (a) Wealth Maximization (b) Profit Maximization
 (c) Sales Maximization (d) Asset Maximization
- (3) Which of the following is not limitation of traditional approach of finance function ?
 (a) Procurement of funds as per objectives of firms
 (b) Avoidance of finance control
 (c) Consideration of use of funds
 (d) None of the above
- (4) Higher the discount rate, _____ the present value of future cash flow.
 (a) Lower (b) Higher
 (c) Fixed (d) Speedy
- (5) Risk of two securities with different expected return can be compared with :
 (a) Coefficient of variation (b) Standard deviation of securities
 (c) Variance of the securities (d) None of the above

- (6) Financial securities contain _____.
- (a) Equity share (b) Debenture
(c) Preference share (d) All of the above
- (7) Working capital is also known as _____
- (a) Fluctuating capital (b) Circulating capital
(c) Both (a) and (b) (d) Small capital
- (8) _____ is the planning of long term investment.
- (a) Capital budget (b) Cash budget
(c) Sales budget (d) Material budget
- (9) Net working capital = _____
- (a) Total assets less fixed assets (b) Current assets
(c) Current assets less current liabilities (d) None of the above
- (10) A Ltd. wants to install a machine costing ₹ 6,00,000. It will earn an annual profit of ₹ 80,000 after charging depreciation at 10% p.a., Tax rate is 50%. What should be the payback period from the following ?
- (a) 15 years (b) 7.5 years
(c) 6 years (d) None of the above
- (11) _____ capital is considered in analysis of cost of capital.
- (a) Long term capital (b) Short term capital
(c) Both (a) and (b) (d) Cost of sales
- (12) Preference shareholders get preference at the time of _____
- (a) Purchase of shares (b) Festivals
(c) Public offer (d) Payment of Dividend
- (13) Operating leverage = _____
- (a) Contribution ÷ Earning before interest and tax
(b) Earning before interest and tax ÷ contribution
(c) Contribution × Earning before interest and tax
(d) Contribution + Earning before interest and tax
- (14) If the risk free return is 8%, beta value is 1.8 and market rate of return is 14%, the expected rate of return would be :
- (a) 18.8% (b) 17.5%
(c) 20.2% (d) None of the above



Seat No. : 11

MU-102

December-2016

M.Com., Sem.-I

**404 : Business Research Method
(New Syllabus)**



Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) The figures in right side indicate the marks.
(2) Use of calculator is allowed.
(3) Values of statistical tables are given in questions.

1. (a) Define Fundamental Research and Applied Research. State it's characteristics and limitations. 7

OR

What is Research Design ? Explain it's types and purposes.

- (b) Answer the questions : (any two) 4
(1) State the important points for the evaluation of research title and research purpose of the study.
(2) Explain about Research Report writing.
(3) State the criteria of scientific research design.

- (c) Explain the types of formal and informal experimental design in short. 3

OR

Explain the basic principles of experimental design in short.

2. (a) What is Questionnaire ? Explain it's types with merit and demerits. 7

OR

Name the types of non-probability sampling. Explain the purposive sampling with illustration and write it's research utilities, merit and demerits also.

- (b) Answer the questions : (any two) 4
(1) State the difference between Data and Information.
(2) Write the uses of Tabulation.
(3) Explain Non-Sampling Error in short.



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(c) Draw the Histogram from the following frequency distribution :

3

Wages in '000 ₹	0 - 10	10 - 15	15 - 25	25 - 45	45 - 75
Workers	8	10	40	32	24

OR

The following data shows obtained marks of 40 students, prepare frequency distribution with class interval = 6, answer the following :

- Prepare cumulative frequency distribution
- Determine the mid-value of initial class and lower boundary of last class.

80, 88, 49, 86, 80, 75, 63, 64, 70, 64

66, 55, 53, 93, 96, 90, 81, 77, 76, 83

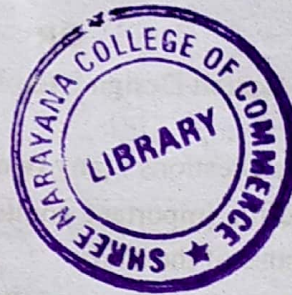
74, 71, 60, 61, 58, 67, 66, 62, 72, 78

55, 56, 85, 91, 80, 75, 84, 75, 69, 73

3. (a) The marks obtained by commerce college students in any one subject are given as

7

Marks	Frequency
0 - 9	3
10 - 19	5
20 - 29	3
30 - 39	4
40 - 49	17
50 - 59	25
60 - 69	22
70 - 79	8
80 - 89	6
90 - 99	7



Find :

- Bowley's co-efficient of skewness
- Kelly's co-efficient of skewness
- Co-efficient of Quartile Deviation

OR

The tri-variate data of a family is given below obtain :

- The regression equation of x_3 on x_1 and x_2 .
- Estimate the value of x_3 for $x_1 = 15$ and $x_2 = 2.9$

x_1	6	9	9	10	3
x_2	1.2	1.8	1.5	1.6	1.3
x_3	3	7	8	6	3

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(b) Calculate any two :

(1) Determine Harmonic mean from the following data :

Class	0 - 6	6 - 16	16 - 46	46 - 56	56 - 96
Frequency	3	5	10	2	3

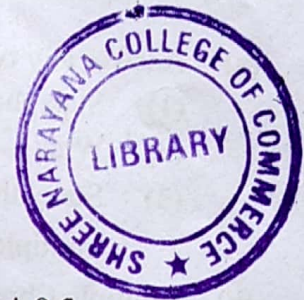
(2) Obtain $\sigma_{12,3}$ from the following data :

$\sigma_1 = 2.9$ $\sigma_2 = 4.2$ $\sigma_3 = 5.1$

$r_{12} = 0.56$ $r_{23} = 0.46$ $r_{31} = 0.48$

(3) Determine which player is more consistent by using co-efficient of variation from the following data :

Player	Average Points	Variance
A	200	36
B	160	16



(c) What is Multiple Regression ? State it's Assumptions.

OR

What is co-relation co-efficient ? Interpret $r = \pm 1, r = 0, r = \pm 0.5$.

4. (a) Does the following distribution follows the binomial distribution ? (by using χ^2 -distribution)

No. of Heads	0	1	2	3	4	5	6	7	8	9
Frequency	1	2	10	50	154	100	98	94	1	1

$[\chi_{0.05}^2 = 14.07$ and $\chi_{0.01}^2 = 18.48]$

OR

Prepare one-way ANOVA table for the following and give your comment :

A	36	37	39	32	36
B	34	33	33	41	31
C	41	44	38	44	48

Use coding method subtracting 30 from each data value.

$[F_{0.01} (2, 12) = 6.93$ or $F_{0.01} (12, 2) = 99.42]$



(b) A certain Stimulus given to each of the 12 patients, resulted in the following increase of blood pressure.

5, 2, 8, -1, 3, 0, -2, 1, 5, 0, 4, 6

Can you conclude that the stimulus will in general be accompanied by an increase in blood pressures ? $[t_{0.05} = 1.80]$

OR

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From the following information test the hypothesis that 'there is no significant difference between two means'

Group	Number of Workers	Average Salary	Variance
A	80	1750	144
B	120	1755	196

$[Z_{0.05} = 1.96]$

- (c) Explain Null hypothesis and alternative hypothesis with illustration. 3

OR

Write a short note on : Type one error and Type two error.

5. (a) Answer any **two** in two or three lines : 4

- (1) State the demerits of Randomized Block Design.
- (2) What is Panel Survey ?
- (3) State the formulas for co-efficient of determination (R^2) and Adjusted multiple co-efficient of determination (R_{adj}^2).

- (b) Multiple Choice Questions : 4

- (1) Latin square is one of the experimental design which has a balanced _____ classification
 - (a) one-way
 - (b) two-way
 - (c) tri-way
 - (d) None of these
- (2) _____ methods is useful for testing of reliability (authenticity) of questionnaire.
 - (a) Co-efficient of stability
 - (b) Co-efficient of equivalence
 - (c) Internal consistency homogeneity
 - (d) (a), (b) and (c) all three
- (3) $Z - M = \frac{?}{?} (M - \bar{x})$
 - (a) 2
 - (b) 3
 - (c) $\frac{2}{3}$
 - (d) None of these
- (4) '+' distribution was developed by _____
 - (a) R.A. Fisher
 - (b) William Gosset
 - (c) William Cook
 - (d) None of these



- (c) Multiple Choice Questions (Calculation is necessary) :

- (1) A random sample of 700 oranges drawn from the big lot of oranges, 200 oranges are rotten then confidence limits of 95% is _____ 6
 - (a) 0.22 to 0.34
 - (b) 0.25 to 0.32
 - (c) 0.24 to 0.33
 - (d) None of these

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- (2) Marks scored by 12 students are 58, 60, 54, 61, 66, 50, 35, 66, 64, 51, 73, 58 then coefficient mean deviation is _____.
- (a) 0.1236 (b) 7.1666
(c) 1.2361 (d) None of these
- (3) If $\Sigma(x_1 - \bar{x}_1)^2 = 24$, $\Sigma(x_2 - \bar{x}_2)^2 = 22$, $n_1 = 5$, $n_2 = 7$ then $F_{cal} =$ _____.
- (a) 1.63 (b) 1.99
(c) 0.6117 (d) None of these



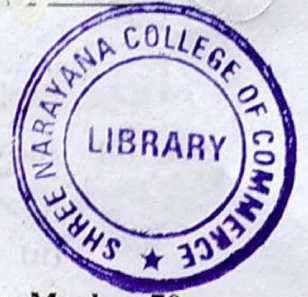
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MS-109

December-2016

M.Com., Sem.-I

403 : Marketing Management

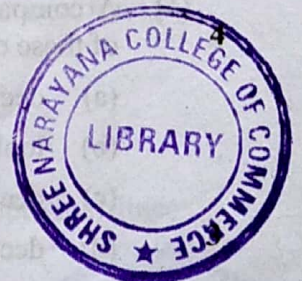


Time : 3 Hours]

[Max. Marks : 70

- Instructions :** (1) All questions are compulsory.
(2) Figures to the right indicate marks allotted to each question.

1. (a) Explain the societal marketing concept. 7
- OR**
- How are companies changing in the twenty first century ?
- (b) Answer briefly : (any two) 4
- (i) What is relationship marketing ?
- (ii) Distinguish between need and want.
- (iii) State the three types of marketing control.
- (c) Answer in **one-two** sentences only : 3
- (i) Define marketing process.
- (ii) What is customer satisfaction ?
- (iii) State the five types of needs.
2. (a) What are Reference Groups ? How do reference groups influence behaviour ? 7
- OR**
- Explain the basis for segmenting market.
- (b) Answer briefly : (any two)
- (i) What is positioning ?
- (ii) How can competitors be identified ?
- (iii) State the steps in marketing research process.
- (c) Answer in **one-two** sentences only :
- (i) State the importance of the study of consumer behaviour.
- (ii) State the steps in buying decision process.
- (iii) State the reaction patterns of competitors.



3.

(a) Explain concept development and testing in new product development process. 7

OR

Explain the steps in development of effective communication.

(b) Answer briefly : (any two) 4

(i) State the challenges in new product development.

(ii) State the stages in the consumer adoption process.

(iii) How do companies decide on the promotion budget ?

(c) Answer in **one-two** sentences only : 3

(i) State the functions of advertising.

(ii) What is line extension ?

(iii) What is a Brand ?

4. (a) Explain the strategies for matching demand and supply in a service business ? 7

OR

Explain the different market – entry modes available to an international marketer.

(b) Answer briefly : (any two) 4

(i) What is product adaptation ?

(ii) State the stages in internationalization process.

(iii) State the categories of service mix.

(c) Answer in **one-two** sentences only : 3

(i) Define service.

(ii) What is interactive marketing in services ?

(iii) State the benefits of Franchising.



5. Choose the correct option : 14

(1) A company faces several major decisions in international marketing. The first of these decisions is ____.

(a) deciding whether to go international

(b) looking at the global marketing environment

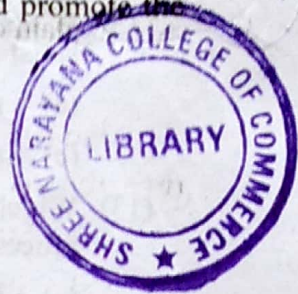
(c) deciding which markets to enter

(d) deciding how to enter markets

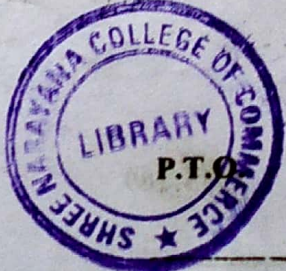
(2) ____ means introducing the product in the foreign market without any change.

(a) Straight extension (b) Product adaptation

(c) Communication adaptation (d) Dual adaptation

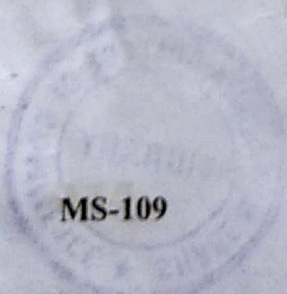


- (3) _____ describes the normal work to prepare, price, distribute and promote the service to customers.
 - (a) External marketing
 - (b) Internal marketing
 - (c) Direct marketing
 - (d) Channel marketing
- (4) _____ is an example of pure service.
 - (a) Baby sitting
 - (b) Airlines
 - (c) Restaurant
 - (d) Toothpaste
- (5) _____ are opinion leaders in their community and adopt new ideas early but carefully.
 - (a) Innovators
 - (b) Early adopters
 - (c) Early majority
 - (d) Late majority
- (6) Marketers often use the term _____ to cover various grouping of customers.
 - (a) People
 - (b) Market
 - (c) Industry
 - (d) Demography
- (7) The _____ concept holds that consumers will favour those products that offer the most quality, performance or innovative features.
 - (a) product
 - (b) production
 - (c) marketing
 - (d) selling
- (8) During market segmentation analysis, the marketer identifies _____ segments which present the greatest opportunity.
 - (a) target markets
 - (b) primary markets
 - (c) focused markets
 - (d) demographic markets
- (9) The method of setting the promotion budget so as to match the budgets of the competitors is known as _____ method.
 - (a) affordable
 - (b) percentage of sales
 - (c) competitive parity
 - (d) objective & taste
- (10) The greatest amount of involvement of an international marketer in a foreign market comes through _____.
 - (a) exporting
 - (b) joint venturing
 - (c) licensing
 - (d) direct investment
- (11) The total number of items that the company carries within its product lines refers to _____ of the product mix.
 - (a) width
 - (b) depth
 - (c) length
 - (d) consistency



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- (12) A _____ is a need that is sufficiently pressing to direct the person to seek satisfaction.
- (a) motive (b) want
(c) demand (d) value
- (13) Which of the following is not one of the five stages of the buyer-decision process ?
- (a) Need Recognition (b) Brand Identification
(c) Information search (d) Purchase decision
- (14) The practice of going after a larger share of a smaller market is called _____.
- (a) undifferentiated marketing (b) differentiated marketing
(c) concentrated marketing (d) mass marketing





Seat No. : 20

MW-101

December-2016

M.Com., Sem.-I

406 : Accounting for Managers

Time : 3 Hours]

[Max. Marks : 70

1. (A) What is Accounting Standard ? Implementation of Accounting Standards in India is a criminal waste of time and money. Critically examine the above statement. 7

OR

What do you understand by Financial Statement ? Enumerate its characteristics.

- (B) Answer (any two) of the following : 4

- (1) Write short note on users and uses of Accounting information.
(2) Briefly explain the content of AS-5.
(3) Write note on harmonization of Accounting Standards.

- (C) Answer the following questions in one or two lines only : 3

- (1) What is IFRS ?
(2) What is the norm for valuation of Inventory as per AS-2 ?
(3) When income from advertisement is recognized ?

2. Following is the Balance Sheet of ABC Limited as on 31st March, 2016. 14

Liabilities	₹	Assets	₹
10% Preference shares of ₹ 100 each	1,65,000	Land and Building	6,05,000
Equity shares of ₹ 10 each fully paid	5,50,000	Machineries	3,59,700
Reserves and Surpluses	2,91,500	Motor vehicles	1,26,500
15% Debentures	2,20,000	Goodwill	55,000
Trade Creditors	99,000	Debtors	1,01,200
Bank Overdraft	55,000	Stock	1,10,000
Unpaid Expenses	22,000	Bills Receivable	22,000
		Cash & Bank	5,500
		Fictitious Assets	17,600
	14,02,500		14,02,500

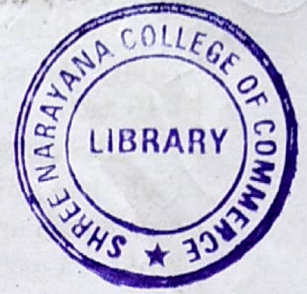
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The details of Trading and Profit & Loss Account are as under :

	₹
Total Sales (Cash sales are 25% of Credit sales)	11,00,000
Less : Cost of Sales	7,70,000
Gross Profit	3,30,000
Less : Administration Expenses and Depreciation	99,000
Less : Interest on Debenture	33,000
Profit before Tax (Tax rate is 50%)	1,98,000

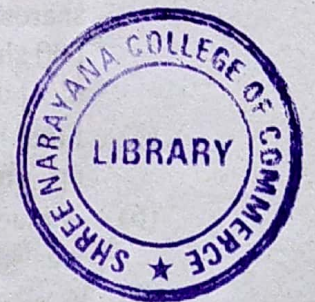


From the above particulars calculate following Ratios. Write critical note on each and give your opinion regarding company's profitability and financial stability. Standard Ratios are given in bracket :

- (1) Current Ratio (2:1)
- (2) Acid Test Ratio (1:1)
- (3) Debtor's Ratio (30 days)
- (4) Gross Profit Ratio (35%)
- (5) Net Profit Ratio (10%)
- (6) Rate of Return on Capital Employed (20%)
- (7) Return on ordinary share Capital (15%)
- (8) Stock Turnover Ratio (6 times)
- (9) Proprietary ratio (75%)
- (10) Gearing Ratio (0.75)

Consider 360 days in a year.

OR



The Balance Sheet of X limited as on 31-03-2015 and 31-03-2016 are as follows :

14

Liabilities	31-3-15	31-3-16	Assets	31-3-15	31-3-16
Equity Shares of ₹ 10 each	2,00,000	3,00,000	Goodwill	62,000	50,000
10% Redeemable Pref. shares of ₹ 10 each 8 paid up	80,000	4,000	Land & Building	2,70,000	2,20,000
Profit & Loss A/c	1,00,000	1,80,000	Machineries at Cost	30,000	2,00,000
General Reserve	80,000	1,05,000	Furniture	33,000	69,000
Security Premium	9,500	250	Debtors	45,000	60,000
Capital Reserve	2,000	20,000	Bills Receivable	30,000	40,000
Capital Redemption Reserve	—	45,000	Cash & Bank	42,000	1,20,000
15% Debentures	—	50,000	Stock	40,000	1,00,000
18% Bank Loan	—	40,000	Debenture Discount	6,000	1,000
Tax Provision	40,000	52,000	Preliminary Expenses	15,000	10,000
Creditors	15,000	20,000			
Bills payable	4,500	18,000			
Outstanding Expenses	22,000	5,750			
Depreciation Fund on Machineries	20,000	30,000			
	5,73,000	8,70,000		5,73,000	8,70,000

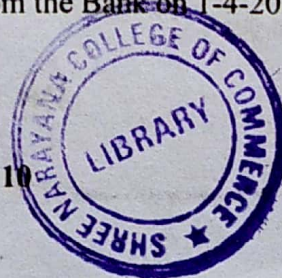
Other Information :

- (1) Bonus shares were issued during the year from General Reserve in the proportion of 4:1.
- (2) Dividend was declared at 18% in the year for the previous ending on 31st March, 2015.
- (3) Debentures were issued at a discount of 10% during the year.
- (4) A notice was issued for redemption of Pref. Shares and unpaid instalment on the shares was called. However call money was received fully on all shares except 500 shares and Pref. Shares were redeemed at 15% premium on 30-06-2015. For this purpose equity shares were issued at 10% premium and the rest out of profit.
- (5) Final liability for Tax for 2014-15 was determined to be ₹ 30,000 and it was paid up. The surplus from provision for tax was transferred to General Reserve.
- (6) A machine costing ₹ 30,000 on which the accumulated depreciation was ₹ 8,000 was sold for ₹ 18,000.
- (7) A piece of Land was sold and the profit was transferred to Capital Reserve: No other amount except this was transferred to Capital Reserve.
- (8) A loan of ₹ 50,000 was obtained from the Bank on 1-4-2015. It was to be repaid in five equal annual instalment.

Prepare Cash Flows as per AS-3.

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3. (A) From the following prepare Gross Value added statement for the year ending 31st March, 2016.

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Particulars	₹
Sales (net of Discount, returns and sales tax)	2,00,000
Other Incomes	10,000
Raw materials purchased	80,000
Opening stock of Raw materials	5,000
Closing stock of Raw materials	7,000
Opening Stock of Finished Goods	15,000
Closing Stock of Finished Goods	20,000
Director's Remuneration	10,000
Auditor's Remuneration	8,000
Interest on Term Loan	5,000
Interest on Bank Overdraft	2,000
10% Debentures	30,000
Dividend on Capital	7,000
Local tax	1,000
Rent and tax	4,000
Bad Debt Reserve	2,000
Profit transferred to General Reserve	9,000
Depreciation	2,000
Administration Expenses	12,000
Loss on sale of Asset	5,000
Tax provision	3,000
Wages, salaries and other benefits to the employees	24,000
Provident Fund	30,000
Excise duty (To be considered as Expenses)	4,000

Balance profit was retained by the business. Accumulated balance of profit as on 1st April, 2015 was ₹ 30,000.

OR

Explain the objects, advantage and disadvantages of Inflation Accounting.

10

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- (B) Write the salient features of Lev and Schwartz Model for Human Resource Accounting. 4

OR

Explain the concept of Social Responsibility Accounting. 4

4. (A) A Limited Company is to be incorporated on 1st July to take over running business. It is proposed to raise ₹ 20 lakhs by issuing equity shares and balance capital required in first six months is to be financed by a Financial Institution. The latter is to be given 12% Debenture to the nearest ₹ Lakhs above the amount required, secured on Fixed Assets. 10

Initial investment consists of :

Free Hold Buildings	₹ 8.00 lakhs
Plant & Machineries	₹ 5.20 lakhs
Vehicles and other items	₹ 2.40 lakhs

Payment on account of above is to be made in the month of Incorporation.

Estimates and other information for the transactions for the first six months commencing from July are given below :

- (1) Expected Sales would be as under :

July	₹ 5.00 lakhs
August	₹ 6.00 lakhs
September	₹ 7.20 lakhs
October	₹ 8.80 lakhs
November	₹ 9.20 lakhs

December and next two months : Each month ₹ 9.60 lakhs.

- (2) Gross profit on cost to be at the rate of 25%.
(3) Debtors are to be given credit of two months.
(4) Creditors are to be paid at the end of the month following the month of purchase.
(5) Preliminary expenses ₹ 20,000 to be paid in August.
(6) General expenses ₹ 16,000 per month payable at the end of each month.
(7) Wages payable on the first day of the next month, ₹ 28,000 for each of first three months and ₹ 34,000 per month thereafter.
(8) Debenture interest is to be paid every six months on 30th June and 31st December.
(9) Assume that shares and debentures are issued on 1st July.

Prepare a cash budget for the six months ending 31st December.

OR

What is Zero Based Budgeting ? State its merits and demerits. 10

(B) The following cost data is made available to you.

	Year	2014	2015
Sales (₹)		1,00,000	?
Cost of sales (₹)		82,000	96,000
Profits (₹)		?	24,000

Find out : (1) P/V ratio (2) Break even point (3) Margin of Safety and the profits in the year 2016 when sales would be 25% more than the previous year.

OR

Explain the concept of Relevant cost and sunk cost with proper examples.

5. Select the most appropriate answer from the alternatives given.

(1) From the following details find out cash outflow for purchase of Machine.

Opening and Closing Balance of Machine (at Cost) are respectively ₹ 1,000 and ₹ 1,400. During the year Machineries were sold for ₹ 300 on which accumulated depreciation was ₹ 100. Loss on sale was ₹ 50.

- (a) ₹ 750 (b) ₹ 850
(c) ₹ 700 (d) None of the above

(2) Which one of following is not financing cash flows as per AS-3 ?

- (a) Interest paid on Debentures issued by the company.
(b) Interest received on Investment in Debentures of other company.
(c) Dividend paid on Shares.
(d) None of the above

(3) Which AS deals with computation of EPS ?

- (a) AS-13 (b) AS-20
(c) AS-16 (d) None of the above

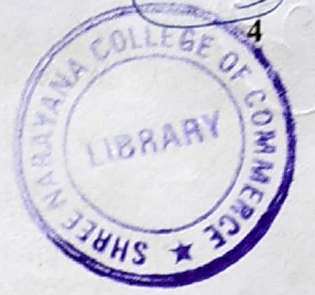
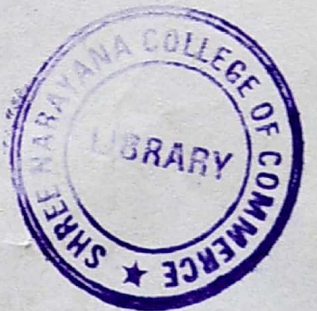
(4) Calculate Gearing ratio from the following :

Equity Share Capital : 10,000 Equity shares of ₹ 10 each.

12% Debentures : ₹ 1,50,000.

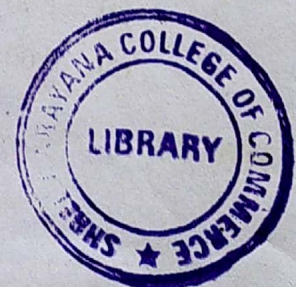
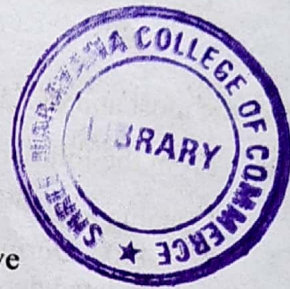
10% Preference Share Capital : 500 shares of ₹ 100 each

- (a) 1.00 (b) 2.00
(c) 5.00 (d) None of the above



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- (5) If the fixed expenses are ₹ 48,000, variable expenses per unit is ₹ 4 and break even point is 3,000 units, what will be selling price per unit ?
- (a) ₹ 12 (b) ₹ 20
(c) ₹ 16 (d) None of the above
- (6) Margin of safety is 30% ; P/V ratio is 25%. Break even sales ₹ 1,40,000. What is profit at present level of sales ?
- (a) ₹ 45,000 (b) ₹ 15,000
(c) ₹ 60,000 (d) None of the above
- (7) Find out required sales in units to earn the profit of ₹ 10 per unit, from the given below details :
- Sales price per unit : ₹ 100
Variable cost per unit : ₹ 80
Fixed expenses : ₹ 1,20,000
- (a) 6,000 units (b) 12,000 units
(c) 4,000 units (d) None of the above
- (8) Which of the following statements is correct ?
- (a) When Break even sales is more than actual sales, firm is earning profits.
(b) When there is margin of safety, firm is earning profits.
(c) At break even firm is earning profits.
(d) None of the above
- (9) If Gearing ratio is 40%, Gearing adjustment is ₹ 80,000, cost of sales adjustment is ₹ 1,00,000, Depreciation adjustment is ₹ 70,000 then find out Monetary Working Capital Adjustment.
- (a) ₹ 1,00,000 (b) ₹ 30,000
(c) ₹ 68,000 (d) None of the above
- (10) Employee has to work for three more years till retirements. His annual salary is ₹ 2,00,000. Rate of discount is 10%. Annuity of ₹ 1 for 3 years at 10% is ₹ 4867. What is the value of this employee by Lev and Schwartz model ?
- (a) ₹ 6,00,000 (b) ₹ 4,97,340
(c) ₹ 5,40,000 (d) None of the above
- (11) Which one of the following is considered Non-monetary item with reference to Inflation Accounting ?
- (a) Debtors (b) Closing stock
(c) Cash and Bank Balance (d) None of the above



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(12) While preparing value added statement, which of the following is not shown under the heading of value added retained by the business ?

- (a) Transfer to General Reserve
- (b) Bad debt reserve
- (c) Transfer to Fixed assets Replacement Reserve
- (d) None of the above

(13) At Break even point :

- (a) Only variable costs are recovered
- (b) Both fixed and variable costs are recovered
- (c) Only fixed costs are recovered
- (d) None of the above

(14) AS-16 deals with :

- (a) Accounting of Foreign Exchange
- (b) Accounting of Borrowing cost
- (c) Accounting of Government grants
- (d) None of the above

