

(A)

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



**MF-109**

May-2018

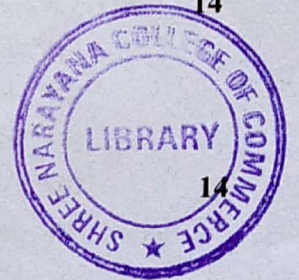
**M.Com., Sem.-II**

**409 : Economics of Developing Countries-II**

**Time : 3 Hours]**

**[Max. Marks : 70**

1. Explain the objectives of taxation in developing countries. 14  
**OR**  
Discuss deficit financing in developing countries.
2. Explain the functions of the market economy. 14  
**OR**  
Explain meaning and importance of economic planning.
3. Discuss foreign trade and economic development. 14  
**OR**  
Why developed countries give aid to developing countries ?
4. Discuss the objectives and functions of I.M.F. 14  
**OR**  
Write a note on 'W.T.O.'
5. Select the correct option from the given options : 14
  - (1) Fiscal policy means –
    - (a) The policy of protectionism
    - (b) The credit policy
    - (c) The taxation policy
    - (d) The tax, public expenditure and public debt policy
  - (2) The objective/objectives of monetary policy will be –
    - (a) Full employment
    - (b) Price stability
    - (c) Stability of foreign exchange rate
    - (d) All of these
  - (3) A low interest policy is known as
    - (a) Dear money policy
    - (b) Investment policy
    - (c) Cheap money policy
    - (d) Policy to control speculation



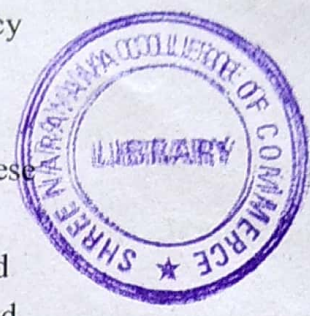
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P.T.O.

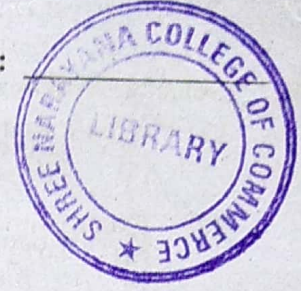
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- (4) The old saying, 'You can take a horse to the water but you can't make him drink' has been applied to –
  - (a) Fiscal policy
  - (b) Income policy
  - (c) Monetary policy
  - (d) Wage policy
- (5) The major source of deficit financing is
  - (a) Income from public investment
  - (b) Taxation
  - (c) Public debt
  - (d) None of these
- (6) A light house is an example of a
  - (a) Consumer good
  - (b) Public good
  - (c) Producer good
  - (d) Private good
- (7) Which of the following is nearest to being a 'Pure' public good ?
  - (a) Defense
  - (b) Education
  - (c) Water supply
  - (d) Postal service
- (8) Market failure may not arise in the case of –
  - (a) Public good
  - (b) Increasing returns to scale
  - (c) Consumption externalities
  - (d) Income inequalities
- (9) Economic planning refers to
  - (a) The mobilization of taxes
  - (b) The allocation of resources
  - (c) The planning of manpower.
  - (d) The planning of both taxes and manpower
- (10) The major objective of planning in India is –
  - (a) Growth and development
  - (b) Growth with stability
  - (c) Export promotion
  - (d) None of these
- (11) Foreign aid depends on
  - (a) The capacity of recipient country to pay
  - (b) The availability of resources in UDC's
  - (c) The availability of surplus funds with the developed countries
  - (d) All the above
- (12) The motive of the developed countries in giving aid to the developing countries is
  - (a) Humanitarian
  - (b) Economic motivations
  - (c) Political motivations
  - (d) All the above
- (13) Who is the watch dog of International trade ?
  - (a) World Bank
  - (b) I.M.F.
  - (c) W.T.O.
  - (d) None of these
- (14) The International liquidity problem is mainly dealt by –
  - (a) World Bank
  - (b) W.T.O.
  - (c) I.M.F.
  - (d) None of these



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Seat No. :



**MB-125**

May-2018

**M.Com., Sem.-II**

**407 : Financial Services**

**Time : 3 Hours]**

**[Max. Marks : 70**

**Note :** Marks indicated on the right side.

1. (a) Discuss "Financial Services as a component of the Financial System". 7  
(b) Explain the concept of Forfeiting. 7

**OR**

- (a) Explain the process of obtaining credit rating. 7  
(b) Discuss the benefits of depository system. 7

2. (a) Discuss the services of Investment Bank. 7  
(b) Explain the role of National Housing Bank. 7

**OR**

- (a) Discuss the services of Merchant Bank. 7  
(b) Discuss – "Lead Merchant Bank". 7

3. (a) Discuss the types of Insurance. 7  
(b) Explain the development of Banking in India. 7

**OR**

- (a) Explain the reforms in Indian Banking Sector. 7  
(b) Describe the difference between General Insurance and Life Insurance. 7

4. (a) Explain the different types of Mutual Fund Schemes. 7  
(b) State the SEBI guidelines relating to Mutual Funds. 7

**OR**

- (a) Discuss the organization of Mutual Funds. 7  
(b) Explain the benefits of Mutual Funds. 7

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**3**

**P.T.O.**



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5. Select correct answer.

- (1) India's first Mutual Fund organization  
(a) SBI            (b) CBI            (c) UTI            (d) RBI
- (2) Establishment year of General Insurance Corporation of India  
(a) 1972            (b) 1956            (c) 1960            (d) 1927
- (3) Private banks are covered under \_\_\_\_\_  
(a) Company Act, 1956            (b) Banking Regulation Act, 1949  
(c) Bank Company Act, 1970            (d) Not any one
- (4) First depository in India \_\_\_\_\_  
(a) CDSL            (b) HDFC            (c) IDBI            (d) NSDL
- (5) The sponsor is required to contribute atleast \_\_\_\_\_% of the minimum net worth of the AMC.  
(a) 50            (b) 40            (c) 60            (d) 55
- (6) Which bank was known as the Imperial bank ?  
(a) RBI            (b) BOB            (c) SBI            (d) BOI
- (7) The functions of Co-operative Bank are based on \_\_\_\_\_  
(a) One member, one vote            (b) No profit, no loss  
(c) Equally contribution            (d) Above all
- (8) 'BBB' denotes - \_\_\_\_\_  
(a) High safety            (b) Low safety  
(c) Moderate safety            (d) Low risk
- (9) A custodian must be registered with - \_\_\_\_\_  
(a) IDBI            (b) RBI            (c) SBI            (d) SEBI
- (10) First private Mutual Fund - \_\_\_\_\_  
(a) Reliance - Pioneer            (b) Kothari - Pioneer  
(c) Kotak Mahindra - Pioneer            (d) Kothari - Morgan Stanley
- (11) Under \_\_\_\_\_, every registered vehicles must require third party insurance.  
(a) Motor Vehicle Act, 1988            (b) Motor Vehicle Act, 1978  
(c) Motor Vehicle Act, 1985            (d) Motor Vehicle Act, 1970
- (12) \_\_\_\_\_ was the pioneer of micro finance.  
(a) Dr. APJ Abdul Kalam            (b) Dr. Abraham Yunus  
(c) Dr. Mohammad Yunus            (d) Dr. Rajendra Prasad
- (13) Factoring is beneficial to \_\_\_\_\_  
(a) the client            (b) the customer  
(c) the bank            (d) Above all
- (14) NABARD came into existence on \_\_\_\_\_  
(a) 12 July, 1982            (b) 12 July, 1990  
(c) 22 July, 1982            (d) 10 July, 1982



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**MD-104**  
May-2018  
**M.Com., Sem.-II**  
**408 : Strategic Management**

**Time : 3 Hours]**

**[Max. Marks : 70**

- Note :** (1) Write answer to the point.  
(2) **All** questions are compulsory.  
(3) Figures to the right indicate marks allotted to **each** questions.

1. (a) What is strategy ? Discuss the process of strategic decision making. **7**  
(b) Explain the concept of vision and mention one vision statement of any one organization. **7**

**OR**

- (a) Give definition of Strategic intent and describe the concept of business.  
(b) Write note on evolution of strategic management and business policy.

2. Describe the methods and techniques used for organizational appraisal. **14**

**OR**

- (a) State the meaning of environment and describe the limitations of environmental scanning. **7**  
(b) What is PESTEL analysis ? Discuss. **7**

3. (a) Write detail note on : Strategic Plan. **7**  
(b) Clarify the process of strategic choice. **7**

**OR**

- (a) Discuss the concept of contingency strategies.  
(b) Explain the subjective factors in strategic choice.

4. Describe the models of strategy implementation in detail. **14**

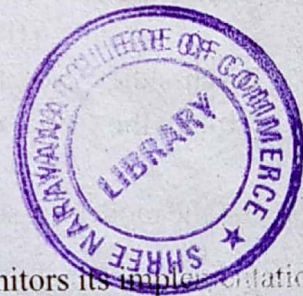
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- (a) Define strategic control and explain functional strategies. **7**  
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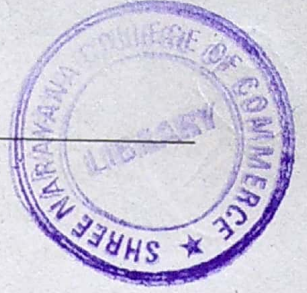
- (1) Every \_\_\_\_\_ has many stakeholders like owners, employees, financial institutions, banks, customers, suppliers and society at large.  
(a) Strategy (b) Organization (c) Process (d) Development  
(2) \_\_\_\_\_ highlights why the organization exists or created ?  
(a) Vision (b) Mission (c) Objectives (d) Target

- (3) In \_\_\_\_\_ pricing, the beneficiaries are provided the product or services free of cost.
- (a) Variable cost (b) Subsidized  
(c) Free (d) Break-even
- (4) The strategic intent is significant for one of the following :
- (a) Multinational company (b) Small scale company  
(c) Technical company (d) All of the above
- (5) With reference to 'SWOT' analysis, T-means \_\_\_\_\_.
- (a) Technology (b) Time (c) Threats (d) Talent
- (6) The brand image develops through \_\_\_\_\_ resources like-honesty, integrity concern for stakeholders, commitment, self-discipline etc.
- (a) natural (b) tangible (c) technical (d) intangible
- (7) The concept of core competencies was developed by \_\_\_\_\_ during 1990s through their several publications.
- (a) C.K. Prahalad and G. Hamel (b) Peter Drucker  
(c) Bill Gates (d) Gerry Johnson
- (8) One of the following is not a technique of organizational appraisal
- (a) BCG Model (b) Ansoff Model  
(c) Monopoly Model (d) Directional Policy Matrix (DPM)
- (9) One of the following is not a form of corporate level strategies
- (a) Concentration (b) Feedback (c) Diversification (d) Retrenchment
- (10) Strategic Plans are started in terms of \_\_\_\_\_.
- (a) Short-term budgeted targets (b) Long-term mission & objectives  
(c) Medium-term goals (d) None of the above
- (11) IFE Matrix means \_\_\_\_\_.
- (a) Internal Factor Evaluation  
(b) Internal Factor Environment  
(c) International Financial Environment  
(d) Institutional Functions Examination
- (12) \_\_\_\_\_ management formulates the strategy and monitors its implementation
- (a) The middle level (b) The corporate level  
(c) The lower level (d) The market level
- (13) \_\_\_\_\_ system should adopt both financial and non-financial incentives.
- (a) The rewards (b) The strategic (c) The development (d) The change
- (14) \_\_\_\_\_ gives priorities to the activities as per their strategic importance.
- (a) Process structure (b) Matrix structure  
(c) Geographical structure (d) SBU structure



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**MD-104**  
May-2018  
**M.Com., Sem.-II**  
**408 : Strategic Management**

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5. Select the correct answer from the given alternative : 14

- (1) Every \_\_\_\_\_ has many stakeholders like owners, employees, financial institutions, banks, customers, suppliers and society at large.  
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(2) \_\_\_\_\_ highlights why the organization exists or created ?  
(a) Vision (b) Mission (c) Objectives (d) Target

**MD-104**

**3**

**P.T.O.**



(3) In \_\_\_\_\_ pricing, the beneficiaries are provided the product or services free of cost.

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May-2018  
**M.Com., Sem.-II**  
**408 : Strategic Management**

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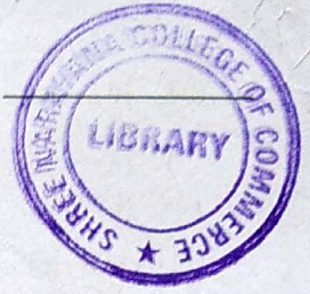


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  - (a) Short-term budgeted targets
  - (b) Long-term mission & objectives
  - (c) Medium-term goals
  - (d) None of the above
- (11) IFE Matrix means \_\_\_\_\_.
  - (a) Internal Factor Evaluation
  - (b) Internal Factor Environment
  - (c) International Financial Environment
  - (d) Institutional Functions Examination
- (12) \_\_\_\_\_ management formulates the strategy and monitors its implementation
  - (a) The middle level
  - (b) The corporate level
  - (c) The lower level
  - (d) The market level
- (13) \_\_\_\_\_ system should adopt both financial and non-financial incentives.
  - (a) The rewards
  - (b) The strategic
  - (c) The development
  - (d) The change
- (14) \_\_\_\_\_ gives priorities to the activities as per their strategic importance.
  - (a) Process structure
  - (b) Matrix structure
  - (c) Geographical structure
  - (d) SBU structure



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

**MF-110**

May-2018

**M.Com. Sem.-II**

**409 : Economics of Developing Countries-02  
(New)**



[Max. Marks : 70]

**Time : 3 Hours]**

- Instructions :** (1) All questions are compulsory.  
(2) The figures to the right indicate marks of question.

1. Discuss the fiscal policy in developing countries and explain the objectives of tax structure in context to it. 14

**OR**

Explain the concept of deficit finance and its effects in developing countries.

2. Write about Public Private Partnership (PPP) in detail. 14

**OR**

- (a) What are the reasons of markets failure? 7  
(b) Explain the importance of economic planning. 7

3. Discuss the Inward looking and Outward looking foreign trade policy. 14

**OR**

- (a) How is foreign trade policy is useful in economic development of country? 7  
(b) Discuss the concept of foreign aid with reference to economic development of country. 7

4. Write a detailed note on W.T.O. (World Trade Organisation) 14

**OR**

- (a) Explain the objectives and organizational structure of IMF. 7  
(b) Discuss the exchange rate policies of IMF. 7

5. Answer the following questions :

(1) Which type of monetary policy is implemented during inflation in country ?

- (a) Cheap money (b) Expansionary  
(c) Dear money (d) None of the above

(2) Which of the following measure is useful to reduce recession in country ?

- (a) Reduction in public expenditure (b) Increase in tax rate  
(c) Increase in public expenditure (d) None of the above

(3) Increase in deficit finance

- (a) decreases inflation (b) increases value of money  
(c) increases inflation (d) None of the above

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- (4) Which of the following is true for tax structure ?  
(a) Taxes are useful in reducing income inequality.  
(b) Taxes are useful in increasing government revenue.  
(c) Both of the above  
(d) None of the above
- (5) Who believed that market cannot maintain equilibrium automatically so the government should intervene in market ?  
(a) Prof. Adam Smith  
(b) Prof. Marshall  
(c) Prof. Keynes  
(d) None of the above
- (6) Who believed in Laissez faire economy ?  
(a) Prof. Samuelson  
(b) Prof. Marshall  
(c) Prof. Adam Smith  
(d) Prof. Keynes
- (7) Public Private partnership contract is generally a  
(a) short term contract  
(b) non transparent contract  
(c) long term contract  
(d) none of the above
- (8) Inward looking trade policy is also known as  
(a) Import liberalization policy  
(b) Export promotion policy  
(c) Import substitution policy  
(d) None of the above
- (9) Globalization in the world favours  
(a) Inward looking foreign trade policy  
(b) Import restriction policy  
(c) Outward looking trade policy  
(d) None of the above
- (10) Foreign aid is also known as  
(a) Overseas aid  
(b) International aid  
(c) Both of the above  
(d) None of the above
- (11) IMF was also called as a  
(a) World bank system  
(b) International bank system  
(c) Brettonwoods system  
(d) None of the above
- (12) What is the another name of S.D.R. ?  
(a) White gold  
(b) Black gold  
(c) Paper gold  
(d) Yellow gold
- (13) Where is the head office of W.T.O. located ?  
(a) U.S.A.  
(b) U.K.  
(c) Switzerland  
(d) France
- (14) When was W.T.O. formed ?  
(a) 1991  
(b) 1993  
(c) 1995  
(d) 1997





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

# MH-118

May-2018

M.Com., Sem.-II

410 EA/EE : Financial Accounting & Auditing – I



Time : 3 Hours]

[Max. Marks : 70

1. (a) The closing inventory at cost, of a company amounted to ₹ 5,00,000. The following items were included at cost in the total : 7
- (i) 500 units which had a cost of ₹ 100 each and normally sold for ₹ 180 each. Owing to defect in manufacture, they were all sold after the balance sheet date, at 50% of their normal selling price. Selling expenses amounted to ₹ 10 per unit.
  - (ii) 100 units which had a cost of ₹ 120 each. As they were defective remedial work in April costs ₹ 30 per unit and selling expenses for the batch totalled ₹ 500. They were sold for ₹ 160 each after the balance sheet date.
- What should be the value of inventory as per AS2, after considering above two items ?

- (b) Explain the accounting for Refund of Govt. Grants as per AS12. 7

OR

- (a) A company limited provides the following information : 7

- (i) Total borrowings and interest cost for the year ending on 31-3-2017 :

Borrowings	Date of Borrowings	Loan ₹	Interest ₹
12% Bank loan	1-6-2015	50 lakhs	6 lakhs
10% Debentures	1-8-2016	30 lakhs	2 lakhs
15% Term loan	1-10-2016	20 lakhs	1.5 lakhs

- (ii) Qualifying assets in which these borrowed funds are utilized :

Assets	₹	Period
Plant 1	40 lakhs	8 months
Plant 2	30 lakhs	12 months
Plant 3	10 lakhs	6 months

Compute weighted average cost of borrowing and interest cost to be capitalized.

- (b) Explain and analyse the paragraphs 10 to 14 of AS9. 7

2. The following is a Income Statement prepared by a Co. Ltd. for the year ending on 31-3-2017 :

14

Particulars	₹	₹	₹
Net Sales	20,00,000		
Less : Cost of sales	6,00,000		
<b>Gross Profit</b>		14,00,000	
<b>Add : Other Incomes</b>			
Subsidy received from Govt.	70,000		
Interest Received (T.D.S. ₹ 10,000)	40,000		
Profit on sale of Machinery (Cost price ₹ 4,00,000 – Accumulated Depreciation ₹ 1,50,000)	2,50,000		
Securities Premium Received	20,000	3,80,000	
<b>Total Income</b>			<b>17,80,000</b>
<b>Less : Expenses</b>			
Interest on Debentures		40,000	
Administration Expenses		31,000	
Donations to charitable institutions		25,000	
Development Rebate Reserve		40,000	
Discount on debentures written off		10,000	
Depreciation		2,10,000	
Managing Director's Salary		1,80,000	
Research & Development Expenses		1,80,000	
Bonus to Employees		60,000	
Salary to Staff		1,75,000	
Director's Fees		50,000	
Repairs & Renewals		1,60,000	
Provision for Income tax		70,000	
Bad Debt Reserve		25,000	
Debenture issue expenses written off		18,000	
Loss on sale of furniture		30,000	
Remuneration to trustees of Debentures		15,000	
Loss of bank loan		14,000	
Loss on sale of investments		35,000	
Proposed Dividend		50,000	
Exgratia payments to employees		20,000	
<b>Total Expenses</b>			<b>14,38,000</b>
<b>Net Profit</b>			<b>3,42,000</b>

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**Additional Informations :**

- (1) As per Companies Act, allowable depreciation is ₹ 1,80,000.
- (2) Bad debt written off against bad debt reserve is ₹ 20,000.
- (3) Salary to staff includes ₹ 40,000 paid for the last year.
- (4) Research and development expenses includes purchase of instruments of ₹ 1,35,000.
- (5) Repair and renewal expenses includes ₹ 1,05,000 for the extension of building.
- (6) Depreciated value of furniture sold was ₹ 70,000.
- (7) Mr. X is the managing director of the company and he is entitled for a salary of ₹ 15,000 p.m. plus commission of 1% on the net profit, before charging such commission and salary.

You are required to calculate maximum remuneration that can be paid under Co. Act 2013, to the managing director.

**OR**

Answer the followings, to the point, as per Co. Act 2013 Schedule III :

- (1) Which are the criterias to be fulfilled, to classify an asset as current asset. 4
  - (2) Which are the criterias to be fulfilled, to classify a liability as current liability. 3
  - (3) Narrate the detail classification and information to be given for Non-current investments in Balance Sheet. 4
  - (4) Narrate in detail classification and information to be given for current investment in Balance Sheet. 3
3. A company supplies its product in returnable containers. A container is invoiced to customer at ₹ 50 each, but if it is returned within a month, a credit of ₹ 40 is given to customer. For accounting purposes at closing all stocks with customers and in hand, are valued at ₹ 25 each except those representing new ones, which are valued at their purchase price of ₹ 30. 14

The following particulars are available for the year ended on 31-3-2017 :

- (1) As on 1-4-2016 number of containers with :  
Customers 7,000  
On Hand 4,000
- (2) As on 31-3-2017 number of containers with :  
Customers 8,000  
On hand 10,000



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(3) During the year :

Number of containers destroyed by fire	1800
Number of containers sold as scrap	200
Number of containers sent to customers	10,000
Number of containers returned by customers	1000

(4) Scraped containers realized ₹ 1,000

(5) On the containers returned by customers, repairing expenses of ₹ 20,000 were paid.

You are required to prepare containers Trading A/c. and Containers Provision A/c.

**OR**

From above information prepare containers Stock A/c. and Containers Trading A/c.

4. A trader sells goods on Hire Purchase, at cost plus 25% profit. From the following information calculate missing figures and prepare :

14

- (1) Shop Stock A/c.
- (2) Installment not due A/c.
- (3) Installment due but not received A/c.
- (4) Hire Purchase Trading A/c.



₹

Balances as on 1-4-2016 :

Stock in the shop (at cost price)	50,000
Installment due but not received	25,000

Transactions during the year :

Cash received from customers	2,00,000
Purchases during the year	2,50,000
Goods repossessed (installments due ₹ 15,000)	5,000

Balances as on 31-3-2017 :

Stock in shop (at cost price)	60,000
Installment due but not received	35,000
Installment not due	1,35,000

**OR**

- (a) Explain the types of Lease.
- (b) Differentiate Hire Purchase and Lease

7

7

MH-118

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14

5. Show necessary calculations and select correct alternative :

- (1) On 1-4-2013 a company has received Govt. grant of ₹ 50 lakhs, for acquisition of a machinery (having an expected life of 10 years) costing ₹ 200 lakhs, which was credited to the cost of the asset. The machinery is depreciated at 10% p.a. on W.D.V. basis. The company had to return the entire grant to the Govt. in April 2016, due to non-compliance of certain conditions.

Revised book value of machinery as per AS 12, is

- (a) ₹ 119.35 lakhs (b) ₹ 159.35 lakhs  
(c) ₹ 185.80 lakhs (d) None of above
- (2) A company limited deals in three products viz. X, Y and Z which are neither similar nor interchangeable. On 31-3-2017 their historic cost and realizable value are as under :

Product	Historic Cost ₹	Realisable Value ₹
X	2,00,000	1,80,000
Y	1,50,000	1,70,000
Z	3,50,000	4,50,000
<b>Total</b>	<b>7,00,000</b>	<b>8,00,000</b>



For the purpose of balance sheet, total value of inventory is

- (a) ₹ 7,00,000 (b) ₹ 8,00,000  
(c) ₹ 6,80,000 (d) None of above
- (3) In the beginning of the year, containers with customers and in shop were respectively 5000 and 6000. During the year, containers purchased and sent to customers were respectively 17000 and 15000. During the year returned and retained containers by customers were 2000 and 5000 respectively. During the year containers scrapped were 1000.  
At the end of the year, number of containers with customers and in shop, respectively should have been :
- (a) 13000 & 9000 (b) 1000 & 11000  
(c) 18000 & 17000 (d) None of above
- (4) Goods are sold to customers on Hire purchase, by adding 50% profit on cost, opening balance of stock in shop was ₹ 1,50,000 at hire purchase price and closing balance of stock in shop was ₹ 1,70,000 at cost. Goods purchased during the year were of ₹ 4,00,000, Selling price of the goods sold to customers should have been :
- (a) ₹ 3,30,000 (b) ₹ 4,40,000  
(c) ₹ 4,95,000 (d) None of above

- 22
- (5) In a company, one managing director and other part time directors are providing services. Company provides other details as under :

Net profit before provision of income tax and managerial remuneration but after providing depreciation and provision for repairs is ₹ 79 lakhs.

Depreciation provided in the books as per Co. Act ₹ 30 lakhs

Repairs of machinery provided for, during the year ₹ 3 lakhs

Actual expenditure incurred on repairs during the year ₹ 2 lakhs

Maximum remuneration payable to managing director and other part time directors respectively is

- (a) ₹ 2,50,000 & ₹ 50,000                      (b) ₹ 8,00,000 & ₹ 2,40,000  
(c) ₹ 4,00,000 & ₹ 1,20,000                      (d) ₹ 4,00,000 & ₹ 80,000

- (6) Cost of conversion is consisted of

(a) Direct material cost + Direct labour cost + Direct expenses

(b) Direct labour cost + Direct expenses

(c) Direct labour cost + Direct expenses + Production overheads

(d) Direct labour cost + Direct expenses + Production overheads + Administration overheads + Selling overheads

- (7) Computer software will be shown in company balance sheet as under :

Main Head	Sub-Head	Sub-subhead
(a) Non-current Asset	Fixed Assets	Tangible Asset
(b) Non-current Asset	Fixed Assets	Intangible Asset
(c) Non-current Asset	Other non-current assets	-
(d) None of above		





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Purchase of materials (Credit)	1,80,000
Materials issued to production	2,00,000
Materials for factory maintenance	5,000
Factory overheads paid by cheque	75,000
Administration overheads paid by cheque	25,000
Selling and distribution overheads paid by cheque	20,000
Factory overheads recovered	1,00,000
Depreciation on factory assets	10,000
Pre-paid rent (included in factory overheads)	5,000
Purchase of fixed assets by cheque	25,000
Income-tax paid (by cheque)	30,000
Payment to creditors (by cheque)	2,00,000
Received from debtors (by cheque)	6,00,000
Goods finished during year (at cost)	4,50,000
Cost of goods sold	4,80,000
Sales (Credit)	6,50,000



You are required to prepare necessary Ledger accounts in the Integrated Ledger and also prepare a Trial Balance as at 31<sup>st</sup> March, 2018.

OR

The following balances appeared in the books of Niyati Ltd. as on 1-4-2017.

14

Particulars	Debit	Credit
	₹	₹
Stores Ledger Control Account	50,000	
Work-in progress Control Account	40,000	
Finished Goods Control Account	30,000	
General ledger Control Account		1,20,000
	<b>1,20,000</b>	<b>1,20,000</b>



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Transactions for the year ended 31-3-2018 were as under :

	₹
Raw Materials purchased	2,40,000
Carriage inward	20,000
Direct wages	1,30,000
Indirect wages	30,000
Factory expenses	70,000
Administration expenses	40,000
Selling and distribution expenses	24,000
Materials issued to production	2,00,000
Materials issued to repairs	10,000
Raw materials destroyed in fire	20,000
(Claim accepted by Insurance company ₹ 16,000)	
Factory overheads absorbed by production	90,000
Administration overheads absorbed by finished goods	44,000
Selling and distribution overheads recovered	20,000
Finished goods produced during the year	4,00,000
Cost of sales	4,50,000
Sales	6,00,000



From the above information prepare necessary accounts in cost ledger of the company and prepare Trial Balance as on 31-3-2018.

2. (A) From the following information, calculate Economic Order Quantity and Minimum Inventory Cost of material.

- Monthly consumption                      1500 units
- Ordering cost per order                    ₹ 15
- Cost per unit                                    ₹ 10
- Cost per storage                                15%

If 4% discount is offered by the supplier for purchases in the lot of 1800 units or more, should the offer be accepted ?

OR

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Give the difference between "Cost control" and "Cost reduction".

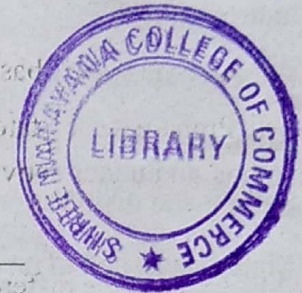
(B) A customer wants to buy 15 machines at a total price of ₹ 15,000 from Dhamal Company.

7

The customer has got the information that the company has manufactured such a machine and supplied to its competitor.

The following information could be obtained regarding the calculation of cost of the first machine.

	₹
Direct materials 20kg (at ₹ 4 per kg)	80
Direct labour (100 hours at ₹ 15 per hour)	1,500
Factory expenses (₹ 5 per direct labour hour)	500
	<b>2,080</b>



The Management believes that there is an opportunity of using 80% Learning Curve. If the company accepts this offer, it can earn a discount of 4% on direct materials.

Show the calculation stating the estimated profit or loss to the company if offer is accepted.

**OR**

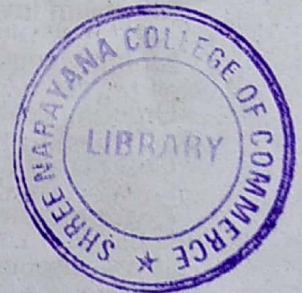
Answer any **one** of the following :

- (1) Write note on Labour Efficiency.
- (2) Explain under-absorption and over-absorption of overheads.

3. Gaurang Company Ltd. manufactures two products : A and B. Both products are produced with the help of same machinery and similar processes. The detailed information about both are as follows :

14

Particulars	A	B
Units produced	5000	50000
Machine hours per unit	4	4
Direct Labour hours per unit	5	5
No. of purchase orders	60	120
No. of set ups	40	120
Material cost per unit (₹)	10	10
Labour cost per unit (₹)	12	12



MJ-120

12

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The costs of various activities are as follows :

	₹
Related to volume	5,50,000
Related to purchases	3,60,000
Related to setting-up	<u>7,40,000</u>
	<b><u>16,50,000</u></b>

Overheads are based on direct labour hours.

Prepare cost statement showing total cost and per unit cost under traditional method and under activity based cost (ABC) method.

OR

- (A) Explain the difference between conventional method and activity based costing. 7
- (B) Explain the importance of Activity Based Costing Method. 7

4. Meet Manufacturing Company produces 120000 units at 60% production capacity and earn an average profit of ₹ 5 by selling it at ₹ 20 per unit. 14

Its cost of sales is as follows :

	₹
Direct Material	6
Direct Labour	4
Factory overheads	3 (50% fixed)
Selling overheads	2 (40% variable)

During the current year, they intend to produce the same number but anticipates that

- (a) Their fixed costs will go up by 20%
- (b) Rate of direct labour will increase by 25%
- (c) Direct material price will increase by 10%
- (d) Selling price cannot be increased

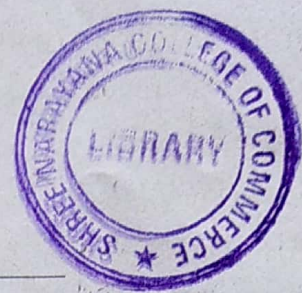
Under these circumstances they obtain an order for a further 20% of their capacity. What minimum price will you recommended for accepting the order to ensure the manufacturer an overall profit of ₹ 3,87,200 ?

Assume that the fixed cost is recovered from the current production.

OR

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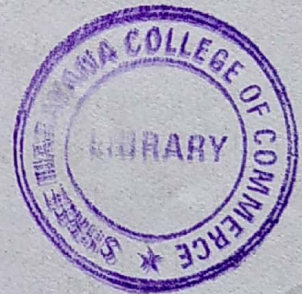
- (A) Write note on New product pricing.
- (B) Explain the advantages of full cost pricing.



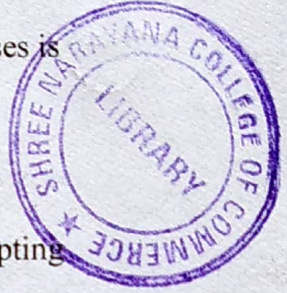
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7  
14

5. Select the appropriate alternative.

- (1) Non-integrated Accounting system is also called \_\_\_\_\_
  - (a) Financial Accounting
  - (b) Cost Control Accounting
  - (c) Cost Accounting
  - (d) None of these
  
- (2) In non-integrated accounting cash transactions are recorded in \_\_\_\_\_
  - (a) Cash Account
  - (b) General Ledger Adjustment Account
  - (c) Debtors Account
  - (d) None of these
  
- (3) Which of the following statement is true according to Non-integrated accounts ?
  - (a) Abnormal loss of material is debited to factory overheads account.
  - (b) Abnormal loss of material is debited to Costing Profit & Loss account
  - (c) Both (a) and (b)
  - (d) None of the above
  
- (4) Cost reduction involves \_\_\_\_\_
  - (a) Reduction in cost on temporary basis
  - (b) Reduction in cost on permanent basis
  - (c) Reduction in Government tax
  - (d) None of the above
  
- (5) In ABC analysis of inventory "B" class items require
  - (a) Tight or Strict Control
  - (b) Moderate Control
  - (c) Loose Control
  - (d) None of the above
  
- (6) If the overheads absorbed are higher than the actual overheads incurred, the situation is called \_\_\_\_\_ of overheads.
  - (a) Under absorption
  - (b) Over absorption
  - (c) Allocation
  - (d) None of these



- (7) If the absorption rate is ₹ 130 per hour, the production hours are 300 and the under absorption being ₹ 3,000 of overheads, actual overheads would be \_\_\_\_\_
  - (a) ₹ 36,000
  - (b) ₹ 42,000
  - (c) ₹ 39,000
  - (d) None of these
- (8) The appropriate cost driver for repairs and maintenance overhead expenses is
  - (a) No. of workers
  - (b) No. of setups
  - (c) No. of customers
  - (d) None of these
- (9) It is possible to ascertain most accurate and realistic product cost by adopting
  - (a) activity based information
  - (b) activity based costing
  - (c) standard costing
  - (d) None of the above
- (10) Which of the following activities is connected with the cost driver of no. of workers ?
  - (a) Setting up of machines
  - (b) Training
  - (c) Analysis of proposals
  - (d) None of the above
- (11) Conversion cost includes \_\_\_\_\_
  - (a) Direct materials and Administrative overheads
  - (b) Direct wages and factory overheads
  - (c) Administrative overheads
  - (d) None of the above
- (12) Total marginal cost of the company is ₹ 2,80,000, Units produced and sold 40,000 units, profit-volume ratio is 30%. Selling price per unit will be
  - (a) ₹ 7
  - (b) ₹ 10
  - (c) ₹ 100
  - (d) None of these
- (13) Which of the following is external factor, affecting pricing policies ?
  - (a) Cost of production
  - (b) Competitor's price
  - (c) Quality of the product
  - (d) None of these
- (14) Variable cost pricing is also known as
  - (a) Full cost pricing
  - (b) Marginal cost pricing
  - (c) Direct cost pricing
  - (d) None of these



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



# ML-103

May-2018

M.Com, Sem.-II

## 412 EE : Cost Accounting-II

Time : 3 Hours]

[Max. Marks : 70

1. Yug Ltd. has total production capacity of 15000 units. The company has determined 80 % capacity as normal capacity. In this regard information related to cost is as below : 14

<b>Particulars :</b>	₹
Selling price per unit	700
<b>Variable Expenses per unit :</b>	
Direct materials	100
Direct labour	80
Production overheads	20
Administrative overheads	40
Selling-distribution overheads	30
<b>Total Fixed Expenses :</b>	
Fixed production overheads	28,80,000
Fixed administrative expenses	7,20,000
Fixed selling expenses	3,60,000

Actual result of two years is as follows:

Particulars	First year	Second year
Direct labour of actual production (₹)	1080000	1020000
Closing stock (units)	1500	1250

Due to market competition company has complied to reduce its selling price by 10% per unit. Except this, there are no other variances between standard and actual result.

Prepare statement under Marginal cost and Absorption cost method and determine profit for both years. In addition to this prepare reconciliation statement of both the profit.

OR



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Arya Ltd. manufactures and sells 7500 Electronic Calculators at 50% production capacity at present. The information for the year ending on 31-03-2018 are as follows:

Particular	₹
(1) Selling price per unit	520
(2) Total Fixed costs	12,00,000
(3) Current loss at 50% production capacity	(2,25,000)

Calculate :

- (1) Current P.V. Ratio
- (2) Current Break-even-point (in units & ₹)
- (3) The amount of sales required to earn 5% profit on sales.
- (4) The amount of sales required to maintain 25% Margin of safety.
- (5) The amount of sales required to maintain 20% Margin of safety, when fixed cost is increased by 10%
- (6) Profit at 75% production capacity, when fixed cost is increased by ₹ 100000
- (7) How much sales is required to convert current loss in the profit, when fixed cost is increased by 10% and variable cost is increased by 5% of sales ?



2. Bina Ltd. produces and sales three products as below. It provides the following information :

14

Particulars	X	Y	Z
(1) Maximum estimated sales (units)	7500	10000	15000
(2) Selling price per unit (₹)	150	125	100
(3) Profit-Volume-Ratio (%)	20%	30%	25%
(4) Direct wages ( percentage of variable cost)	50%	60%	40%

The total fixed expenses are estimated ₹ 5,00,000. The company uses same workers for all three products. Rate of wages per hour is ₹ 7.5

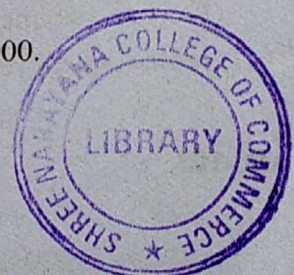
Calculate the best production mix in each of the following three independent cases and find out profit :

- (i) When maximum available labour time is 150000 hours.
- (ii) Under a trade agreement the firm, cannot produce more than 20000 units of the three products taken together.
- (iii) Total sales volume of the three products cannot exceed ₹ 29,00,000.

OR

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- (A) Dhanalaxmi Ltd. has two bottling plants. One located at Naroda and other at Sanand. Each plant produces three cold drinks - Rose lassi, Rajbhog lassi and Mango lassi. The daily maximum production of each product in bottles are as below :

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Type of Product	Place of Plant	
	Naroda	Sanand
Rose lassi	30,000	30,000
Rajbhog lassi	60,000	20,000
Mango lassi	40,000	1,00,000



Daily market demand during the month of July will be as below :

- Rose lassi : 600000 bottles  
 Rajbhog lassi : 1200000 bottles  
 Mango lassi : 1400000 bottles

Daily operating cost of both the plants Naroda and Sanand are ₹ 12,000 and ₹ 8,000 respectively. For how many days each plant be run in July so as to meet the market demand and minimize the production cost? Solve graphically.

- (B) Give the definition of Linear programming and state its any four limitations.

4

3. Give the answer of any **two** of the followings :

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- (1) Ayushi Ltd. produces product X at 80% production capacity at present. The information of its profitability is as follows :

Particulars	₹	₹
Sales (₹ 65 per unit)	—	13,00,000
Costs:		
Direct materials	4,00,000	—
Direct labour	2,50,000	—
Variable overheads	1,10,000	—
Fixed overheads	2,40,000	10,00,000
Profit →		<b>3,00,000</b>



The company think to use the balance production capacity for the manufacture of component "Y". The component "Y" is used by the company in the manufacture of some other product in another department.



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The details of per unit cost of component "Y" are as under :

Direct materials : ₹ 15

Direct labour : ₹ 25

The labour rate per hour for the both product "X" and component "Y" is equal, and variable overheads of both of them is depend up on the direct labour.

The company has received an export order from abroad for purchase of 5000 units of Product "X" at ₹ 45 each. This offer can be accepted by diverting the production capacity of component "Y". In this case the company has to buy component "Y" from outside at a price of ₹ 60 each.

Do the necessary calculation and suggest the best alternative.

Savita Ltd. faces recessionary difficulties and as a result its directors are thinking whether or not the factory should be closed down till the recession has passed.

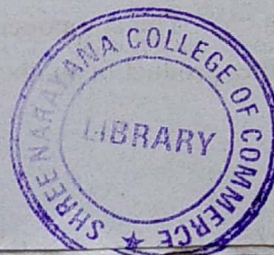
The flexible budget is prepared giving the following details :

Particular	Total Cost ₹	
	At 30% Capacity	At 50% Capacity
1. Direct Material	24,000	40,000
2. Direct labour	15,000	25,000
3. Total indirect Expenses (Fixed & Variable)	33,000	39,000
<b>Total →</b>	<b>72,000</b>	<b>1,04,000</b>

$\frac{2}{3}$  of the total fixed expense will be continued even if business remain closed. The following additional information has been given:

- Present sales at 40% capacity are estimated at ₹ 60,000 per annum.
- Cost of closing down the business is expected ₹ 5,000 and annual maintenance expenses of Plant and machinery is expected to amount ₹ 3250.
- Costs of reopening after being closed down are estimated to be ₹ 2,000 and costs of overhauling of machines and training of personnel are estimated ₹ 1,000.
- Market research investigation reveal that, if the business is to be continue, the sales expected to reach at ₹ 1,55,000 at 65% capacity after approximately 12-month time.

You are required to advise the director whether to close down for 12 months or continue the operations indefinitely.



(3) Shri Rama Ltd. works at 60% production capacity. The sales manager has reported two available alternatives for increase the sales :

**Option-1 :** An overseas contract for ₹ 500000 per annum can be accepted at 7.5% lower the normal domestic price. This order has to be accepted in full or rejected completely.

**Option-2 :** Local sales can be increase up to 50% if ₹ 95000 is additionally spent on local advertisement

The details of the profit and loss account for the previous year are as below :

Direct materials		→ ₹ 3,00,000
Direct labour		→ ₹ 4,50,000
Production overheads :	(Variable)	→ ₹ 1,08,000
	(Fixed)	→ ₹ 1,80,000
Administrative overheads :	(Fixed)	→ ₹ 1,36,000
Selling and Distribution Overheads :	(Variable)	→ ₹ 1,86,000
Sales Price		→ ₹ 15,00,000



Moreover, consultant and clearance charges for export order will be amounted 5% of net export price.

Prepare profitability statement for both the above options and suggest which option is to be accepted.

**OR**

Explain in detail any **Two** of the following:

- (1) "Relevant cost"
- (2) "Shut down decision"
- (3) "Equipment Replacement"



4. (A) Explain "Just In Time" approach and discuss the obstacles to successful implementation of "JIT".

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**OR**

Explain difference between "Traditional Approach" and "Just In Time Approach".

(B) Answer any **one** of the following questions :

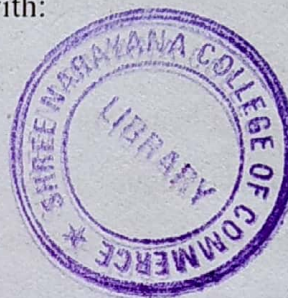
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- (1) Explain in detail the concept of "Product Life Cycle Costing".
- (2) What is Target costing? Discuss its characteristics.

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5. Select the correct answer from given alternatives of each question.

- (1) "Just in Time" (JIT) is controlled \_\_\_\_\_.
- (A) Waste of over production (B) Waste of waiting  
(C) Waste of inventory (D) All of these
- (2) Manufacturing Resource Planning-I (MRP-I) deals with:
- (A) Master production schedule  
(B) Present level of inventory  
(C) Requirement of parts or sub assembly  
(D) All of these
- (3) Target costing is based on:
- (A) Actual cost of product (B) Historical cost of Product  
(C) Future cost of product (D) None of these
- (4) Linear programming deals for \_\_\_\_\_
- (A) Optimal decision making (B) Maximization  
(C) Minimization (D) All of these
- (5) For 6000 units, total costs of normal production are ₹ 90,000. If, fixed costs of production are ₹ 15,000 and actual sales are 5000 units, what will be value of closing stock as per marginal costing ?
- (A) ₹ 15,000 (B) ₹ 17,500  
(C) ₹ 12,500 (D) None of these
- (6) In which stage of product life cycle the manufacturer efforts to maintain sales by advertisement and salesman ?
- (A) In introduction stage (B) In growth stage  
(C) In maturity stage (D) All of these

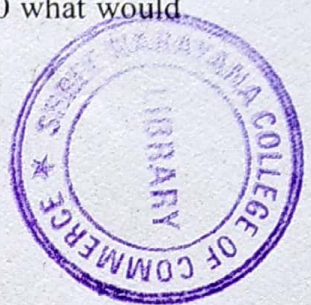


(7) If, B.E.P is ₹ 2,00,000, Fixed cost is ₹ 50,000 and Net loss is ₹ 20,000, what would be the sales ?

- (A) ₹ 2,80,000
- (B) ₹ 2,50,000
- (C) ₹ 1,20,000
- (D) None of these

(8) If, margin of safety is 25%, P.V. Ratio is 30%, and profit is ₹ 60,000 what would be the Fixed costs ?

- (A) ₹ 8,00,000
- (B) ₹ 2,00,000
- (C) ₹ 1,80,000
- (D) None of these



(9) If, present P.V. Ratio is 25%, total fixed cost is ₹ 32,500 and Variable cost is decrease by 10% what would be the break-even point ?

- (A) ₹ 1,30,000
- (B) ₹ 1,00,000
- (C) ₹ 1,17,000
- (D) None of these

(10) For manufacturing products X and Y, materials require 5 kg and 7 kg per unit respectively. If, maximum materials available are only 12000 kg, which of the following is constraint ?

- (A)  $5X + 7Y = 12000$
- (B)  $5X + 7Y \leq 12000$
- (C)  $5X + 7Y \geq 12000$
- (D) None of these

(11) \_\_\_\_\_ is important factor in Linear programming.

- (A) Cost
- (B) Linear Variables
- (C) Contribution
- (D) All of these



(12) Differential cost deals with

- (A) Sunk cost
- (B) Relevant cost
- (C) Historical cost
- (D) None of these

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(13) When labour hour is a key factor, profitability of a product is decided on which of the following basis ?

- (A) Contribution per hour
- (B) Contribution per unit
- (C) Labour cost per unit
- (D) None of these

(14) Which of the following characteristic is not for sunk cost ?

- (A) It is a relevant cost
- (B) It is a historical cost
- (C) It is an irrelevant cost
- (D) None of these

