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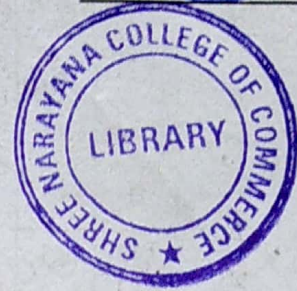
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# ML-114

March-2019

M.Com., Sem.-IV

**507 : Statistics  
(Operational Research)**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

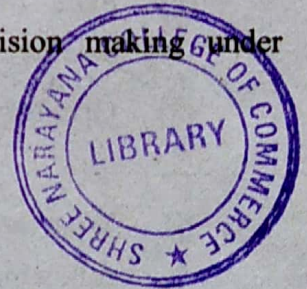
- Instructions :**
- (1) Figures to the right indicate marks.
  - (2) You can use calculator.

1. (A) (i) Define operation research and discuss its limitations and phases. 7
- (ii) A bakery sells cookies at ₹ 120 per kg. The cookies can be prepared at the cost of ₹ 80 per kg and administrative cost is ₹ 10 per kg. The unsold cookies can be return at ₹.40 per kg at the end of the week from the past experience. The following distribution is obtained about the demand. Estimate how many kg of cookies should be prepared to earn maximum profit ? Find the value of EVPI also. 7

<b>Demand (in kg)</b>	1	2	3	4
<b>No. of weeks</b>	15	20	50	15

**OR**

- (i) State the meaning of model. Explain its types in detail.
  - (ii) Explain decision making under certainty and decision making under uncertainty. 4
- (B) Attempt any two :
- (1) What is Expected Monetary Value ?
  - (2) What is decision theory ?
  - (3) Write any two characteristics of operation research.



2. (A) (i) Solve the following L.P.P. by using simplex method 7
- Maximize objective function  $Z = 3x + 2y$
- Subject to
- $2x + y \leq 18$
  - $2x + 3y \leq 42$
  - $3x + y \leq 24$
  - $x, y \geq 0$



2

(ii) Solve the following assignment problem to maximize the total profit :

7

	A	B	C	D
I	57	50	43	36
II	45	40	35	30
III	45	40	35	30
IV	39	35	31	27



OR

Solved the following transportation problem by using Vogel's method. Find its optimal solution also.

14

	D <sub>1</sub>	D <sub>2</sub>	D <sub>3</sub>	Supply
I	2	7	4	5
II	3	3	1	8
III	5	4	7	7
IV	1	6	2	14
Demand	7	9	18	-

(B) Attempt any two :

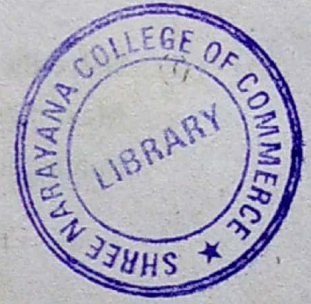
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- (1) Define Surplus-Variable and Slack-Variable.
- (2) State the difference between unbalanced transportation problem and balanced transportation problem.
- (3) Give the definition of Assignment Problem.

3. (A) (i) What is saddle point ? How to find it ? Find the saddle point of the following game, also find out the value of game.

7

		<b>Player - Y</b>				
		Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>
<b>Player - X</b>	X <sub>1</sub>	-5	0	1	8	6
	X <sub>2</sub>	6	4	3	4	5
	X <sub>3</sub>	-4	-3	0	-1	6
	X <sub>4</sub>	6	2	-4	5	-6





- (ii) Find out the optimal sequence, the minimum elapsed time and idle time for the following :

7

<b>Jobs</b>	1	2	3	4	5	6	7	8	9
<b>Machine-A</b>	13	16	15	20	17	19	18	16	15
<b>Machine-B</b>	17	19	18	15	14	20	14	19	21

OR

- (i) Solve the following game by using the principle of dominance

$$\begin{bmatrix} 3 & 9 & 4 \\ 8 & 4 & 9 \\ 8 & 3 & 8 \end{bmatrix}$$


- (ii) Explain the problem of processing 'n' jobs through two machines and the problem of processing 'n' jobs through three machines.

3

(B) Attempt any **three** :

- (1) State the definition of Game Theory.
- (2) With reference to game theory, what do you mean by maxi-min principle.
- (3) In Game theory for, when graphical method is to be used ?
- (4) Write the assumption of sequencing problem.
- (5) What do you mean by sequencing ?

4. (A) (i) Write the meaning of PERT, explain its advantages, disadvantages and characteristics.
- (ii) From the following data obtain EST, LFT, EFT, LST, TF, FF, IF and critical path.

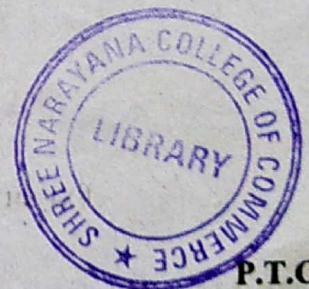
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<b>Activities</b>	a	b	c	d	e	f	g	h	i	j
<b>Path</b>	1-2	2-3	2-4	3-5	3-7	4-5	4-6	7-8	5-8	6-8
<b>Time</b>	12	13	14	12	14	10	15	13	12	16

OR

- (i) Explain :
- (1) Total Float
  - (2) Independent Float
  - (3) Free Float





4

(ii) A project has the following different activities and time estimates :

Activity	Preceding Activity	Time in week		
		$t_o$	$t_p$	$t_m$
A	-	2	14	2
B	A	3	15	6
C	A	7	13	10
D	B	4	16	10
E	-	4	28	10
F	C, D	5	17	11
G	C	4	28	10
H	E	7	13	10



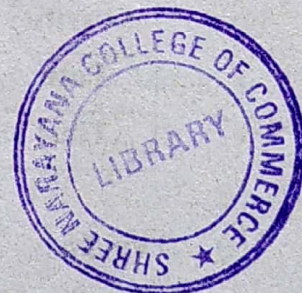
- (1) Draw PERT network.
- (2) Find out the estimated time and its variance.
- (3) Find the average completion time of the project and its variance.
- (4) Find the probability that the project will not completed within 36 weeks.

(The value of  $z = 0.3413$  for  $\pm 1$ )

(B) Define any **three** :

3

- (1)  $t_e$
- (2)  $t_o$
- (3)  $t_m$
- (4)  $t_p$
- (5)  $\sigma_t^2$





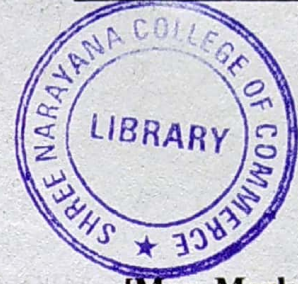
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**MM-129**

March-2019

**M.Com., Sem.-IV**

**508 : Risk Management**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. (a) What is Business Risk ? Discuss various methods of handling risk. **14**

**OR**

(1) Explain the concept of 'Cost of risk'. **7**

(2) Define Risk Management and state its objectives. **7**

(b) Select appropriate answer from alternatives given : (Any four) **4**

(1) Financial Risk of business associated with the financial \_\_\_\_\_.

(a) Structure (b) Decision

(c) Policy (d) Planning

(2) Market Risk is associated with the change in \_\_\_\_\_.

(a) Investor's attitude (b) Advertisement

(c) Production (d) Publicity

(3) \_\_\_\_\_ is not a cause of Business risk.

(a) Standard of living (b) Natural Calamities

(c) Change in fashion (d) Competition

(4) Uncertainties of Business does not include \_\_\_\_\_.

(a) Production Process

(b) Govt. Policies

(c) Invention of New Substitute

(d) Technology

(5) \_\_\_\_\_ is the component of cost of Risk.

(a) Expected losses (b) Packing cost

(c) Production cost (d) None of these

(6) Insurance is an ideal risk financing tool for \_\_\_\_\_ severity and \_\_\_\_\_ frequency.

(a) High, Low (b) High, High

(c) Low, Low (d) Low, High



**MM-129**

**5**

**P.T.O.**



6

2. (a) Distinguish between the internal risk exposures and external risk exposures. 14

OR

(1) Write short note on 'Value of Risk'. (VaR) 7

(2) Write short note on 'Risk Control'. 7

(b) Select appropriate answer from alternatives given : (Any four) 4

(1) \_\_\_\_\_ covers risk from both present and future activities.

(a) Reactive Avoidance

(b) Proactive Avoidance

(c) Both (a) and (b)

(d) None of these

(2) \_\_\_\_\_ methods are used to reduce the severity of financial impact.

(a) Loss Prevention (b) Loss Minimization

(c) Both (a) and (b) (d) None of these

(3) \_\_\_\_\_ is the human oriented external risk exposure.

(a) Earthquake (b) Terrorism

(c) Flood (d) Natural calamity

(4) \_\_\_\_\_ is the simplest form of listing the risk exposures and operative causes.

(a) Threat analysis (b) Check-list

(c) Event Analysis (d) Flow-chart

(5) Compulsory Helmet for two-wheeler driver is a loss \_\_\_\_\_ measures.

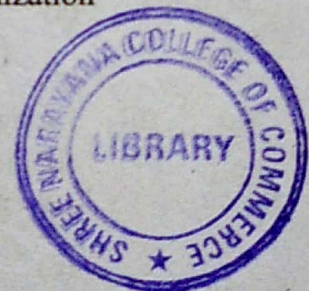
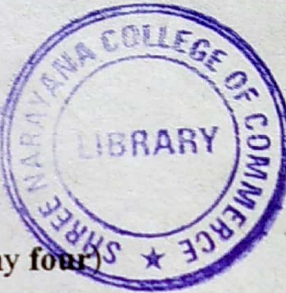
(a) Prevention (b) Prevention and Minimization

(c) Minimization (d) None of these

(6) The majority of risks lies \_\_\_\_\_ the organization.

(a) near (b) within

(c) outside (d) None of these





7

3. (a) Explain the meaning and techniques of Risk financing.

14

OR

(1) Discuss on 'Insurance as a risk transfer tool'.

7

(2) Explain the external factors affecting risk financing.

7

(b) Select appropriate answer from alternatives given : (Any three)

(1) Financial risk includes \_\_\_\_\_.

(a) Technological Risk (b) Natural Risk

(c) Interest Risk (d) All of these

(2) \_\_\_\_\_ is a benefit of Insurance.

(a) Loss Prevention (b) Reduction of worry

(c) Both (a) and (b) (d) None of these

(3) The Insurance business is regulated by \_\_\_\_\_ in India.

(a) IFCI (b) IDBI

(c) IRDA (d) SEBI

(4) \_\_\_\_\_ takes place in case of low severity low frequency risks.

(a) Hedging (b) Insurance

(c) Retention (d) None of these

(5) Risk of inflation is transferred to the third party is called \_\_\_\_\_.

(a) Insurance (b) Retention

(c) Hedging (d) None of these

4. (a) Define risk retention and explain the benefits of risk retention.

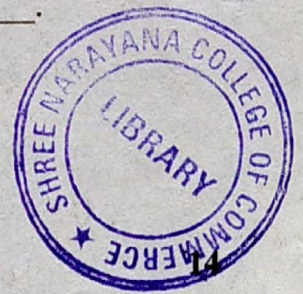
OR

(1) Write note on 'Enterprise risk management'.

7

(2) Write short note on 'Aggregated risk management'.

7

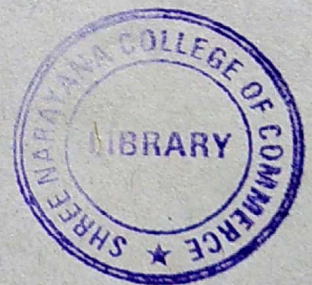
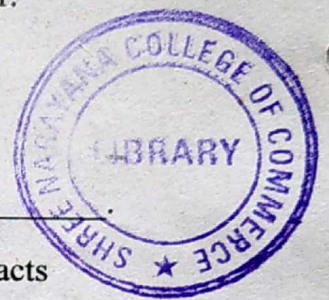




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(b) Select appropriate answer from alternatives given : (Any **three**)

- (1) Risk retention is also known as \_\_\_\_\_.
  - (a) Risk reduction
  - (b) Risk transfer
  - (c) Risk creation
  - (d) Self-Insurance
  
- (2) The risk management activities are conducted by \_\_\_\_\_.
  - (a) Corporate team
  - (b) Finance Manager
  - (c) Departmental Manager
  - (d) Risk Manager
  
- (3) Aggregated risk management is essential in \_\_\_\_\_ sector.
  - (a) Service
  - (b) Industry
  - (c) Agriculture
  - (d) All of these
  
- (4) The treatment of financial risk requires the importance of \_\_\_\_\_.
  - (a) Hedging techniques
  - (b) Future Contracts
  - (c) Financial derivatives
  - (d) All of these
  
- (5) \_\_\_\_\_ is the limitation of Risk Retention.
  - (a) Possibility of higher expense
  - (b) Higher taxes
  - (c) Higher losses
  - (d) All of these





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

**MP-146**

March-2019

**M.Com., Sem.-IV**

**511 : EA-ED-EE : International Accounting  
(Essay)**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. What is International Accounting ? How it differs from domestic accounting ? Explain characteristics and scope of International Accounting. 35

**OR**

What is scope of IFRS ? Discuss meaning, need and challenges of convergence and write a note on converged Indian Accounting Standard.

2. What is need of conversion of currency in International Accounting ? How the forward exchange contracts are used to minimize risk ? Explain with illustration single transaction approach and dual transaction approach to record international transactions. 35

**OR**

What is business combination and business consolidation ? Explain its need and discuss with illustration various techniques of business consolidation.





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

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**MN-150**

March-2019

**M.Com., Sem.-IV**

**509 EA/ED/EE : International Accounting**



**Time : 2:30 Hours]**

**[Max. Marks : 70**

1. (A) What is International Accounting ? Explain its scope. 7

**OR**

Explain characteristics of International Accounting.

(B) Discuss importance of International Accounting. 7

**OR**

Distinguish between International Accounting and Domestic Accounting.

(C) Select appropriate alternative : (any four) 4

(i) Need of International Accounting arised due to \_\_\_\_\_.

- (a) European Union                      (b) Multinational Corporation  
(c) Global Capital Market              (d) All of these

(ii) \_\_\_\_\_ is international financial instrument.

- (a) Equity share                              (b) Preference share  
(c) Bond    (d) Depository receipts

(iii) International Accounting includes \_\_\_\_\_.

- (a) Transfer price                              (b) Consolidated Accounts  
(c) Exchange rate difference              (d) All of these

(iv) Foreign currency risk arises in \_\_\_\_\_.

- (a) Export  
(b) Import  
(c) Foreign branch transactions  
(d) All of these

(v) For which of the following form, International Accounting is not helpful to the multinational corporations ?

- (a) Transfer price                              (b) Exchange rate differences  
(c) Consolidated accounts              (d) Competition between domestic entities





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- (vi) Which of the following is correct for International Accounting ?
- (a) Principles and conventions are the same across the world.
  - (b) Statutory bodies are same.
  - (c) Professional bodies are same.
  - (d) All of these

2. (A) Explain the scope of IFRS. 7

OR

What is Convergence ? Explain its need.

(B) Write a short note on IFRIC. 7

OR

Discuss challenges to convergence.

(C) Select appropriate alternative : (any four) 4

(i) IFRS are issued by \_\_\_\_\_

- (a) IASB
- (b) IASC
- (c) AICPA
- (d) ICAI

(ii) \_\_\_\_\_ is engaged in identification, discussion and resolution of financial reporting issues within the framework of IFRS.

- (a) IFRIC
- (b) IASB
- (c) IASC
- (d) ICAI

(iii) \_\_\_\_\_ Indian entities are covered under convergence to IFRS.

- (a) Listed entities
- (b) Banking entities
- (c) Insurance companies
- (d) All of these

(iv) \_\_\_\_\_ is not included in financial report prepared under IFRS.

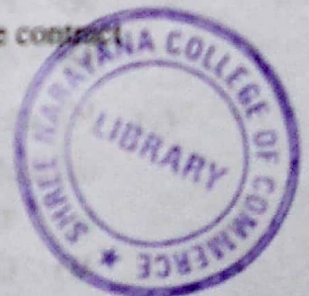
- (a) Statement of financial affairs
- (b) Statement showing changes in equity
- (c) Cash flow statement
- (d) Funds flow statement

(v) Exchange of various currencies at forward rate is called \_\_\_\_\_

- (a) Foreign rate
- (b) Exchange rate
- (c) Forward rate
- (d) Forward exchange contract

(vi) IFRS-1 is related to \_\_\_\_\_

- (a) First time adoption of IFRS
- (b) Share based payments
- (c) Operating segments
- (d) Business combinations



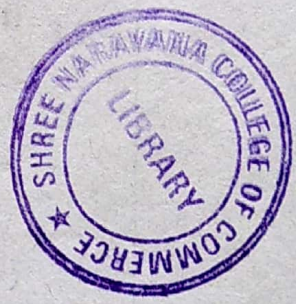


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3. (A) Shreya Ltd. has it branch in U.S.A. From the following information of head office and branch, prepare : 14

- (i) Branch Trial Balance converted in Indian rupees.
- (ii) Statement of Profit and Loss incorporating branch transactions for the year ended 31<sup>st</sup> March, 2018.
- (iii) Balance Sheet as at 31<sup>st</sup> March, 2018 incorporating branch assets and liabilities :

Particulars	Head Office (₹)	Branch (₹) \$
<b>Debit balances :</b>		
Fixed Assets	2,00,000	15,000
Debtors	18,000	700
Bank Balance	14,000	200
Cost of Operation	1,80,000	4,000
Branch Account	5,70,000	-
	<b>9,82,000</b>	<b>19,900</b>
<b>Credit Balances :</b>		
Share Capital	3,80,000	-
Reserves	1,80,000	-
Revenue from operation	3,60,000	8,000
Creditors	17,000	400
Head Office A/c.	-	9,000
Loan A/c.	45,000	2,500
	<b>9,82,000</b>	<b>19,900</b>



**Exchange Rate**

- 1-4-2017      1 \$ = ₹ 66
- 31-3-2018    1 \$ = ₹ 62
- Average        1 \$ = ₹ 64

On the date of purchase of fixed assets 1 \$ = ₹ 60 loan was acquired by branch on 1-4-2017

**OR**

- (i) Explain the need of Conversion. 7
- (ii) Write a note on : Forward Exchange Contracts. 7



79  
(B) Select appropriate alternative : (any **three**)

3

(i) Ratio of exchange of currencies of two different countries is called as \_\_\_\_\_.

- (a) Exchange rate
- (b) Fair value
- (c) Foreign currency
- (d) Foreign operation



(ii) \_\_\_\_\_ transaction protects risk of loss from International transactions.

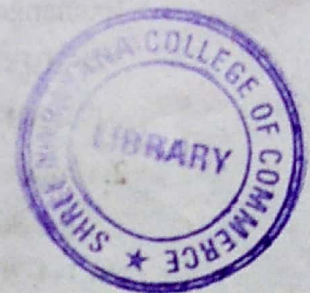
- (a) Forward contracts
- (b) Import transactions
- (c) Export transactions
- (d) All of these

(iii) An Indian trader buys goods from U.K. when exchange rate was £ 1 = ₹ 96 and he makes payment on later date when exchange rate was £ 1 = ₹ 95, he will record \_\_\_\_\_ from foreign transaction.

- (a) Profit
- (b) Loss
- (c) Profit and loss both
- (d) He will not record profit or loss.

(iv) Under \_\_\_\_\_ approach, the change in exchange rate is recorded as a separate transaction.

- (a) Double transaction
- (b) Single transaction
- (c) Deferral
- (d) All of these



(v) Origin of translation problem is \_\_\_\_\_.

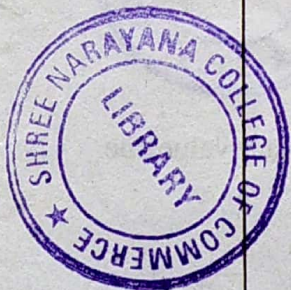
- (a) Bimetallism
- (b) Gold standard
- (c) Brettonwood system
- (d) Flexible exchange rate



4. (A) Following are the balance sheets of Indian Holding Company – A Ltd. And American Subsidiary Company – B Ltd. as on 31-3-2018 :

14

Particulars	Note No.	A Co. Ltd. (₹)	B Co. Ltd. (₹) \$
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share capital (shares of ₹ 100 each and \$ 100 each)		16,00,000	2,000
(b) Reserves & Surplus			
General Reserve		3,00,000	2,000
Balance as per statement of Profit and Loss		1,60,000	3,000
<b>2. Non-current Liabilities</b>			
10% Debentures		2,00,000	–
4% Long term borrowings			3,600
<b>3. Current Liabilities</b>			
Creditors		1,40,000	1,200
Bills Payable		50,000	800
O/s Expenses		10,000	400
<b>Total</b>		<b>24,60,000</b>	<b>13,000</b>
<b>II. Assets</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets – Tangible		6,80,000	3,200
(b) Non-current Investments			
(i) Government Securities		3,20,000	–
(ii) Investment in B. Co. Ltd. (60% of equity shares of B. Co. Ltd)		12,00,000	–
<b>2. Current Assets</b>			
Stock		80,000	4,500
Debtors		1,00,000	1,000
Bills Receivables		20,000	1,300
Bank		60,000	3,000
<b>Total</b>		<b>24,60,000</b>	<b>13,000</b>





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**Additional Information :**

- (1) On 1-4-2017, A Ltd. had acquired shares of B Ltd. on that date B Co. Ltd. had balance of General Reserve \$ 600 and credit balance as per statement of profit and loss \$ 1,000.
- (2) Exchange rates were
- |           |             |
|-----------|-------------|
| 1-4-2017  | \$ 1 = ₹ 66 |
| 31-3-2018 | \$ 1 = ₹ 62 |
| Average   | \$ 1 = ₹ 64 |



Prepare consolidated balance sheet of A. Co. Ltd. as at 31-3-2018.

**OR**

- (A) (i) Explain objectives of Business Combination. 7
- (ii) Explain Accounting treatment of foreign inflation. 7
- (B) Select appropriate alternative : (any **three**) 3
- (i) Under \_\_\_\_\_ assets of vendor company are incorporated in the financial statements of purchasing company without making any change in its values.
- (a) Amalgamation in nature of merger
- (b) Amalgamation in nature of purchase
- (c) Pro-rata consolidation
- (d) Line by line consolidation
- (ii) Under \_\_\_\_\_, goodwill or capital reserve is recorded by purchasing company.
- (a) Amalgamation in nature of merger
- (b) Amalgamation in nature of purchase
- (c) Pro-rata consolidation
- (d) Line by line consolidation
- (iii) When present monetary value of assets is less than future monetary value due to inflation, the difference is recorded as \_\_\_\_\_
- (a) Holding gain (b) Holding loss
- (c) Future gain (d) Future loss
- (iv) Conversion factor under current purchasing power accounting = \_\_\_\_\_



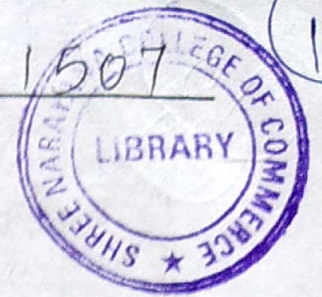


(17)

- (a)  $\frac{\text{Index at the end of Accounting Year}}{\text{Index of the date of transaction}}$
- (b)  $\frac{\text{Index of the year of transaction}}{\text{Index of Accounting Year}}$
- (c) Index of Accounting Year  $\times$  Index of the year of transaction
- (d) Index of Accounting Year + Index of the year of transaction
- (v) Under \_\_\_\_\_ method financial assets and financial liabilities are classified into non-monetary items and monetary items.
- (a) Current purchasing power
- (b) Current cost accountancy
- (c) Replacement cost accountancy
- (d) Book value





Seat No. : 1507**MO-152**

March-2019

M.Com., Sem.-IV

**510 EE : Management Accounting – II**

Time : 2:30 Hours]

[Max. Marks : 70

1. (a) (i) A Company is planning to buy a machine costing ₹ 3,60,000. The life of machine is 5 years and its salvage value at the end of life is nil. The machine will produce the net operating income after depreciation of ₹ 68,000 p.a. The company's tax rate is 45%. The net present value factors for 5 years are as under :

Discounting Rate	14	15	16	17	18
Annuity factor	3.43	3.35	3.27	3.20	3.13

You are required to calculate Internal Rate of Return of the proposal.

- (ii) A company is considering selecting a machine out of two machines namely A & B. The cost of Machine-A is ₹ 1,35,000 and Machine-B is ₹ 2,40,000. There will be no scrap value at the end of life of both machines. The cost of capital is 16%. The annual cash flows are as under :

Year	Machine – A	Machine – B	Discounting factor @ 16%
1	–	60,000	0.862
2	30,000	84,000	0.743
3	1,32,000	96,000	0.641
4	84,000	1,02,000	0.552
5	84,000	90,000	0.476

Calculate :

- (1) Discounted Pay-back period.
- (2) Net Present Value.
- (3) Profitability Index.

**OR**

- (a) K Ltd. is considering investing in a project. The expected investment in project will be ₹ 2,00,000. The life of project will be 5 years with no salvage value. The expected net cash inflow after depreciation but before tax will be as under :

Year	1	2	3	4	5
₹	85,000	1,00,000	80,000	80,000	40,000

The cost of capital is 10% and tax rate is 30%.

- Calculate :
- (1) Pay-back period.
  - (2) Average Rate of Return.
  - (3) Net present value.
  - (4) Internal Rate of Return.





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The present value factors of ₹ 1 are as follows :

Year	10%	37%	38%	40%
1	0.909	0.730	0.725	0.714
2	0.826	0.533	0.525	0.510
3	0.751	0.389	0.381	0.364
4	0.683	0.284	0.276	0.260
5	0.621	0.207	0.200	0.186

Variable

(b) Choose the correct option :

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- (1) Internal Rate of Return is always greater than cost of capital.
  - (a) True
  - (b) False
- (2) Which of the following indicate cash flow ?
  - (a) Profit after taxes
  - (b) Profit before tax – depreciation
  - (c) Profit after tax + depreciation
  - (d) None of the above
- (3) Under which method, cash flow of each year is re-invested ?
  - (a) Net Present value
  - (b) Pay-back period
  - (c) Internal Rate of Return
  - (d) Terminal value
- (4) Lower the discount Rate, \_\_\_\_\_ the present value.
  - (a) higher
  - (b) lower
  - (c) no relation



2. (a) Attempt any two :

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- (i) From the following information, state which project is better if certainty equivalent method is used.

Year end	Project - A		Project - B	
	Cash flow (₹)	C.E.	Cash flow (₹)	C.E.
0	- 10,000	-	- 10,000	-
1	4,000	0.90	5,000	0.80
2	4,000	0.80	6,000	0.70
3	2,000	0.60	3,000	0.50

- (ii) Explain sensitivity analysis with example.
- (iii) Explain effect of inflation on Capital budgeting decision with example.



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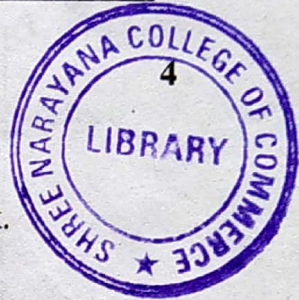


(iv) From the following information, find out which project is more risky using standard deviation approach. Both project require equal investment of ₹ 5,000.

Possible event	Project - X		Project - Y	
	Cash flow (₹)	Probability	Cash flow (₹)	Probability
A	4,000	0.10	12,000	0.10
B	5,000	0.20	10,000	0.15
C	6,000	0.40	8,000	0.50
D	7,000	0.20	6,000	0.15
E	8,000	0.10	4,000	0.10

(b) State whether following statements are **True** or **False**.

- (1) Risk adjusted discount rate is higher than risk-free discount rate.
  - (a) True
  - (b) False
- (2) Co-efficient of variation is an absolute measure for measuring risk.
  - (a) True
  - (b) False
- (3) Decision tree approach is a technique which deals with risk measurement.
  - (a) True
  - (b) False
- (4) Sensitivity analysis provides a single estimate of future return from project.
  - (a) True
  - (b) False



3. (a) (i) Calculate missing figures in following table :

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Particulars	Division - A	Division - B	Division - C
Sales (₹)	1,50,000	1,87,500	2,50,000
Operating Assets (₹)	(?)	6,25,000	(?)
Operating Income (₹)	11,250	(?)	25,000
ROI (%)	15	15	25
Minimum Required Rate of Return	(?)	(?)	(?)
Residual Income	3,750	12,500	Nil

(ii) Discuss responsibility centres.

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**OR**

- (i) What is responsibility Accounting ? Explain its advantages and limitation.
- (ii) Explain Residual Income Method with example.



(b) Choose the correct option.

- (1) A Company's ROI would generally increase when.
  - (a) Assets increase
  - (b) Selling Price decrease
  - (c) Cost increase
  - (d) Cost decrease



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- (2) The basic purpose of responsibility accounting system is  
(a) Authority (b) Budgeting  
(c) Variance Analysis (d) Motivation
- (3) Responsibility Accounting is a part of  
(a) Global Responsibility System  
(b) Internal Reporting System  
(c) External Reporting System  
(d) Corporate Reporting System

4. (a) Division K is a profit centre which produces three products L, M & N. Each product has an external market : 14

Products	L	M	N
External Market Price per unit (₹)	48	46	40
Variable cost of production in division k (₹)	33	24	28
Labour hours required per unit in division k	3	4	2

Product M can be transferred to Division. K but the maximum quantity that might be required for transfer is 300 units of M.

Products	L	M	N
Maximum External sales (units)	800	500	300

Instead of receiving transfer of Product M from Division K, Division J could buy similar product in the open market at a slightly cheaper price of ₹ 45 per unit. What should be the transfer price for each units of M, if the total labour hours available in Division K are : (i) 3,800 hrs. (ii) 5,000 hours ?

**OR**

- (i) What is transfer pricing ? State its objectives. 7  
(ii) Explain cost based transfer pricing. 7
- (b) Choose the correct option : 3
- (1) Division under transfer pricing system is treated as profit centre.  
(a) True (b) False
- (2) A transfer price is considered on the basis of actual value rather than notional value.  
(a) True (b) False
- (3) Transfer pricing is concerned with  
(a) Inter-organizational transfer  
(b) Intra-divisions of an organization  
(c) Both of above  
(d) None of above





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

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# MQ-138

March-2019

M.Com., Sem.-IV

## 512 EE : Management Accounting-II

Time : 2:30 Hours]

[Max. Marks : 70

1. (a) Discuss how net present value method is superior over pay-back period method of capital budgeting. Explain Internal rate of return method in detail. 25
- (b) Discuss effect of taxation on capital budgeting. 10

OR

Explain different techniques of capital budgeting under risk and uncertainty in detail with example. 35

2. What is Responsibility Accounting ? Explain its advantages and limitations. Discuss various responsibility centres and various methods transfer price determination in detail with example. 35

OR

Explain objectives and role of transfer pricing for business. Discuss in detail various methods of transfer pricing. Explain International Transfer Pricing.

