

M.COM – IInd Year

SEM – III & IV

Previous Year

Question Papers

Academic Year:

(2015-16 to ²⁰¹⁶⁻¹⁷2017-18)



Please Note: This set has been prepared based on the papers received to us from the Examination Cell. It may have missing papers on non-availability of the same.



SH-47

Total No. of Pages : 7

Seat
No.

M.Com. (Part - II) (Semester - III) (CBCS)

Examination, November - 2016

MANAGEMENT ACCOUNTING (Paper - I) (Compulsory)

Sub. Code : 61769

Day and Date : Friday, 11 - 11 - 2016

Total Marks : 80

Time : 10.30 a.m. to 1.30 p.m.

- Instructions :
- 1) Question No. 1 and 2 are compulsory.
 - 2) Attempt any Three questions from Question No. 3 to 6.
 - 3) Figures to the right indicate full marks.

Q1)A) Choose the correct alternative: [8]

- a) _____ Accounting assists the management to carry out the functions.
- i) Management
 - ii) Financial
 - iii) Cost
 - iv) Human Resource
- b) Financial statements report to the end users _____ information.
- i) Quantitative
 - ii) Factual information
 - iii) Market
 - iv) General
- c) _____ Ratio is also termed working capital ratio.
- i) Current
 - ii) Liquid
 - iii) Debt equity
 - iv) Turnover

P.T.O.



- c) The total of current assets over the total of current liabilities is termed as _____
- d) Decrease in working capital is considered as _____ of funds.

C) State the following statements are True or False: [4]

- a) Management accounting is useful for external parties.
- b) Funds required to pay the cost of fixed asset is termed as working capital.
- c) Net profit and cash from operation are the same terms.
- d) Management accounting is based on historical cost.



Q2) Write short answers (Any two) [16]

- a) Distinguish between management accounting and financial accounting.
- b) Distinguish between funds flow statement and cash flow statement.
- c) State the factors determines the size of working capital.

OR

Q2) Write short notes on (Any Four) [16]

- a) Role of management accountant.
- b) Profitability ratio.



- c) Operating cycle.
- d) Nature of management accounting.
- e) Funds from operation.
- f) Cash flow statement

Q3) The following information has been submitted by a borrower:

[16]

- a) Expected sales per annum Rs. 12,00,000
- b) Raw materials to remain in stock on an average 2 months
- c) Processing period for each unit of production 1 month
- d) Finished goods remain in stock on an average 3 months
- e) Credit allowed to customers from the date of dispatch 3 months.
- f) Credit allowed by suppliers for 1 month
- g) Expenses ratio of cost to selling price:
 - i) Raw material — 60%
 - ii) Direct wages — 10%
 - iii) Overheads — 20%
- h) Expected margin of sales 10%

You are asked to estimate the working capital requirements of the borrower.

Q4) Prepare a Funds Flow statement from the following particulars:

[16]

Balance Sheet of X Co. Ltd.

Assets	31-03-2014	31-03-2015
Goodwill	7,500	5,000
Buildings	1,42,500	1,57,500
Plant and machinery	93,000	75,000
Investment (long term)	75,000	75,000
Stock	2,00,000	1,80,000
Sundry Debtors	1,50,000	1,65,000
Cash in hand	6,250	12,500
Cash at bank	50,750	80,000
Total	7,25,000	7,50,000
<u>Liabilities</u>		
Share Capital	2,00,000	2,50,000
General reserve	10,000	25,000
Profit and loss Account	15,000	50,000
12% Debentures	2,00,000	2,35,000
Sundry creditors	1,25,000	60,000
Bills payable	75,000	40,000
Proposed dividend	40,000	40,000
Provision for taxation	60,000	50,000
Total	7,25,000	7,50,000



[16]



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Additional Information:

- a) During the year investments costing Rs. 20,000 were sold at a profit of Rs. 10,000
- b) An interim dividend of Rs. 25,000 was paid during the year.
- c) Taxes paid during the year Rs. 60,000.
- d) Rs. 15,000 was charged as depreciation on building.
- e) Depreciation charged on Plant and machinery Rs. 9,300.



Q5) The following Balance Sheet are given:

[16]

Liabilities	2014	2015	Assets	2014	2015
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Pref..Share Capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & loss A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivables	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
Total	6,77,000	8,17,000	Total	6,77,000	8,17,000



It is also given that:

- a) Depreciation of Rs.20,000 on land and building and Rs. 10,000 on plant has been charged in 2015.
- b) Interim dividend of Rs. 20,000 has been paid in 2015.
- c) Income tax of Rs. 35,000 has been paid during 2015.

Prepare Cash flow statement for the year 2015 as per AS-3

Q6) Prepare the Balance Sheet from the particulars furnished here under: [16]

Stock Velocity : 6 times

Gross Profit Margin : 20%

Capital Turnover Ratio : 2 times

Fixed Asset Turnover Ratio : 4 times

Debt Collection period : 2 months

Creditors Payment Period : 73 days

Gross Profit was Rs. 60,000

Excess of closing stock over opening stock was Rs. 5,000

Difference in Balance Sheet represents Bank balance

The entire sales and purchase are made on credit basis.

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M.Com. (Part - II) (Semester - III) (CBCS)
Examination, November - 2016
BUSINESS FINANCE (Compulsory) (Paper - I)
Sub. Code : 61770



Day and Date : Saturday, 12-11-2016

Total Marks : 80

Time : 10.30 a.m. to 1.30 p.m.

- Instructions :**
- 1) Question No. 1 & 2 are compulsory.
 - 2) Attempt any three questions from Que. No. 3 to 6.

Q1) A) Select the appropriate alternative and write in the answer book. [8]

a) Every organization prepares a Balance Sheet for knowing the _____.

- | | |
|-----------------------|---------------------|
| i) Financial position | ii) Income position |
| iii) Market position | iv) None |

b) Commercial paper (CP) is an unsecured money market instrument in the form of _____.

- | | |
|--------------------|-------------------|
| i) Credit Note | ii) Debit Note |
| iii) Promisorynote | iv) None of these |

c) A minimum credit rating of _____ is necessary for Commercial Papers.

- | | |
|----------|-------------------|
| i) A-2 | ii) B-2 |
| iii) C-2 | iv) All the above |

P.T.O.

- C) State whether the following statements are True or False: [4]
- Business finance deals with financial problems.
 - Equity Share holders are called residual claimants in a company.
 - Commodity market is place where securities are bought and sold.
 - Bombay Stock Exchange (BSE) is a primary market.

Q2) Answer Any Two of the following: [16]

- State the characteristics of financial statements.
- Explain the scope and significance of business finance.
- What are the factors determining working capital requirements?

Q3) Explain the various types of financial statements in brief. [16]

Q4) Explain the methods of Marketing of securities. [16]

Q5) What is capitalization? Explain the theories of capitalization. [16]

Q6) Write Short Notes on Any Two of the following: [16]

- Commercial Papers.
- SEBI.
- Cash and liquidity management.





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Total No. of Pages : 3

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M.Com.(Part-II) (Semester-III) (CBCS) (Regular)

Examination, November - 2016

Gr.-d : RESEARCH METHODOLOGY (Paper-VI)

For all optional Papers

Sub. Code : 61772



Day and Date : Wednesday, 16 - 11 - 2016

Total Marks : 80

Time : 10.30 a.m to 1.30 p.m.

- Instructions :**
- 1) Q.No.1 and Q.No.2 is compulsory.
 - 2) Attempt any three questions from Q.No. 3 to Q.No.6.
 - 3) Figures to the right indicate full marks.

Q1) A) Multiple Choice questions (MCQS) [8]

Choose the most appropriate alternative:-

- a) _____ procedure is useful when sampling frame is available in the form of a list.
 - i) Deliberate sampling
 - ii) Stratified sampling
 - iii) Sequential sampling
 - iv) Systematic sampling
- b) In case of descriptive studies, we quite often use the technique of _____ interview because of its being more economical.
 - i) unstructured
 - ii) Non-directive
 - iii) focussed
 - iv) structured
- c) Population census all over the world is conducted through _____.
 - i) Questionnaires
 - ii) interviews
 - iii) observations
 - iv) Schedules
- d) A study of 'cost and price of sugarcane in western maharashtra' is termed as _____ research.
 - i) Applied
 - ii) pure
 - iii) Library
 - iv) Empirical
- e) A case study does not assume _____.
 - i) Fundamental unity of human nature.
 - ii) Similarity of human responses
 - iii) Recurrence of circumstances
 - iv) Two men are totally different and not alike.

P.T.O.

Q4) Explain layout of the project report and chapterization and discuss contents of chapters. [16]

Q5) What is difference between questionnaire and schedule? Explain types of questions in questionnaire. [16]

Q6) Write short notes (any Two) [16]

- a) Advantages of case study method.
- b) Concept of hypothesis and steps in testing of hypothesis.
- c) Types of Interviews.

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[16]

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M.Com. (Part - II) (Semester - IV) Examination, March - 2016
MANAGEMENT ACCOUNTING (Paper - II) (Compulsory)
Sub. Code : 61793

Day and Date : Wednesday, 30 - 03 - 2016

Total Marks : 80

Time : 3.00 p.m. to 6.00 p.m.

- Instructions :
- 1) Q.No. 1 and 2 are compulsory.
 - 2) Attempt any 3 questions from Q.No. 3 to Q. 6.
 - 3) Figures to the right indicate full marks.

- Q1) A) Choose correct alternative from the given alternatives : [8]**
- a) According to Lyndall Urwick, there are _____ principles of Management control.
- i) Two
 - ii) Three
 - iii) Four
 - iv) Five
- b) The reports to the top management should be _____.
- i) detailed
 - ii) lengthy
 - iii) summarised form
 - iv) brief
- c) Contribution = _____.
- i) Selling price-Variable cost
 - ii) Selling price-Fixed costs
 - iii) Selling price-Fixed & Variable cost
 - iv) None of these

P.T.O.

d) Expenditure incurred to increase revenue earning capacity is termed as _____ expenditure.

- i) Revenue
- ii) Capital
- iii) Short term
- iv) None of these



e) The production budget process usually begins with _____.

- i) Sales budget
- ii) Production budget
- iii) Purchase budget
- iv) Flexible budget

f) Responsibility accounting is based on information relating to _____.

- i) Sales & Purchase
- ii) Receipts & Payments
- iii) Income & Expenditure
- iv) Input & Output

g) Idle time variance is always _____.

- i) Favourable
- ii) Unfavourable
- iii) Good
- iv) None of these

h) The reports meant for different levels of management are called _____ reports.

- i) Internal
- ii) External
- iii) Shareholders
- iv) Level



B) Fill in the blanks :

[4]

- a) _____ cost is compared with standard cost to determine the variance and the cost thereof.
- b) Responsibility of _____ centre is limited to accumulation of revenue (output) only.
- c) _____ are established criteria against which actual results can be measured.
- d) _____ is a system that aids management in carrying out its functions successfully.

C) State whether the following statements are true or false :

[4]

- a) Report is generally in downward direction from top to bottom.
- b) Management control is essential only at a top level management.
- c) Impersonal cost centre represents a person like foreman, salesman etc.
- d) Budget is an exact science.

- Q2) a) Explain the characteristics of control process. [8]
- b) Describe the functions of MIS. [8]

OR

Write short notes (Any Four) :

[16]

- a) Objects of Control.
- b) Types of Control.
- c) Characteristics of good report.
- d) Limitations of Marginal costing.
- e) Objects of reporting.
- f) Advantages of Budgetary control.

Q3) Universal Ltd. has prepared the following budget estimates for the year 2011-12. [16]

Sales (units)	15,000
Fixed Expenses	Rs.68,000
Sales value	Rs.3,00,000
Variable cost (per unit)	Rs.12

You are required to :

- a) Find the P/V ratio, break even point.
- b) Calculate the revised P/V ratio and break even point in each of the following cases.
- Decrease of 10% in selling price.
 - Increase of 10% in variable cost.
 - Increase of sales volume by 2000 units.

Q4) Prepare a Cash budget for the three months ending on 30th June 2014 from the information given below : [16]

a) Month	Sales	Materials	Wages	Overhead
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

b) Credit terms are :

Sales and debtors – 10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.

Creditors – Material 2 months, Wages $\frac{1}{4}$ month, overheads $\frac{1}{2}$ months.

c) Cash balance on 1st April 2014 Rs. 6,000.

d) Other information :

- i) Plant & Machinery will be installed in Feb 2014, at a cost of Rs. 96,000. The monthly instalment of Rs. 2,000 is payable from April onwards.
- ii) Dividend @ 5% on preference share capital of Rs. 2,00,000 will be paid on 1st June 2014.
- iii) Advance to be received for sale of vehicle Rs. 9,000 in June.
- iv) Dividend of Rs. 1,000 expected to be received in June.
- v) Advance income tax to be paid in June Rs. 2,000.

Q5) From the following information relating to the Amey Industries for the three months ending on 31st March 2009, you are required to prepare a flexible budget at 50%, 60%, 80% and 100% capacity. [16]

Fixed Expenses

Management salaries	4,20,000
Rent & Rates	2,80,000
Depreciation of Machinery	3,50,000
Sundry office costs	4,45,000

Semi-variable expenses (at 50% capacity)

Plant maintenance	1,25,000
Indirect labour	4,95,000
Salesman salaries	1,45,000
Sundry expenses	1,30,000

Variable Expenses (at 50% capacity)

Material	12,00,000
Labour	12,80,000
Salesman commission	1,90,000

Semi-variable expenses remain constant between 40% to 70% capacity. Increase by 10% of the above figures between 70% and 85% capacity and increase by 15% of the above figure between 85% to 100% capacity.

Fixed expenses remain constant whatever be the level of activity.

Sales at 60% capacity arcs	Rs. 51,00,000
Sales at 80% capacity arcs	Rs. 68,00,000
Sales at 100% capacity arcs	Rs. 85,00,000

It is assumed that all items produced are sold.

Q6) The standard output of 'X' is 25 units per hour in a factory department of a company employing 100 workers. The standard wage rate per labour hour is Rs. 6.

In a 42 hour week, the department produced, 1040 units of 'X' despite 5% of the time paid was lost due to abnormal reason. The hourly rate actually paid were Rs. 6.20, Rs. 6 and Rs. 5.70 respectively to 10, 30 and 60 workers.

Calculate labour cost variance, labour efficiency variance, labour rate variance and idle time variance, working should form part of your answer.

[16]





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Total No. of Pages : 3

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M.Com. (Part - II) (Semester - IV) Examination, March - 2016

BUSINESS FINANCE (Paper - II)

Sub. Code : 61794

Day and Date : Thursday, 31 - 03 - 2016

Total Marks : 80

Time : 3.00 p.m. to 6.00 p.m.

- Instructions :
- 1) Q.No.1 and 2 are compulsory.
 - 2) Attempt any three questions from Q.No. 3 to 6.
 - 3) Figures to the right indicate full marks.



Q1) A) Choose the correct alternative given below :

[8]

- i) _____ can be regarded as internal form of restructuring.
 - a) Alteration of share capital
 - b) Acquisition
 - c) Amalgamation
 - d) Joint venture
- ii) _____ is long term agreement which corresponds with economic life of the asset.
 - a) Financial lease
 - b) Operating lease
 - c) Leverage lease
 - d) Sale and lease back
- iii) The concept of Hire-purchase arrangement originated in _____.
 - a) India
 - b) U.K.
 - c) USA
 - d) Japan
- iv) In India, Mutual funds were introduced in the year _____.
 - a) 1920
 - b) 1947
 - c) 1964
 - d) 1991
- v) Credit rating is a scientific tool of evaluation of _____ of the issuing company.
 - a) shares
 - b) profitability
 - c) debt instrument
 - d) none of the above

P.T.O.



Q2) Answer any two of the following : [16]

- a) Explain the features of project financing.
- b) What are the different types of ADRs?
- c) Explain the considerations between Leasing and Hire Purchase decision.

Q3) Describe various forms of external restructuring. [16]

Q4) State the advantages of investment in Mutual funds. [16]

Q5) Explain rating methodology adopted by credit rating agencies. [16]

Q6) Write short notes on any two of the following : [16]

- a) Reasons for FDI.
- b) Sale and Lease back.
- c) Benefits of Credit rating.





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Total No. of Pages :4

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**M.Com (Part -II) (Semester -IV)(CBCS)
Examination, April - 2016
Gr-a:ADVANCED ACCOUNTANCY
Financial Management (Paper - VII)
Sub. Code: 61795**

Day and Date : Friday, 1 - 4 - 2016
Time :3.00 p.m. to 6.00 p.m.

Total Marks :80

- Instructions :
- 1) Q.No.1 and 2 are compulsory.
 - 2) Attempt any three questions from Q.No.3 to Q.No.6
 - 3) Figures to the right indicate full marks.

Q1)A)Choose the correct alternative:

[8]

- a) Profit maximisation has a major short coming of _____
- i) Focus only on absolute amount of profit
 - ii) ignoring time value,
 - iii) ignoring risk,
 - iv) all of the above
- b) Capital structure of a company broadly comprises of _____
- i) debt and equity
 - ii) net worth and net assets,
 - iii) loans and liabilities
 - iv) all of the above
- c) Financial leverage arises because of inclusion of _____ in capital.
- i) debt
 - ii) preference shares,
 - iii) equity shares,
 - iv) all of the above

P.T.O.

d) If total capital is ₹.50Lakh, debt is 40% of total capital, interest rate is 10% and tax rate is 30%, net cost of debt is _____ %

i) 10 %

ii) 30 %

iii) 7%

iv) 4 %

e) In case of _____ there is opportunity cost involved

i) equity

ii) debt

iii) retained earnings,

iv) none of the above



f) Which of the following is not an assumption for modigliani-Miller hypothesis.

i) Capital markets are perfect

ii) There are no transaction costs,

iii) There is absence of tax

iv) rate of dividend is fixed.

g) In planning capital structure of a firm, _____ can be important factor.

i) Control

ii) Flexibility

iii) Cash flow

iv) all of the above

h) The financial plan that gives maximum _____ is selected.

i) Financial leverage

ii) EBIT

iii) Cost of capital,

iv) EPS

B) Fill in the blanks

[4]

a) P E Ratio= _____

b) As per _____ approach of capital structure, optimum capital structure is one at which the cost of capital is lowest and value of the firm is the greatest.

c) The primary objectives of financial management are _____ and _____

d) If EBIT is ₹.40,000, EBT is ₹.30,000, operating leverage is 2, combined leverage will be _____



C) State whether the following statements are True/False.

- a) Merger can attract a benefit of synergy-
- b) As per modigliani-Miller hypothesis, market value of a firm is independent of its capital structure-
- c) Operating leverage arises because of financial charges-
- d) Weighted average cost of capital does not consider cost of retained earnings-

[4]

Q2) Answer any two of the following

Falc

- a) Explain the scope of financial management.
- b) What do you mean by 'merger'? What are its benefits?
- c) Describe the traditional approach of capital structure.

[16]

Q3) a) The market price of a share is ₹. 125 and company plans to pay dividend of ₹.5 per share. The growth of dividend is expected to be @ 8%. Find out the cost of equity capital. [4]

b) A company issues 10 % irredeemable debentures of ₹.100,000. The company is in the tax bracket of 40%. [12]

Calculate the cost of debt if-

- i) the debentures are issued at par
- ii) the debentures are issued at 10% discount.
- iii) the debentures are issued at 10 % premium

Q4) AB Ltd. estimates the cost fo equity and debt components of its capital for different levels of debt equity mix as follows: [16]

Debt as % of Total capital	Cost of Equity(%)	Cost of debt (Before tax)
0	16	12
20	16	12
40	20	16
60	24	20



Calculate weighted average cost of capital and suggest the best debt-equity mix assuming that tax rate is 30%

Q5) A business house runs three companies A, B & C.

The details are given below:

	A	B	C
Annual production capacity	100,000 units	1,50,000 units	2,50,000 units
Capacity Utilisation(sales)	75%	75%	75%
Selling Price per unit	₹.40	₹.40	₹.40
Variable cost per unit	₹.15	₹.15	₹.15
Fixed cost p.a.	₹.200,000	₹.300,000	₹.500,000
Equity capital (₹.100 pershare)	₹.500,000	₹.700,000	₹.10,00,000
10% Pref.share capital	—	₹.50,000	₹.100,000
15% Debentures	₹.100,000	₹.200,000	₹.300,000

Calculate operating leverage, financial leverage, combined leverage and EPS of these companies and comment.

Tax rate applicable is 30%

[16]

Q6) Companies X and Y are identical in market share and production process. X has issued equity shares of ₹.10 lakh and 9% debentures of ₹.10 Lakh while Y has issued only equity of ₹.20Lakh. Both the companies earn 15 % before interest and tax on total assets of ₹. 20 Lakhs. Assuming a tax rate of 30% and capitalisation rate of 15% for an all-equity company compute the value of companies X and Y using net Income Approach.

[16]



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Total No. of Pages : 4

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M.Com. (Part - II) (Semester - IV) (CBCS)
Examination, November - 2016
MANAGEMENT ACCOUNTING (Paper - II)
Management Control System (Compulsory)
Sub. Code : 61793

Day and Date : Monday, 07-11-2016
Time : 2.30 p.m. to 5.30 p.m.

Total Marks : 80

- Instructions :**
- 1) QNo. 1 and 2 are compulsory.
 - 2) Attempt any three from QNo. 3 to QNo. 6.
 - 3) Figures to the right indicate full marks.

- Q1) A) Choose correct alternative from the given alternatives : [8]**
- a) The production budget process usually begins with the _____.
 - i) Sales budget
 - ii) Direct labour budget
 - iii) Direct material budget
 - iv) Direct overhead budget
 - b) Make or buy decision is an application of _____.
 - i) Standard costing
 - ii) Marginal costing
 - iii) Absorption costing
 - iv) Job costing
 - c) The reports meant for different levels of management are called _____ reports.
 - i) External
 - ii) Share holders
 - iii) Internal
 - iv) Statutory
 - d) The difference between standard cost and actual cost is termed as _____.
 - i) Profit
 - ii) Differential cost
 - iii) Marginal cost
 - iv) Variance
 - e) _____ is a budget which is designed to change in accordance with the level of activity attained.
 - i) Cash budget
 - ii) Flexible budget
 - iii) Fixed budget
 - iv) Sales budget

P.T.O.

- f) Fixed cost remains fixed _____.
- in short run
 - in the long run
 - in both short & long run
 - under any situation
- g) Control should be _____ looking.
- Backward
 - Forward
 - Financial
 - Management
- h) The report to the top management should be _____.
- lengthy
 - detailed
 - summarised form
 - brief



- B) Fill in the blanks: [4]
- Profit is earned when contribution is greater than _____ cost.
 - Variance analysis is the process of computation of the amount of _____ and _____.
 - The period of recovery of capital expenditure is called _____.
 - Standard cost means _____ cost.
- C) State whether the following statements are True or False: [4]
- Marginal costing is more suitable for management decision making than absorption costing.
 - The variance is a total of standard cost and actual cost.
 - The enterprise reports are prepared for the concern as a whole.
 - Profit centre is a combination of cost centre and revenue centre.

- Q2) a) What is budgetary control? Explain the advantages of budgetary control. [8]
- b) Define control and explain the steps in control process. [8]

OR

Write Short Notes (Any Four) [16]

- Variance Analysis.
- MIS
- Types of reports.
- Limitations of Responsibility Accounting.
- Break even point.
- Advantages of Marginal costing.

Q3) The standard labour component and the actual labour component engaged in a week for a job as under? [16]

	Skilled Worker	Semi-skilled Worker	Unskilled Worker
a) Standard number of workers in the gang	32	12	6
b) Standard wage rate (Rs.) per hour	30	20	10
c) Actual number of workers employed in the gang during the week.	28	18	4
d) Actual wage rate per hour (Rs.)	40	30	20

During the 40 hours working week the gang produced 1800 standard labour hours of work.

Calculator:

- Labour Efficiency Variance.
- Labour Mix Variance.
- Rate of Wage Variance.
- Total Labour Cost Variance



Q4) The company is considering investment of Rs. 1,00,000 in a project. The following are the income forecasts, after depreciation and tax. 1st year Rs. 10,000, 2nd year Rs. 40,000, 3rd year Rs. 60,000. 4th year Rs. 20,000 & 5th year Rs. Nil. [16]

Calculate : a) Pay back period. b) Discounted pay back period. at 10% interest factor. The net present value of Re. 1 at 10% are as under.

1st Year	0.909
2nd Year	0.826
3rd Year	0.751
4th Year	0.683
5th year	0.620

Q5) The cost sheet of a company based on a budgeted volume of sales of 3,00,000 units per quarter is as under: [16]

	Rs. Per Unit
Direct Materials	5.00
Direct wages	2.00
Factory overheads (50% Fixed)	6.00

Selling & Administrative overheads (Variable 1/3)	3.00
Selling price	18.00

When the budget was discussed it was felt that the company would be able to achieve only a volume of 2,50,000 units of production and sales per quarter. The company therefore decided that an aggressive sales promotion campaign should be launched to achieve the following operations.

Proposal I - a) Sell 4,00,000 units per quarter by sending Rs. 2,00,000 on special advertising.

b) The factory fixed costs will increase by Rs. 4,00,000 per quarter.

Proposal II - a) Sell 5,00,000 units per quarter subject to following conditions.

b) Price reduction of Rs. 2 per unit is allowed on all sales.

c) Variable selling & Administrative cost will increase by 5%.

d) Direct material costs will be reduced by 1%.

e) The fixed factory costs will increase by Rs. 2,00,000 more.

Prepare Flexible budget at 2,50,000 units, 4,00,000 units and 5,00,000 units of output per quarter and calculator the profit at each of the above level output.

Q6) Natraj Dining Hall serves only the meals at a standard rate. Its fixed cost for a 3 months period is Rs. 2,00,000. The variable cost per meal is Rs. 30 and price charged per meal is Rs. 50. [16]

- Calculate the break-even point in number of meals and in Rs. sales for a three month period.
- If 15,000 meals are served in a quarter, what profit is earned?
- In one quarter a loss of Rs. 10,000 was incurred, what was the number of meals served during this 3 months period.
- If fixed cost is increased by Rs. 1,00,000 for a 3 months period and if variable cost remains the same, what price should be charged per meal so that BEP is maintained at the same level as calculated in (a) above?





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Total No. of Pages : 3

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M.Com.(Part-II) (Semester-IV) (CBCS)
Examination, November - 2016
BUSINESS FINANCE (Paper-II) (Compulsory Paper)
Sub. Code : 61794



Day and Date : Tuesday, 08 - 11 - 2016

Total Marks : 80

Time : 2.30 p.m to 5.30 p.m.

- Instructions :
- 1) Q.No.1 and 2 are compulsory.
 - 2) Attempt any three questions from QNo. 3 to 6.
 - 3) Figures to the right indicate full marks.

Q1) A) Select the appropriate alternative from among given below each statement and rewrite the statement **[8]**

- a) Under divestiture form of Corporate Restructuring, the consideration is to be paid in _____ only.
- i) Bonds
 - ii) Cash
 - iii) Debentures
 - iv) Equity Shares
- b) According to RBI guidelines, banks can undertake leasing business not more than _____ of their total assets.
- i) 10 percent
 - ii) 20 percent
 - iii) 15 percent
 - iv) 25 percent
- c) The concept of Hire-Purchase arrangement of finance was first originated in _____.
- i) United States of America
 - ii) Australia
 - iii) United Kingdom
 - iv) India
- d) _____ is an indirect mode to reap the benefits of share market.
- i) Project Finance
 - ii) Mutual Funds
 - iii) Leasing
 - iv) None

P.T.O.

Q2) Write short answers (Any Two) [16]

- a) Explain the types of leasing.
- b) What are benefits of Takeovers?
- c) What is the need of International Finance?

Q3) Explain the methodology of Credit Rating. [16]

Q4) What do you mean by Corporate Restructuring? Explain the various forms of Corporate Restructuring. [16]

Q5) Explain the significance of Mutual Funds. [16]

Q6) Write short notes (Any Two) [16]

- a) Areas of Financial Research
- b) Features of Project Finance.
- c) Foreign Currency Boards

✓ ✓ ✓





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Total No. of Pages : 4

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M.Com. (Part - II) (Semester - IV) (CBCS)

Examination, November - 2016

Gr. - a : ADVANCED ACCOUNTANCY

Financial Management (Paper - VII)

Sub. Code : 61795



Day and Date : Wednesday, 09 - 11 - 2016

Total Marks :80

Time : 2.30 p.m. to 5.30 p.m.

- Instructions :**
- 1) Que. No. 1 and 2 are compulsory.
 - 2) Attempt any 3 questions from Que. No 3 to 5.
 - 3) Figures to the right indicate full marks.

Q1) Choose the correct alternative from the given alternatives: [8]

- a) A decision to increase the installed capacity of a plant is _____ decision.
- i) Working capital management
 - ii) Dividend policy
 - iii) Financial
 - iv) Capital budgeting
- b) Finance function involves _____.
- i) Procurement of finance only
 - ii) Expenditure of funds only
 - iii) Safe custody of funds only
 - iv) Procurement and utilisation of funds
- c) Traditional approach of financial management deal with _____.
- i) Corporate enterprise
 - ii) Episodic events
 - iii) Working capital management
 - iv) (i) and (ii) above

P.T.O.



- d) Capital structure is _____
- Financing the business
 - Requirement of capital
 - Equity share capital
 - Composition of different securities
- e) The firms cost of capital represents the _____ rate of return.
- Minium
 - Maximum
 - Medium
 - Average
- f) _____ costs are the costs recorded in the books.
- Marginal
 - Explicit
 - Implicit
 - Historical
- g) The only viable goal of financial management is _____.
- Investment, financial and dividend decisions
 - Sales, profits and Investment decisions
 - Financing, cash and credit decisions
 - Production, marketing and financial decisions
- h) When leverage is associated with investment activities, it is termed as _____ leverage.
- Operating
 - Financial
 - Combined
 - Fixed
- B) Fill in the blanks. [4]
- The term _____ represents the relationship among different kinds of securities.
 - _____ is the minimum return expected by its investors.
 - Combined leverage is the percentage change in relationship between sales and _____.
 - _____ is the management of the monetary affairs of company.
- C) State the following statements are 'True' or 'False': [4]
- Risk and returns are one and the same.
 - Historical costs are estimate costs.
 - A company collects its funds only by issue of equity shares
 - In the case of acquisition of shares the company whose shares are acquired goes into liquidation.



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[16]

Q2) Write short notes on (Any Four):

- a) Scope of financial management.
- b) Modigliani - Miller Approach.
- c) Role of finance manager
- d) Motives of merger.
- e) Weighted Average cost of capital
- f) Classification of cost

Q3) A company issues ₹ 10,00,000, 12% debentures of ₹ 100 each. The debentures are redeemable after the expiry of fixed period of 7 years. The company is in 35% tax bracket. [16]

Required:

- a) Calculate the cost of debt after tax, if debentures are issued at:
 - i) Par
 - ii) 10% Discount
 - iii) 10% Premium
- b) If brokerage is paid at 2%, what will be the cost of debentures, if issue is at par?

Q4) The following are the operating results of a firm:

[16]

Sales (units)	25,000
Interest per annum	₹ 30,000
Selling price per unit	₹ 24
Tax rate	50%
Variable cost per unit	₹ 16
No. of equity shares	10,000
Fixed cost per annum	₹ 80,000

Compute:

- a) Earnings before interest and tax (EBIT)
- b) Earnings per share (EPS)
- c) Operating leverage
- d) Financial leverage
- e) Combined leverage

Q5) Jost's Engineering company and modern Engineering works are in the same risk class and are identical in all respects except that Jost's Engineering uses debt while modern Engineering does not resort to debt financing. [16]

Jost's Engineering has ₹ 18 lakhs debentures carrying coupon rate of 10% . Both the firms earn 20% before interest and taxes on their total assets of ₹ 30 lakhs. Assume perfect capital markets, rational investors and so on. Corporation tax rate is 50 percent and capitalisation rate is 15 percent for an all equity company.

You are required to compute the value of both the companies using the Net Income (NI) and Net Operating Income (NOI) approach.

Q6) Unique steel Ltd. is contemplating to acquire sema mainframe Ltd. The following information is available in respect of the companies: [16]

Particulars	Unique steel Ltd.	Sema Mainframe Ltd.
No. of equity shares	10,00,000	6,00,000
Earnings after tax (₹)	50,00,000	18,00,000
Market value per share (₹)	20	13

- What is the present Earnings Per Share (EPS) of both the companies?
- What would be the New Earnings Per Share (EPS) for unique steel Ltd. if the proposed merger takes place. Assume that the proposed merger takes place by exchange of equity shares and the exchange ratio is based on the current market prices.

