

Question Paper Set of

S.Y.B.M.S. – Sem-III

Regular Exam

University of Mumbai

October, 2019

Q2) a) What is SBU? What are the guidelines for forming SBU? (07)

b) Explain the advantages and limitations of SBU. (08)

Q3. p) Discuss the technique of scanning environment. (08)

q) What are the strategy options to enter in international markets? (07)

(OR)

Q3 P) Explain the concept of Growth strategy and explain in detail the retrenchment Strategy . (15)

Q4c) Explain BCG matrix as a technique of portfolio analysis. (08)

d) Examine Michael Porter's 5 Forces Model. (07)

(OR)

Q4.c) Explain the strategy- structure relationship. (08)

d) Discuss the steps in strategy implementation. (07)

Q 5. What is change management ? explain features and factors of resistance to change in detail.(15)

OR

Q5) write short notes: (Any three) (15)

1. Plan
2. Synergy
3. Divestment Strategy
4. Internationalization of strategy
5. Cost leadership

DEPARTMENT :- B.M.S.

Subject:- Accounts For Managerial Decisions

Class:- SYBMS

Time 2 ½ hrs

Max.Marks -75

Instructions: All questions are compulsory subject to internal choice.

Figure to the right indicate full marks.

WN should be the part of the answer

Q.1)Match the following (Any eight) (8Marks)

SR.NO	A	B
1	Margin of safety	Credit terms for debtors
2	Losses & fictitious Asset	Motivate customers to pay promptly
3	Credit period allowed	Profit & Loss A/c Dr side
4	Cash discount	CA less Inventories and Prepayment
5	Working Capital	Half work Pending
6	Quick Asset	unpaid Amount
7	Shortage of working capital	Poor credit standing
8	Calls in arrears	CA - CL
9	work in Progress	To cover unforeseen Expenses
10	Reserves & Surplus	Profit & Loss A/c Cr side

Q.2 B)Rewrite the following Statement and State True or False (Any7) (7Marks)

- 1)Management accounting helps management to forecast and prepare plans for the future activities of Business
- 2)Total Asset = Fixed asset + Investment
- 3)Capacity of a firm is one of the important 5 C's
- 4)Bank Balance comes under cash and cash equivalent
- 5)Ownfund + Owed fund = Funds Available
- 6)Purchase of Fixed Asset is a revenue Expenditure
- 7)Proprietors Ratio indicates the ability to meet its long term liabilities
- 8)Brands and trademark is a tangible Assets
- 9)Net working Capital = CA - CL
- 10)The standard ratio of current Ratio is 1:1

Q.2A) Given below is the balance sheet of EPL Ltd(15Marks)

Liabilities	Rs.	Asset	Rs.
Share Capital	375000	Goodwill	62500
Capital reserve	4000	Land	114500
General Reserve	60205	Premises	125000
Debenture Redemption fund	84000	Plant	93758
Profit and Loss account	37554	Furniture	16650
5% debentures	157500	3% Gp notes (Investment)	76400
Sundry Creditors	36950	Stock	117815
Provision for Taxation	28750	Debtors	101971
		Cash at bank	60140
		Advance Tax	13675
		Preliminary Expenses	1550
	783959		783959

Present the above Balance sheet in Vertical form and calculate the following

1)Net worth 2) Borrowed fund 3)Capital employed 4.) Working capital 5)Fictitious assets

OR

Q.2B) Following is the Balance sheet of Super man LTD. As on 31st March 2018(15Marks)

LIABILITIES	RS.	ASSETS	RS.
Equity share capital	50000	Land and Building	40000
10% Preference share	30000	Machinery	50000
General Reserve	40000	Furniture	40000
8% Debentures	30000	Investment	18000
Creditors	20000	Stock	7000
Bills payable	10000	Debtors	10000
		Cash	8000
		Bills Receivables	6000
		Preliminary expenses	1000
Total	180000	Total	180000

Prepare common-sized Balance sheet from the above in vertical form.

TOM JERRY

Q.3 A) The Balance sheet and Income Statement of A Ltd and B Ltd are give below: (15 Marks)

Liabilities	TOM Ltd	JERRY Ltd	Assets	TOM Ltd	JERRY Ltd
Share capital	88000	88000	Fixed Asset	121000	97000
Reserves	42000	35000	Current Asset	125000	103000
8% Debentures	22000	22000			
Current Liability	94000	55000			
	246000	200000		246000	200000

Revenue Statement for the year:

Particulars	TOM Ltd	JERRY Ltd
Sales	340000	264000
Less :- Cost of Sales	297000	198000
Gross Profit	43000	66000
Less :- Operating Expenses	23000	44000
Net profit Tax	20000	22000
Less:- Tax	12000	9000
Profit after Tax	8000	13000
Less:- Dividend Paid	1000	7000
Retained Earning	7000	6000

You are require to Calculate the following Ratio

- 1) Net Profit after Tax
- 2) operating ratio
- 3) Capital gearing Ratio
- 4) Return on Proprietors fund

(Arranging in vertical form is not expected)

OR

Q.3 B) From the following extracts of BMS Ltd (15 Marks)

Equity share capital Rs 20000, 7% Preference Share Capital Rs 4000, Reserves and Surplus Rs 16000, 6% Mortgage Debenture Rs 28000, Creditors Rs 2400 Bills Payable Rs 4000, Outstanding expenses Rs 400 and Tax Provision Rs 5200.

Fixed assets Rs 52000 (less depreciation Rs 20000) Cash Rs 2000, Investment (10%) 6000, sundry debtors Rs 8000 and stock RS 12000, Net sales Rs 120000, Cost of goods sold Rs 103200.

(Arranging in vertical form is not expected)

Calculate :- 1) Current Ratio 2) Liquid ratio 3) Debtors Turnover Ratio & Collection Period 4) Credit Turnover Ratio & Collection Period 5) Stock turnover Ratio

Q.4A) The following information is presented by Tweety and family Ltd for the year 2016-17 Estimated
Yearly Production = 30000 units (15Marks)

Estimated cost sheet per unit

Rawmaterials	5
Wages	3
Overheads	2
Selling Price	12

Further information:

- 1) The company extends two months credit to the customers.
 - 2) The company maintains one month's stock of raw materials
 - 3) The company maintains two month's stock of Finished goods
 - 4) The processing period is half a month
 - 5) The company is allowed one month's credit by suppliers
 - 6) Wages and overheads are paid one month in arrears.
 - 7) The cash and Bank Balance is Expected to be Rs 8125.
 - 8) There is regular purchase, production and sales cycle.
 - 9) During Production Processes wages and overheads accrue evenly
 - 10 Debtors are to be calculated on sale price basis.
- Prepare an estimate of working capital

OR

Q.4 B) Following are the summarised balance sheet of Popeye Private Ltd as on 31st March 2016 and March 2017 (15Marks)

Liabilities	31.3.16 RS	31.3.17 RS	Asset	31.3.16 RS	31.3.17 RS
Equity capital	135000	135000	Goodwill	13950	4950
Reserves	54000	70200	Land and Building	32400	45000
Loans	45000	27000	Plant and Machinery	113400	85050
Fixed Deposits	67950	62010	Furniture	nil	40500
Creditors	71640	43920	Investment	40500	49500
Provision for Taxation	10800	12600	Debtors	94500	114120
			Bank balances	89640	11610
	384390	350730		384390	350730

Other information:

- a) Depreciation is provided @ 10% on furniture
 - b) Depreciation on Land and Building is Rs 5000
 - c) Investment costing Rs 8000 were sold for Rs 10000 during the year
 - d) Tax of Rs 13000 was paid for the year ended 31st march 2017
- Prepare a) a cash flow statement b) statement showing cash from operation



A) Answer the following

- a) Factors affecting working capital 8Marks
- b) Demerits of Ratio Analysis 7 Marks

OR

Q.5 B) Write a short notes (any three)

15Marks

- a) Branches of Accounting
- b) Common size Statement
- c) Different modes of expressing ratios
- d) Explain any three Income statement ratios
- e) 5 'Cs of Credit Policy



Prahladrai Dalmia Lions College of Commerce and Economics
SEMESTER END REGULAR EXAM OCT 2019-2020 (Sem III)

DEPARTMENT :- B.M.S.

Subject:- Environmental Management

Max.Marks -75

Class:- SYBMS

Time 2 ½

Q1. A choose the correct answer(ANY8)

(8)

	Column A		Column B
1.	Acid rain	a)	Undesired sound
2.	Industries	b)	Position of moon
3.	Transpiration	c)	Organic farming
4.	Vermicompost	d)	Kyoto protocol
5.	Tidal waves	e)	Manmade disaster
6.	No chemical fertilizers	f)	Soil
7.	Japan	g)	Worms
8.	Bhopal gas tragedy	h)	Waste heat
9.	Abiotic	i)	Oxygen and nitrogen oxide
10.	Noise	j)	Leaves of plants

Q1. B State whether following statements are true or false (ANY7)

(7)

1. Methane is the major component of biogas.
2. Troposphere is the last layer of atmosphere.
3. Crop rotation is one of the ways of conserving agricultural land.
4. Water accounts for 56% of earth's total surface.
5. Geothermal energy produces radioactive materials.
6. Bhutan is a carbon negative country.
7. Water pollution is concern of only developing countries.
8. Wind energy is the cleanest source of energy.
9. Best way to get rid of any solid waste is to burn it.
10. Sun is the major source of energy on Earth.

Q2. A. What is ecosystem? Explain foodchain and food web in detail. (8)
B. Discuss classification of renewable and non-renewable resources in detail.(7)

OR

C. Explain mechanism of water cycle. (8)
D. What is environment? Explain abiotic components in detail. (7)

Q3 A. What is waste management? Explain management of solid waste. (8)
B. What is land pollution? Explain its causes and remedies. (7)

OR

C. Define the term degradation. Explain causes and effect of forest Degradation. (8)
D. Explain the term global warming. Explain its causes. (7)

Q4. A. What is meant by disaster management? Discuss disaster management cycle in detail. (8)

B. Explain consumerism as a cause of waste. (7)

OR

C. Explain salient features of Air Act. (8)

D. Define sustainable development. How can environment be conserved? (7)

Q5. A. How can non conventional resources be used for economic development? Explain advantages and disadvantages of solar energy. (8)

B. Explain in detail the features of ISO 14001. (7)

OR

Q.5 Write short notes on ANY 3 of the following:

(15)

1. Ecotourism
2. Carbon bank
3. Organic farming
4. Wind energy
5. Effects of noise pollution



Prahladrai Dalmia Lions College of Commerce and Economics
SEMESTER END REGULAR EXAM OCT 2019-2020 (Sem III)

DEPARTMENT :- B.M.S.

Subject:- BPEM

Class:- SYBMS

Max.Marks -75

Q.I A Select the correct alternative (Answer any 08)

(08)

1. _____ refers to some new creations, which did not have any existence before
(Innovation, Invention, Creativity)
2. _____ innovation for products can include extending existing product lines
(Incremental, Evolutionary, Revolutionary)
3. _____ technique was developed by Alex Osborn
(Brain writing, Brainstorming, Reverse brainstorming)
4. _____ refers to a process of deciding in advance in respect of business activities
(Business planning, Business idea, Feasibility study)
5. In case of _____ scanning, short-term, infrequent examination is done, usually initiated by a crisis
(Ad-hoc, Regular, Continuous)
6. _____ involve preparation of time-table in respect of a project plan
(Scheduling, Milestone, Business idea)
7. _____ provides long term loans to exporters
(EXIM, SEZ, ICRA)
8. _____ is an indirect form of financing
(Trade credit, Commercial paper, I.C)
9. UGC has appointed _____ to develop a curriculum on entrepreneurship
(NIESBUD, SIDO, EDII)
10. _____ capital is also called as circulating capital
(Fixed, Working, Current)

Q.I B True or False (Answer any 07)

(07)

1. Process innovation focuses on discovering new markets.
2. Entrepreneurship is not influenced by political factors.
3. Social entrepreneur is driven by profit objective.
4. Environmental scanning only includes scanning of macro environment.
5. Innovation and invention are one and the same.
6. Business idea can be generated only through R&D.
7. Working capital is required for payment of recurring expenses.
8. In case of partnership firm, the partners are jointly responsible.
9. Letter of credit is the most popular method of payment in foreign trade.
10. A patent legally protects the intellectual property rights of the inventor.

Q.II A .Explain the various process which helps in the development of intrapreneur.
(7.5)

B. Explain in detail how SHGs helps in the development of women entrepreneurs.
(7.5)

OR

C. Write strategies for the development of Women Entrepreneur. **(08)**

D. Describe qualities of an Entrepreneur. **(07)**

Q.III A. Write Sources of Idea generation. **(08)**

B. Explain essentials for setting milestone. **(07)**

OR

C. Elaborate various channels of distribution. **(15)**

Q.IV A. Explain various problems of Venture set-up. **(15)**

OR

B. Explain various types of ownership an entrepreneur can adopt in India. (15)

OR

C. Explain creativity process. (08)

D Explain objectives of EDP. (07)

Q.V A. Explain the term Acquisitions along with its advantages. (08)

B. Elaborate importance of Social entrepreneurship. (07)

OR

C. Write Short Notes (Any 3) (15)

1) Theory of Social Change

2) Process of Idea Generation

3) Prospectus for Entrepreneurs in India

4) Working Capital

5) Theory of High Achievement



Prahladrai Dalmia Lions College of Commerce and Economics
SEMESTER END REGULAR EXAM OCT 2019-2020 (Sem III)

DEPARTMENT :- B.M.S.

Subject:- Consumer Behaviour

Class:- SYBMS

Max.Marks -75

Q.1.A. Fill in the blanks: (Any 8)

8 marks

- 1 In a joint family system there are _____ or more no of generation staying together
2. _____ family have a separate and independent house
3. _____ model consists of four major sets of constructs
4. _____ refers to general or specific goals impelling to action
5. In India, the electronic share trading was introduced in the year 1994 by the _____
6. Consumer _____ refers to the activities and decision processes of people who purchase goods and services for personal consumption
7. _____ factors include product, price, promotion and place
8. Market _____ refers to identifying different groups of buyers with different desires or requirements
9. _____ refers to marketing efforts that create a distinct image of the product in the minds of customers.
10. _____ involves discount, exchange offers , free samples etc

Q.1 B. MATCH THE FOLLWING

(Any 7)

7 marks

1. Marketing factors	undecided
2 .Personal factors	particular segment
3. Psychological Factors	discounts
4. Situational factors	Customer loyalty
5. Social Factors	Race and religion
6.Cultural factors	Reference groups
7. Customer relationship	Social surroundings
8. Sales promotion	Attitudes
9. Targeting	Age
10.Impulse customer	Price

B

Q.2. a. Distinguish between organizational consumer and Retail consumer 8
Q.2. d. What is consumer involvement?. Explain the levels of involvement 7

OR

Q.2. C. Define consumer behaviour and explain its features 8
Q. 2.b. Discuss the different types of consumer behaviour 7

Q.3.a Explain needs hierarchy theory 8

Q.3.b Discuss McClelland Theory of needs 7

OR

Q.3.c. Explain Sigmend Freud theory of personality 15

Q.4.a. a Define family. Discuss the different types of family 8

Q.4.b What is meant by social stratification? .State its features 7

OR

Q.4.c Explain customs and tradition of Indian Consumers 15

Q.5.a. Discuss the Howard Sheth Model of Consumer Decision making 8

Q.5.b. Define Diffusion. Describe the process of Diffusion 7

OR

Q.5. 'c. Short Notes (Any three) 15

1 Opinion Leaders

2. Consumer Decision making

3. **Attitude**

4. Innovation

5. Motivation.



Prahladrai Dalmia Lions College of Commerce and Economics
SEMESTER END REGULAR EXAM OCT 2019-2020 (Sem III)

DEPARTMENT :- B.M.S.

Subject:- Social Marketing

Class:- SYBMS

Max.Marks -75

Time 2 ½

- N.B.**
1. All questions are compulsory
 2. Figures to the right indicate full marks
 3. Give Suitable examples where ever necessary

1. A. State whether the following statements are True or False (any 08) : (8)

1. The Aim of Social Marketing is to earn profits.
2. Marketing Research plays an important role in Social Marketing.
3. Albert Bandura developed the Social learning theory.
4. Section 8 companies are registered under Indian Companies Act, 2013.
5. Social entrepreneurs act as change agents in the Social Sector.
6. Accept a new behavior is not a feature of Social Marketing.
7. Social Marketing focuses on physical products.
8. NPO stands for NotforProfit Organization.
9. A's of distribution of product in Social Marketing includes Accessibility.
10. Branding in Social Marketing is common.

B. Match the Following (any 7) : (7)

Sr. No.	Column A	Sr. No.	Column B
1	Primary Objective of Social Marketing	a)	Influencing the behavior of policy makers
2	Use of technology has positive impact	b)	Minimum 3 members
3	Upstream Social Marketing focuses on	c)	Lifebuoy swasthaya chetna
4	2 types of Marketing Environment are	d)	Benefit Society
5	Section 8 companies	e)	On Social Marketing
6	Marketing sanitation	f)	Monetary and new Monetary incentives for desired behavior
7	Price	g)	Wiebe in 1950
8	Evolution of Social Marketing	h)	Rise in live in relations
9	Cultural factors	i)	Desired Behavior
10	Actual Product	j)	Micro and Macro

2. A) Distinguish between Social Marketing and Commercial Marketing. (8)

2. B) Define Social Marketing. Discuss its Evolution. (7)

OR

2. C) Discuss the components of environment impacting Social Marketing. (15)

3. A) Explain the bases of Social Marketing Segmentation. (8)

3. B) Explain place as a part of Social Marketing Mix. (7)

OR

3. C) Discuss the steps in developing a Social Marketing plan. (15)

4. A) Define ethics. Discuss ethical challenges in Social Marketing. (8)

4. B) Discuss Social Diffusion Innovation Model. (7)

OR

4. C) Highlight in detail the difference between Trust, Society and Section 8 Companies. (15)

5. A) Discuss Marketing Mix for Marketing Healthcare services in India. (15)

OR

5. B) Write short notes on (any three) (15)

i) Corporate Governance

ii) Levels of products

iii) Marketing of Social issues of youth

iv) Types of Positioning

v) NPO



3

Prahladrai Dalmia Lions College of Commerce and Economics
SEMESTER END REGULAR EXAM OCT 2019-2020 (Sem III)

DEPARTMENT :- B.M.S.

Class:- SYBMS

Max.Marks -75

BMS SEM III SUBJECT:-INTRODUCTION TO COST ACCOUNTING

- Note:** (1) All Questions are compulsory.
(2) Each Question carries 15 marks.
(3) All working notes in support of your answer should form part of your answer.

Q.1 A) Match the Columns. (Any 8)

(08)

Column A	Column B
1 Sunk Cost	Proportionate Wages to Time
2 Balance Score Card	(a) Saved
3 Goodwill Written Off	(b) Selling Overhead
4 Halsey Incentive Plan	(c) Regulation of Cost
5 Cost of Sales	(d) Abnormal Gain
6 Depreciation on Delivery Vans	(e) Historical Costing
7 Cost Control	Outside Organisation that are
8 Actual Loss < Normal Loss	(f) known to be best in class
9 External Benchmarking	(g) Key Performance Indicator
10 Prime Cost + Variable Cost	(h) Marginal Costs
	(i) Not Recorded in Cost Sheet
	(j) Total Cost

Q.1 B) State whether following statements are true or false. (Any 7)

(07)

- i. Cost reduction is the primary responsibility of the Cost accountant in any organization.
- ii. Fixed Costs vary with the level of production or sales volume.
- iii. The Cost of units of abnormal gain is debited to the Process account.
- iv. Warehouse expenses are example of Selling and Distribution expenses.
- v. The Economic Order Quantity is the re-order quantity.
- vi. Under the Rowan Plan, Bonus is a fixed percentage.
- vii. $\text{Cost of sales} = \text{Factory Cost} + \text{Selling and Distribution Overheads}$
- viii. $\text{Cost of Production} = \text{prime cost} + \text{works cost}$.
- ix. Uniform Costing helps in cost Control.

Q.2 A) Product X is obtained after it is processed through three distinct processes. The following information is available for the month of March, 2019 :

Particulars	Total Rs.	Processes		
		A	B	C
Material Consumed	22,500	10,400	8,000	4,100
Direct Labour	29,320	9,000	14,720	5,600
Production Overheads	29,320			

2,000 units at Rs. 4 per unit were introduced in Process A. Production overheads to be distributed as % on direct labour. The actual output and normal loss of the respective processes are:

Processes	Output in unit	Normal loss on Inputs	Value of Scrap per unit (Rs.)
Process A	1,800	10%	2.00
Process B	1,360	20%	4.00
Process C	1,060	25%	5.00

(15)

OR

Q.2 B) The Following information is supplied from the costing records of a company.

Particulars	Rs.	Particulars	Rs.
Rent	2,000	Insurance (Stock)	1,000
Maintenance	1,200	Employer's contribution to P.F.	300
Depreciation	900	Energy	1,800
Lighting	200	Supervision	3,000

Particulars	Departments			
	A	B	C	D
Floor space (sq. mtr.)	150	110	90	50
Number of workers	24	16	12	8
Total direct wages (Rs.)	8,000	6,000	4,000	2,000
Cost of machinery (Rs.)	24,000	18,000	12,000	6,000
Stock of goods (Rs.)	15,000	9,000	6,000	

Prepare a statement showing apportionment of costs to various departments.

(15)

Q.3 A) From the following information A to Z item, Value closing stock on 31-12-2017 applying –

(a) FIFO , (b) Weighted average

Stock (Kgs) on 1-12-2017 5,000 units @ Rs. 14

Purchases (Kgs)

(i) On 18-12-2017 4,200 units @ Rs 13

(ii) On 23-12-2017 3,800 units @ Rs. 9

Sales (Kgs)

(i)	On 07-12-2017	1200 units	
(ii)	On 16-12-2017	2600 units	
(iii)	On 19-12-2017	1800 units	
(iv)	On 30-12-2017	3400 units	(15)

OR

Q.3 B) For direct material XXX the following details are available:

Average Inventory Level	200
Orders Per year	40
Average Daily demand	48
Working days per year	250
Annual Ordering Cost	Rs. 4,000
Annual Carrying Cost	Rs. 6,000

Determine the annual demand, the cost of placing an order, the annual carrying cost of one unit, and the economic order quantity.(08)

Q.3 C) A Worker produced 200 Units in a week's time, the guaranteed weekly wages payment for 45 hours is Rs. 405. The expected time to produce one unit is 15 minutes which is raised further by 20% under incentive scheme. What will be the earning per hour of that worker under Halsey (50% sharing) and Rowan Bonus Scheme?

(07)

Q.4 A) From the following particulars prepare cost sheet showing the components of total cost and profit for the year ended 31st March, 2019.

Particulars	Rs.
Stock of finished goods on 1-4-2018	6,000
Stock of finished goods on 31-3-2019	15,000
Stock of raw materials on 1-4-2018	40,000
Stock of raw materials on 31-3-2019	50,000
Work in progress on 1-4-2018	15,000
Work in progress on 31-3-2019	10,000
Purchases of raw materials	4,75,000
Carriage inwards	12,500
Wages	1,75,000
works Manager's salary	30,000
Factory Employee's Salaries	60,000
Factory Rent, Taxes & Insurance	7,250
Power expenses	9,500
Other production expenses	43,000
Sales for the year	8,60,000
Income tax	5,000
Dividend received	2,500
Interest on debentures	10,000
Transfer to Sinking Fund	20,000
Goodwill written off	10,500
Selling Expenses	16,000
General Expenses	32,500

(15)

3

OR

Q.4 B) The net profit of Dura Ltd. Shown by cost account for the year ended 31st March 2019 was Rs. 10,35,000 and by financial accounts for the same period was Rs. 5,00,200.

A scrutiny of the figures of the financial accounts and the cost accounts revealed the following facts.

Particulars	Rs.
1. Administrative overhead under recovered in cost accounts	14,800
2. Factory overhead over-recovered in cost accounts.	20,000
3. Depreciation over charged in financial accounts.	40,000
4. Interest on Investment.	20,000
5. Loss due to obsolescence charged in financial accounts	24,000
6. Abnormal labour wastage charged in financial accounts.	2,00,000
7. Income tax provided in financial accounts	2,80,000
8. Bank Interest credited in financial accounts.	4,000
9. Stocks adjustment credit in financial accounts	28,000
10. Loss due to depreciation in stock values charged in financial accounts	48,000

Prepare Reconciliation Statement.

(15)

Q.5 A) Explain in brief the objective of Cost Accounting?

(08)

Q.5 B) What is Job Costing and Job Order Costing?

(07)

OR

Q.5 C) Write short notes. (Any 3)

(15)

1. Bench Marking
2. Cost Classification on Basis of Behavior
3. Prime Cost
4. Process Costing
5. Ratio for Inter-firm Comparison



PRAHLADRAI DALMIA LIONS COLLEGE OF COMMERCE & ECONOMICS

Examination, October 2019

Subject: -Corporate Finance

Total Marks: 75

Course: BMS

Semester – III

Duration: 2 ½ hrs.

Note:

1. All questions are compulsory
2. Figures to the right indicate full marks

Q1.A Multiple Choice Questions .(Any 8).

(08)

1. Capital budgeting is a part of _____ decision
a) Marketing b) HR c)Market d) Investment
2. Corporate Social responsibility is not an element of _____
a)General Management b) Coporate c) Marketing Management d) Financial Manangement
3. _____ is the study of problems involved in use and application of funds
a)General Management b) Coporate c) Marketing Management d) Financial Management
4. Analysis and reporting of variance between the targeted cost and actual cost incurred is related to _____ function -
a)Planning b)directing c) controlling d) budgeting
5. In all financial decisions there is _____ between risk and return
a) relation b) correlation c)coincidence d)variation
6. Payback method is a _____ decision tool
a) Marketing b) HR c)Market d) Investment
7. _____ refers to the total value of capital of the company
a)capitalisation b)capital budgeting c)Ratios d)shares
8. _____ leverage involves the use of fixed cost of financing
a)Financial b) operating c)combined d) investment
9. In an _____ firm EPS is very high
a) over capitalised b)under capitalised c)New firm d)Public Company
10. the formula D/P is used to compute the cost _____
a) debt b) preference shares c) equity d) Loans

Q1.B State whether True or False.(Any 7) (07)

1. Interest is paid to equity shareholders
2. All sources of capital carries a cost
3. FDI is prohibited in Gambling
- 4 WACC is the overall cost of capital of the firm
- 5 Market Value and Book value rates are always Different
6. Cost of debt is same of rate of interest
7. Operating leverage can be contribution/EPS
8. Financial leverage is always beneficial to the firm

A

Q2.Kajol limited has estimated a new product breakeven point is 2000 units selling price Rs14 units

Fixed Cost Rs 10,000 and Variable cost Rs9

Calculate operating Leverage for 5000 and 6000 units

Q2. B Calculate Weighted Average Cost of Capital from for Mehta Ltd. (08)

Particulars	Book Value Rs	Market Value (Rs)
Equity share capital of Rs10 each	600000	900000
Retained Earnings	200000	
Preference share capital	400000	20000
Debentures	500000	50000

The after tax cost of different sources of finances are as follows

1. Equity share capital 12%
2. Retaining Earnings 13%
3. Preference share capital 8%
4. Debentures 5%

OR

Q2 Asia Ltd is a profit making company with a paid up capital of rs 100 lakhs consisting (15)

of Rs 10 lakh ordinary shares of rs 10 each. Company is earning an annual pretax profit of Rs. 60 lakhs. the company's shares are listed and are quoted in the range of rs 50 to rs 80. The management wants to diversify production and has approved a project which will cost rs 50 lakhs and which is expected to yield a pretax income of rs 40 lakhs p.a. To raise this additional the following are the options under consideration of the management

a) to issue equity capital for the entire amount. It is expected that the new shares (face value rs 10) can be sold at premium of RS15

b) to issue 16% non convertible debentures of rs 100 each for the entire amount

c) to issue equity capital of Rs 25 lakhs (face value of Rs10 and 16% non convertible debentures for the balance amount.) In this case company can issue shares at a premium of Rs.40 each

Advice the management as to how additional capital can be raised

The management wants to maximise EPS and its paying a tax @50%

Q3 A. Mr Suresh has invested Rs. 100000 in a scheme @10% compounded half yearly find (07)
out the amount at the end of one year

Q3 B The following is the information of stock A and Stock B under the possible states of nature (08)

State of Nature	Probability	Return A	Return B
1	0.10	5%	0%
2	0.30	10%	8%
3.	0.50	15%	18%
4.	0.10	20%	26%

Calculate expected return and standard deviation on stock A and B

Or

Q3 Chirag Ltd is currently under examination of a project which yield the following returns over a period of time (15)

Year End	Cash Flow
1	8000
2	8000
3	9000
4	9000
5	7500

The cost of machinery is 20000 and depreciation is 20% (Straight line basis). Income tax is 50% If the average cost of capital is 18%. Would you recommend this project under IRR method

Q4.

A
Q4. Gini and jonycapital structure consists of following (15)

Particular	Rs
Equity Shares of Rs100 each	20,00,000
Retained Earnings	10,00,000
9% preference share capital	12,00,000
7% Debentures	8,00,000
Total	50,00,000

The company earns 12% on capital , tax is 50% and requires 25,00,000 lakhs for expansion. It has following alternatives available

1. Issue of 20,000 equity shares at a premium of Rs. 25 per share
2. Issue of 10% preference share
3. Issue of 8% debentures

Which option would you recommend and Why?

OR

Q4. Gati Ltd is considering 3 investment proposal requiring a net cash outlay of 1,20,000, 1,70,000 and 2,40,000 respectively. The cash inflows are as follows (15)

Year	Project X	Project Y	Project Z	15% discounting factor
1	10,000	50,000	90,000	0.870
2	30,000	65,000	1,20,000	0.756
3.	45,000	85,000	70,000	0.658
4.	65,000	50,000	50,000	0.572

Rank these projects in order of their profitability according to NPV method?

Q5.A.Explain in detail the short term sources of finance? (8)

B. What do you mean by debentures explain advantages and disadvantage of debentures (7)

OR

Q5 Short Notes (Any 3) (15)

1. Private Placement
2. Capitalisation
3. ADR
4. FD
5. Fixed capital