

**Question Paper Set of**

**S.Y.B.I.M. – Sem-IV**

**Regular Exam**

**University of Mumbai**

**April, 2019**

SUBIM

SEM-IV

APRIL 2019

18/04/19

Duration 2 ½ hours

Max marks: 75

NOTE :

- i. All questions are compulsory.
- ii. Figures to the right indicate full marks.
- iii. Draw neat and clean diagram whenever necessary.

**Q1.A Choose correct alternatives. (Any 8)****8 Marks**

1. In cryptography, what is cipher?
  - a) algorithm for performing encryption and decryption
  - b) encrypted message
  - c) both (a) and (b)
  - d) none of the mentioned.
2. Which form of E-commerce currently accounts for about 97% of all E-commerce revenues?
  - a) B2B
  - b) B2C
  - c) C2B
  - d) C2C
3. SMTP is a
  - a) Networking Protocol
  - b) Protocol used for transferring message between end user & Mail Server
  - c) Protocol used for smart card message interchange
  - d) Encryption Standard
4. The acronym DES stands for
  - a) Digital Evaluation System
  - b) Digital Encryption Standard
  - c) Digital Encryption System
  - d) Double Encryption Standard
5. A digital signature is \_\_\_\_\_
  - a) Scanned signature
  - b) Encrypting information
  - b) signature in binary form
  - d) handwritten signature
6. URLs that requires SSL connection starts with
  - a) SSLS
  - b) HTTPS
  - c) HTTP
  - d) SHTTP
7. In cryptography, what is cipher?
  - a) algorithm for performing encryption and decryption
  - b) encrypted message
  - c) both (a) and (b)
  - d) none of the mentioned.
8. The internet is \_\_\_\_\_
  - a) Network of networks
  - b) Web site.
  - c) Host
  - d) Server
9. Flipkart.com comes under the following model
  - a) B2B
  - b) B2C
  - c) C2C
  - d) C2B
10. To protect a computer from virus, you should install ----- in your computer.
  - a) Backup Wizard
  - b) Disk Clean-up
  - c) Antivirus
  - d) Disk Defragmenter



**Q1.B State whether the following statements are True or False (Any 7)**

**7 Marks**

1. Animation effects appear in the Design tab.
2. Spoofing is the act of sending a message pretending to be authorized user.
3. Internet commerce is the component of web commerce conducted strictly over the World Wide Web.
4. SSL stands for Secure Socket Layer.
5. I have a really strong password, so I should be able to use it for years.
6. MS Office is an application software
7. EBay facilitates consumer-to-consumer e-commerce.
8. Firewall is used protect internal network from outside attack.
9. The forerunner of modern e-commerce is EDI.
10. TLS stands for transport layer software.

**Q2. A. What are portals? Explain different types of Portals.**

**8 Marks**

**B. Explain in brief the concept of Virtual Communities**

**7 Marks**

**OR**

**Q2. Explain in brief different types of E-commerce Revenue Business model**

**15 Marks**

**Q3. A. What are the different Cryptography methods used in Security threats.**

**8 Marks**

**B. Explain the concept of Firewall? Also list down its benefits.**

**7 Marks**

**OR**

**Q3. A. Write a note on SSL Protocol?**

**8 Marks**

**B. Explain in brief the Implementing of E-commerce security**

**7 Marks**

**Q4. A. What is Password Security? How can you protect your data using password security?**

**8 Marks**

**B. Write the steps for creating new presentation by adding themes, stylish text, slide animation, Timer, and save and run the slide show (.ppsx)**

**7 Marks**

**OR**

**Q4. Explain in brief the various threats and attacks in Cyber Crimes.**

**15 Marks**

**Q5. A. How to create an E-mail Merge using Microsoft Outlook**

**8 Marks**

**B. Explain in brief the Boomerang Facility of Email**

**7 Marks**

**OR**

**Q5. Write Short Notes (Any 3)**

**15 Marks**

1. Reporting Internet Fraud
2. Encryption
3. MS Outlook Express
4. Credit Card Fraud
5. Web Auction

\*\*\*\*\*



~~SUBIM~~ SEM-IV APRIL 2019  
SUBIM

25/04/19

Time: 2 ½ hours

Marks 75.

N.B. 1. All questions are Compulsory

2. Figures to the right indicates maximum marks

Q1A Fill in the blanks ( Any 8 out of 10)

(8)

1. Insurance Act was enacted in \_\_\_\_\_ ( 1938,1999)
2. \_\_\_\_\_ is a development Bank.( IDBI, SIDBI)
3. A cheque is a \_\_\_\_\_ instrument ( Negotiable, Promissory)
4. RBI is a \_\_\_\_\_ owned institution .(State, Private)
5. A micro enterprise in manufacturing sector is one where the investment in Plant & machinery doesn't exceed Rs. \_\_\_\_\_ ( 25 Lakhs ,50 Lakhs)
6. Health Insurance is a contract of \_\_\_\_\_ ( Indemnity , Guarantee)
7. \_\_\_\_\_ is the apex authority of agricultural sector (RBI, NABARD)
8. \_\_\_\_\_ is the evidence that insurance policy contract has begun( Policy document, First Premium receipt )
9. Risk transfer through Risk pooling is called \_\_\_\_\_ (Savings , Insurance)
10. The present rate of CRR is \_\_\_\_\_ percentage ( 4 , 6)

Q1B) State whether the following are TRUE or FALSE ( Any seven)

(7)

- a) RBI is the regulator of Money market.
- b) TPA means Third Premium administration.
- c) Maintaining minimum balance is required under Pradhan Mantri Jandhan Yojana.
- d) Insurable interest is mandatory in Insurance.
- e) Life Insurance is a contract of guarantee.
- f) A cheque is valid for six months.
- g) Every Banking company in India should use the word Bank, Banker or Banking company.
- h) Co-operative banks work on no profit, no loss basis.
- i) Self help groups are involuntary associations.
- j) NABARD was established in 1982.

Q2A) Describe types of Loan accounts in Banks

(8)

Q2B) Differentiate between commercial and co operative banks.

(7)

OR

Q2C) Explain functions of Insurance

(8)

Q2D) Explain regional rural Banks.

(7)

70686

Page 1 of 2

74F4AB65990121C7BFA8787E13C9A168



Q3A) Explain banking regulations ACT 1949.

Q3B) Explain powers and functions of IRDA

(8)

OR

Q3C) Describe the functions of RBI

Q3D) Explain the role of NABARD

(7)

(8)

(7)

Q4A) Explain determinants of risk premium in Life Insurance.

Q4B) Explain the concept third party administrators

(8)

OR

Q4C) Explain about Health Insurance markets in India

Q4D) Distinguish between Health and Life Insurance

(7)

(8)

(7)

Q5A) Describe National Livelihood mission

Q5B) Explain the concept of Financial inclusion.

(8)

(7)

OR

Q5C) Write short notes on any 3:

(15)

1. Payment and Settlement Act.

2. Payments Bank.

3. Principle of subrogation

4. Priority sector targets

5. Public sector banks

\*\*\*\*\*



26/04/19

Maximum Marks: 75

Duration: 2 Hours &amp; 30 Minutes

Note: 1) All questions are compulsory, Subject to internal choice.

2) Figures to the right indicate full marks.

Q 1 A) Fill in the Blanks (Any 8)

08

- 1) Industries in the \_\_\_\_\_ stage are called sunrise industries.  
(expansion, decay, pioneering)
- 2) The \_\_\_\_\_ form hypothesis represents the extreme case of market efficiency. (strong, weak, semi-strong)
- 3) \_\_\_\_\_ helps to reduce risk. (Investment, Diversification, Security)
- 4) The variability which affects all the securities in the market is known as \_\_\_\_\_ risk. (unsystematic, systematic, operational)
- 5) The primary motive of buying a share is to sell it at a \_\_\_\_\_ price.  
(Lower, higher, neutral)
- 6) \_\_\_\_\_ is the chance of loss due to variability of return on an investment.  
(Return, Risk, Interest)
- 7) According to Dow Theory, the price movements in the market can be identified by means of a \_\_\_\_\_. (line, bar, candle)
- 8) Technical analysis provides \_\_\_\_\_ of a share.  
(Intrinsic value of the share, price behaviour of share, supply of the share)
- 9) \_\_\_\_\_ means the profit earned on the capital invested in the business.  
(Risk, Return, Shares)
- 10) \_\_\_\_\_ averages are mathematical indicators of the underlying trend of the price movement. (Moving, Fundamental, Normal)

Q 1 B) Match the Column (Any 7)

07

Group A		Group B	
1	Systematic Risk	A	Forecasting techniques
2	Barometric Approach	B	Commitment of funds
3	Flags and pennants	C	Institutional Investor
4	Investment	D	Random walk theory
5	Types of Investor	E	Continuation pattern
6	Efficient market hypothesis	F	Investment avenues
7	Fundamental Analysis	G	Financial Statement
8	Shares, bonds, debentures	H	Maximization of return and minimization of risk
9	Balance sheet	I	Uncontrollable
10	Optimal Portfolio	J	Interest rate risk

Q 2 A) Explain Economic analysis. Briefly describe the factors under economic analysis.

08

B) Discuss the Industry characteristics.

07

OR



- C) Following is the revenue statement of M/s Sushil Ltd.  
Trading, Profit & Loss A/c for the year ended 31<sup>st</sup> March 2016

08

Particulars	Amount	Particulars	Amount
To Opening Stock	52,300	By sales	5,35,000
To Purchases	3,25,150	By closing stock	82,000
To Carriage Inward	7,550	By Interest Recd	5,400
To Office Expenses	90,000		
To Sales Expenses	26,000		
To Loss on sale of FA	1,400		
To Net Profit c/d	1,20,000		
<b>Total</b>	<b>6,22,400</b>	<b>Total</b>	<b>6,22,400</b>

Calculate the following ratios:

- Sales and distribution Ratio
- Stock Turnover Ratio
- Operating Ratio
- Net Profit Before Tax Ratio
- Gross Profit Ratio

- D) Prepare Comparative Income Statement

07

Particulars	31-3-2011 (Rs.)	31-3-2012 (Rs.)
Sales	3,80,000	5,20,000
Less: COGS	2,50,000	4,00,000
<b>Gross Profit</b>	<b>1,30,000</b>	<b>1,20,000</b>
Less: Direct Expenses	25,000	37,000
<b>EBIT</b>	<b>1,05,000</b>	<b>83,000</b>
Less: Other Expenses	15,000	10,000
<b>EBT</b>	<b>90,000</b>	<b>73,000</b>
Less: Tax @ 40%	25,000	20,000
<b>NPAT</b>	<b>65,000</b>	<b>53,000</b>

- Q 3 A) Describes various charts under technical analysis.

08

- B) Explain the difference between fundamental analysis and technical analysis

07

OR

- C) The Following table give the data of Closing Price

08

Day	Closing Price	Day	Closing Price
1	230	9	240
2	232	10	240
3	230	11	239
4	235	12	241
5	237	13	245
6	234	14	243
7	236	15	245
8	240		

Calculate 14 Day RSI



- D) Compute the Trend using the method of moving Averages. Use 4 yearly moving averages

07

Year	Production (Million Tonnes)	Year	Production (Million Tonnes)
1988	35.00	1994	33.80
1989	30.00	1995	33.00
1990	31.50	1996	32.50
1991	30.50	1997	35.00
1992	31.00	1998	34.50
1993	34.00		

- Q 4 A) Explains different forms market efficiency.

- B) Describe Random Walk Theory with diagram.

08

07

OR

- C) The following figures are extracted from the annual reports of a company (Rs. In Lakhs)

15

Particulars	2008	2009	2010	2011	2012
Cost of Material	230	200	220	240	180
Labour Cost	140	150	175	150	200
Other Conversion Cost	150	200	175	140	150
Total Manufacturing COGS	520	550	570	530	530
Sales	1000	1100	950	1000	1200
Gross Profit	480	550	380	470	670
Operating Expenses	220	200	200	200	320
Profit	260	350	180	270	350

Calculate Trend Ratio for each item taking 2008 as the base year

- Q 5 A) The following data are available to you as portfolio manager:

08

Security	Estimated Return (%)	Beta
A.	35	1.8
B	30	1.6
C	20	1.0
D	11.5	0.8
E	10.5	0.4
Market Index	15	1.0
Govt. Security	6	0

Which of the above securities are under-priced?



- B) Consider the following data regarding three risk factors and three securities (X, Y and Z)

07

Factor Loading			
Security	F1	F2	F3
X	1.20	-0.65	0.65
Y	0.80	0.70	0.47
Z	1.35	-0.25	1.22

Risk Premium associated with the risk factors are:

$$\lambda_1 = 4.75\%, \lambda_2 = 2.30\%, \lambda_3 = -1.7\%$$

Current Market Price and Anticipated Future Price of the three securities are:

Security Prices		
Security	Current Price	Future Price
X	400	420
Y	150	180
Z	550	600

- Compute the expected return of the three securities, assuming risk free return of 5.5%
- Evaluate whether the securities are correctly priced.

OR

- C) Write Short Notes (Any 3)

15

- SML
- Assumptions of CAPM
- Dow Theory
- Barometric Approach
- Reversal pattern



SUBIM Sem-IV APRIL 2019

Q. P. Code : 35414

Time: 2.30 Hours

(Total Marks:75)

N.B: 1. All questions are compulsory.

2. Figures to the right indicate full marks.

3. Draw neat diagram wherever necessary.

Attempt all questions.

Q1. (A) State whether the following statements are True/ False (Any Eight) 08

1. GNP is the total final output produced with inputs owned by the residents of a country during a year.
2. Savings are injections in the circular flow of income.
3. An increase in Statutory Liquidity Ratio leads to a fall in credit creation.
4. Inflation is beneficial to the creditors.
5. Fiscal policy deals with managing nation's money and credit.
6. The concept of functional finance was popularised by A.P. Learner.
7. Comparative cost advantage theory of international trade is based on labour theory of value.
8. Trade balance is a part of capital account balance.
9. Protectionism favours infant industries.
10. When the government interferes in the determination of exchange rate, it is called dirty float.

Q.1 B) Match the following pairs (any Seven):

07

Group 'A'		Group 'B'	
1.	Exports	a.	Capital Account
2.	Recession	b.	Indirect Tax
3.	Cash Reserve Ratio	c.	Decline in prices
4.	Deflation	d.	Ricardo
5.	Sound Finance	e.	Monetary Instrument
6.	Excise Duty	f.	Balanced budget
7.	Comparative cost advantage	g.	Injections
8.	Trade barriers	h.	Automatic adjustments
9.	Foreign Investment	i.	Protected trade
10.	Flexible Exchange rate	j.	Unemployment



Q2 A) What is the significance of National Income accounting? 8

B) Discuss the factors determining consumption function. 7

OR

C) Discuss the stages of business cycles. 8

D) What is 'investment multiplier'? Explain its working. 7

Q3. A). What do you understand by money supply? What are its determinants? 8

B). Explain the qualitative instruments of monetary policy. 7

OR

C). What is inflation? What is its effect on production and consumption? 8

D). Explain the 'Fisher's equation of exchange'? 7

Q4 A). Explain the principle of sound finance. 8

B). Explain the burden of Internal Public Debt? 7

OR

C). What do you understand by public debt? What are its kinds? 8

D). Discuss the features of Fiscal Responsibility and Budget Management Act, 2003. 7

Q5. A) What are the merits of Foreign Direct Investment? 8

B). Explain the Hechsher Ohlin theory of factor endowment. 7

OR

Q5. Write short notes on the following- (Any three): 15

1. Scope of macroeconomics.
2. Wage spiral inflation.
3. Burden of public debt.
4. Gains from trade.
5. Forward exchange rate.

\*\*\*\*\*



SUBIM Sem-IV APRIL 2019

(Time: 2.5 hours)

Marks: 75

Please check whether you have got the right question paper  
N.B.

All questions are compulsory.

Figures to the right indicate marks.

Give working notes wherever necessary.

Q1) Objective type questions:

A) State True or False: (Attempt any eight)

1. An association of persons consists of all persons.
2. Residential status depends only on citizenship.
3. Income earned in India is not taxed in the hands of resident assessee.
4. GAV for LOP is NIL.
5. Assessment includes recalculation.
6. Interest on borrowed capital is not deductible on due basis.
7. An assessee is defined under section 6.
8. Municipal taxes are deductible on any basis.
9. The owner is not allowed to occupy more than one house for residence.
10. Indian income received shall be taxable only in case of R&OR.

B) Fill in the blanks: (Attempt any seven)

1. Profit on sale of import license is taxed under the head \_\_\_\_\_.
2. NAV of Self occupied property is \_\_\_\_\_.
3. Net annual value is GAV - \_\_\_\_\_.
4. Leave encashment received while in service is \_\_\_\_\_.
5. Profits in lieu of salary are taxable under the head \_\_\_\_\_.
6. The standard deduction of the head of income from salary is given under section \_\_\_\_\_.
7. The standard deduction for the head of house property is given under section \_\_\_\_\_.
8.  $NTI = GTI -$  \_\_\_\_\_.
9. CII is Cost Inflation \_\_\_\_\_.
10. Section \_\_\_\_\_ of the income tax act defines the scope of income.

Q2) A) MR. Sachin works with the government of Maharashtra. He gives the following particulars for the year ended 31<sup>st</sup> March, 2018:

Particulars	Rs.
Basic Salary( gross)	3,00,000 p.a
Dearness allowances	1,50,000 p.a.
HRA( Exempt u/s 10 Rs. 30,000)	75,000 p.a.
Entertainment allowance( Amount spend on entertainment Rs. 12,000)	12,000 p.a.
Conveyance Allowance( amount spend on conveyance for official purposes Rs. 28,000)	50,000 p.a.
Arrears of salary( not taxed earlier)	3,00,000
Profession tax deducted from salary	2,500 p.a.
Employees provident fund deducted from salary	30,000 p.a.



Other information:

He received Rs. 2,00,000 from LIC of India as maturity value of life insurance policy taken on his wife. he had taken a loan from state bank of India for higher education of his daughter pursuing an Engineering course (degree), of Delhi University. During the year end he had paid Rs. 70,000 as principal and Rs. 90,000 as interest.

Compute his taxable income for the assessment year 2018-2019

OR

Q2) A)

(08)

MS. Priya Shah, an American citizen, staying in Mumbai leaves Mumbai on 16<sup>th</sup> July, 2017 for joining an American firm as an employee. She was in India since 1<sup>st</sup> January, 2000, till she left for USA on 16<sup>th</sup> July, 2017 for the purpose of employment. Determine her residential status.

&

Q2)B)

(07)

Mr. Santosh has earned the following income during the previous year ended 31<sup>st</sup> March, 2018:

- Professional fees received in India for 3 months- Rs. 20,000.
- Payment received in UK for services rendered in India- Rs. 26,000.
- Income from business in Australia controlled from India- Rs. 25,000.
- Income from Business in Business – Rs. 28,000.
- Income from agriculture in Bangladesh- Rs.45,000.
- Dividend from a foreign company received in UK-Rs.18,000.
- Amount brought into India out of the past untaxed profits earned in USA- Rs. 28,000.

Compute his income assuming he is R&OR and NR.

Q3)A)

(15)

Mr. Rajesh provides the following particulars of assets transferred by him during the previous year ended 31<sup>st</sup> march, 2018. You are requested to compute his income from capital gains chargeable to tax for assessment year 2018-2019. A residential house in Delhi, which was purchased on 11<sup>th</sup> November, 2001 at a cost Rs. 14,54,000 and was sold on 16<sup>th</sup> January, 2018 for Rs. 1,46,50,000. He incurred transfer expenses of Rs. 50,000. Mr. Rajesh made the following investments out of the capital gains arising on sale of his residential house. Purchased a residential flat in Bangalore on 26<sup>th</sup> March, 2018 for Rs. 85, 00,000.

CII For F.Y are as follows:

2001-02- 100

2017-18-272.

OR

Q3)B)

(15)

Mrs. Supriya is a professor of Law in M.D. College. The particulars of her income for the year ending 31-03-2018 are as follows:

1. Salary- Rs. 80,000.
2. Royalty from books- Rs. 45,000, expenses on typing etc were Rs. 3,000.
3. Honorarium received from a management institute as a visiting lecture – Rs.6, 000.  
Conveyance for visiting the institute – Rs.500.
4. Examinership fees from Mumbai University – Rs. 2000.
5. Family pension of Rs. 42,000 on death of her husband from his employer.
6. She received the “Dronacharya Award”, of Rs. 10,000. For the best teacher of the year, from the state government.
7. Compute gross taxable income of Mrs. Manisha for the assessment year 2018-2019.

67271



Q4(A)

Mr. Raja is a practicing Chartered Accountant, gives you the following receipts and payments account for the year ended 31<sup>st</sup> March, 2018:

Receipts	Rs.	Payments	Rs.
To balance c/f	9,000	By salary to staff	80,000
To professional fees	1,50,000	By Printing and Stationery	5,500
To gift from father	15,000	By Household expenses	22,400
To present from client	15,000	By Conveyance expenses	9,000
To salary from college as a lecturer	45,000	By General Expenses	20,000
To loan from a bank for purchase of car	50,000	By Purchase of Car (July, 2017)	1,00,000
		By Motor car expenses	20,000
		By Mediclaim insurance premium (Paid by cheque)	6,500
		By interest on bank loan for car	5,000
		By income tax	8,500
		By profession tax	800
		By balance c/f	6,300
	2,84,000		2,84,000

Other information:

- Depreciation allowable on motor car, as per income tax rules is 20%.
- It is considered that 25% of the car expenses are for personal use.
- Household expenses include Rs. 1,000 given as a marriage gift to an employee.
- Salary includes Rs. 12,000 paid to son who is commerce graduate. (seems to be reasonable)
- General expenses include- Interest of Rs. 10,500 on loan for higher education of his son.
- Compute the taxable income of Mr. Raja for the assessment year 2018-2019.

OR

Q4(B)

A, owns a building consisting of three identical units whose construction was completed on March, 31, 2017. The building was occupied from April, 2017 onwards; the particulars pertaining to the three units for the year ended March, 31<sup>st</sup> 2018 are as follows:

Particulars	Unit I (Rs.)	Unit II	Unit III
Fair Rent	70,000	70,000	70,000
Rent Received	—	82,000	—
Municipal taxes paid			
Paid	3,000	5,000	3,000
Due but not yet paid	3,000	5,000	3,000
Land revenue due but outstanding	2,200	2,200	2,200
Ground rent due but not yet paid	1,400	1,400	1,400



Nature of occupation: Unit I – SOP for residence, Unit II – Let out for residence purpose, Unit III- Used for own business.

On April 1, 2015 he had borrowed a sum of Rs. 5, 00,000 bearing interest at 12 percent per annum for construction of this building. The total cost of construction of the building – Rs. 12, 00,000. Compute the income from house property of A for the assessment year 2018-2019.

Q5) A) Gross total income and Net total income. Explain

(08)

B) Any 2 deductions under chapter VI section 80.

(07)

OR

Q5) C) Write short notes on : (any three)

(15)

1. Basic and additional conditions u/s section 6.
2. Types of House Property
3. Income from other sources.
4. Computation of total income – Format
5. Exemption under section 54.

\*\*\*\*\*



Duration: 2.5 hours

- Note: 1) All questions are compulsory.  
 2) Working Notes should form part of your answer.  
 3) Figures to the right indicate full marks.

Q.1 (A) State whether the following statements are True or False (Any Eight) (08)

- i. Gross working capital is equal to Net current assets
- ii. Defaulting cost is not a part of cost of receivables
- iii. Master budget is a summary of all the functional budgets
- iv. combined leverage should be as low as possible
- v. Working capital is excess of current assets over current liabilities
- vi. Receivable management does not affect shareholders value
- vii. Sales budget is prepared by production manager
- viii. operating leverage is calculated by dividing contribution by EBIT
- ix. Financial plan should be cost effective
- x. Bill discounting is selling goods to customers at a discount

Q.1 (B) Select the appropriate options from the following sentences (Any Seven) (07)

- i. Carrying cost does not include \_\_\_\_\_
  - (a) cost of placing the order
  - (b) warehouse expenses
  - (c) insurance of warehouse
  - (d) stores staff salaries
- ii. Credit policy has the \_\_\_\_\_ aspect
  - (a) credit standard
  - (b) credit period
  - (c) cash discount
  - (d) all of the above
- iii. Financial leverage is \_\_\_\_\_
  - (a) EBIT/EBT
  - (b) EBT/EBIT
  - (c) Contribution/EBT
  - (d) Contribution/EBIT
- iv. MPBI refers to \_\_\_\_\_
  - (a) maximum permissible bank finance
  - (b) minimum permissible bank finance
  - (c) bank overdraft
  - (d) cash credit
- v. Master budget is a summary of \_\_\_\_\_.
  - (a) cash budget
  - (b) sales budget
  - (c) production budget
  - (d) all functional budgets
- vi. Gross working capital is equal to \_\_\_\_\_.
  - (a) fixed assets
  - (b) current assets
  - (c) current liabilities
  - (d) total of fixed and current assets



vii. Bonus shares are issued to \_\_\_\_\_.

- (a) equity shareholders
- (b) preference shareholders
- (c) debenture holders
- (d) bond holders

viii. Cost incurred for the placement of an order is \_\_\_\_\_

- (a) ordering cost
- (b) carrying cost
- (c) fixed cost
- (d) variable cost

ix. Operating leverage is \_\_\_\_\_.

- (a) EBIT/EBT
- (b) EBT/EBIT
- (c) Contribution/ EBT
- (d) Contribution/EBIT

x. Inventories include \_\_\_\_\_

- (a) raw material
- (b) finished goods
- (c) WIP
- (d) all of the Above

Q2 (A) You are required to prepare a statement showing the working capital required to finance the level of activity of 6,000 Units per year from the following information: (15)

- (1) Raw materials are in stock on an average for 2 months.
- (2) Materials are in process on an average for half a month.
- (3) Finished goods are in stock on an average for one month.
- (4) Credit allowed by the suppliers is  $1\frac{1}{2}$  months of purchase of raw materials and credit allowed to the customers is  $2\frac{1}{2}$  months.
- (5) Lag in payment of wages and overheads is one month.
- (6) Cash and Bank balance is expected to be Rs. 15,000
- (7) Activities are spread evenly throughout the year.

Cost per unit:

Raw material Rs.20

Wages Rs.10

Overheads Rs.30

Total cost Rs.60

Profit is 20% on selling price.

OR

Q2 (B) ITC Ltd. has an annual sales of Rs.25,00,000 with credit period of 30 days to their (15)

Customers but past record shows a bad debts loss of 1% on sales. It is felt that sales can pick up considerably if the dealers are willing to carry increased stocks, but the dealers have difficulty in financing their inventory. The company is therefore, considering shift in credit policy.

The following information is available:

The present average collection period is 30 days

Variable costs are 70% on sales

Fixed costs Rs.3,00,000 per annum

Required (pre-tax) return on investment is 20% p.a.



Credit Policy	Average Collection Period in days	Annual Sales in Rs.	Bad debts on Sales
A	45	28,00,000	1.5%
B	60	30,00,000	2.5%
C	75	31,00,000	3%

Determine which policy the company should adopt? Assume 1 year = 360 days. Debtors are valued at total cost.

Q3 (A) From the following information and the assumption that the balance in hand on 1<sup>st</sup> April is Rs.72,500. Prepare Cash Budget for April-June. (15)

Month	Sales Rs.	Material Rs.	Wages Rs.	Selling, Distribution Cost Rs.	Production Cost Rs.	Administration Cost Rs.
January	72,000	25,000	10,000	4,000	6,000	1,500
Feb.	97,000	31,000	12,100	5,000	6,300	1,700
March	86,000	25,500	10,600	5,500	6,000	2,000
April	88,600	30,600	25,000	6,700	6,500	2,200
May	1,02,500	37,000	22,000	8,500	8,000	2,500
June	1,08,700	38,800	23,000	9,000	8,200	2,500

Assume that 60% are Cash Sales. Assets are to be acquired in the month of April and June. Therefore provision should be made for the payment of Rs.40,000 and Rs.25,000 for the same. An application has been made to the Bank for the grant of loan of Rs.30,000 and it is hoped that it will be received in the month of May.

Debtors are allowed one month Credit. Creditors (for material or other overheads) grant one month credit.

OR

Q3 (B) The following information relates the productive activities of J. K. Ltd. for three months ending on 31<sup>st</sup> March, 2018. (15)

Particulars	Rs.
<b>Fixed expenses</b>	2,10,000
Management salaries	1,40,000
Rent and taxes	1,75,000
Depreciation on Machinery	2,22,500
Sundry office expenses	7,47,500
<b>Semi-variable expenses: (at 50% capacity)</b>	62,500
Plant maintenance	2,47,500
Indirect labour	72,500
Salesmen's salaries	65,000
Sundry expenses	4,47,500
<b>Variable expenses: (at 50% capacity)</b>	6,00,000
Material	6,40,000
Labour	95,000
Salesmen's commission	13,35,000

It is further noted that semi-variable expenses remain constant between 40% and 70% capacity, increases by 10% of the above figures between 70% and 85% capacity and increases by 15% of the above figures between 85% and 100% capacity.

Fixed expenses remain constant whatever the level of activity may be. Sales at 50% Capacity are Rs.28,00,000. at 80% capacity Rs.39,00,000 and at 100% capacity Rs.46,50,000.



Assuming all items produced are sold. You are required to prepare a flexible budget at 50%, 80% and 100% capacity.

Q.4 (A) Calculate Operating and financial leverage under situation A and B and Financial plans I and II respectively from the following information relating to the operation and capital structure of Rani Ltd. Also find out the combinations of operating and financial leverages, which gives the highest value and the least value. (15)

Installed capacity (No. of units)	1,200
Actual production and sales (No. of units)	800
Selling price per unit (Rs.)	15
Variable cost per unit (Rs.)	10
Fixed Cost – Situation A (Rs.)	1,000
Fixed Cost – Situation B (Rs.)	2,000

Financials Plans	I	II
Equity (Rs.)	5,000	7,500
12% Debts (Rs.)	5,000	2,500

OR

Q.4 (B) From the following details prepare stores ledger account under FIFO and Weighted Average method (15)

Date	Particulars	Quantity (units)	Rate per unit (Rs.)
01/04/2017	Balance	18,000	10
06/04/2017	Received	8,000	10.5
14/04/2017	Issued	12,000	-
18/04/2017	Received	16,000	11
24/04/2017	Issued	14,000	-
28/04/2017	Received	18,000	11.5
30/04/2017	Issued	8,000	-

Q.5

- What is the need of Working Capital? (08)
- Explain the steps in decision-making. (07)

OR

Q5 Write short Notes on (Any Three) (15)

- Merits of equity shares
- Motives for holding cash
- Credit evaluation
- Economic order quantity
- Features of budget



SUBIM Sem-IV APRIL 2019

Duration: 2 ½ hours

Marks: 75

Q.1 : State the following statements are true or false. (Any eight)

(08)

1. Buying and selling of shares can be done through a stock exchange.
2. ISIN is an International Securities Identification Number.
3. In the balance sheet of company, amount due to the suppliers of goods and services brought on credit, will reflect under the head current liabilities and provisions.
4. Equity shares have mostly outperformed all other forms of investment in the long term.
5. Reduction in the share transfer time to the buyer, risk of stolen, fake, forged shares, and stamp duty on transfer of shares in dematerialized form problems have been eliminated by depositories.
6. 9.2 is the current yield if 11.50% bond sells in the market for Rs. 125.
7. American depository receipts, global depository receipt, are the ways by which companies can raise foreign currency resources.
8. An index is a basket of shares.
9. Nifty index is used in derivatives and index funds.
10. Inflation rate and supply of money affect the interest rate.

B) Match the columns. (ANY SEVEN)

(07)

A	B
1. BOLT	a. National exchange of automated trading
2. NEAT	b. BSE online trading system
3. DEMAT	c. Dematerialization
4. RBT	d. American depository receipt
5. ADR	e. Central bank of India
6. SEBI	f. Securities & Exchange Board Of India
7. OTCEI	g. Established in 1992
8. NSE	h. Over of counter exchange of India
9. BSE	i. Initial public Offer
10. IPO	j. Sensex

Q. No. 2 A) Explain Stock Exchange and its characteristics

(08)

b) Explain the features of Equity markets

(07)

OR

c) List out the salient features of OTCEI

(08)

d) what are different kinds of issues in the primary market

(07)

Q.No 3 a) Explain SEB's Entry norms for Primary Market

(08)

b) Explain the function of Stock Exchange

(07)

OR

c) Explain the role of brokers in a stock exchange

(08)

d) Explain the procedure of buying &amp; selling shares

(07)



Q.No. 4 a) Explain the listing of securities requirements as per SEBI

(08)

b) Explain the procedure of issue of shares

(07)

OR

c) Explain the process of IPO

(08)

d) Explain the role of SEBI in promoting Equity markets

(07)

Q, No.5 a) Explain the Steps the steps to be followed for recognition of stock exchange in India

(08)

b) Explain the role of FDI/ FII in the promotion of equity markets

(07)

OR

Q.No. 5 Short Notes any (3)

(15)

1. Online trading

2. BOLT

3. Dematualization

4. Demutualization

5. Delisting of Securities