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- Q:1 Answer in Brief. [10]
- A. Define: Grading
  - B. Define : Foreign Exchange rate
  - C. Define: CDSL
  - D. Define: CRISIL & CARE
  - E. What is investment?
- Q.2 (A). Explain the role of co-operative marketing in regulated market. [07]
- (B). What is standardization? Explain the objective and advantages of it. [07]
- OR
- Q.2 (A). Explain the Advantages of regulated markets. [07]
- (B). Explain the factors affecting foreign exchange rate. [07]
- Q.3 (A). Explain the factors influence price of share. [07]
- (B). What is Money Market? Explain the defect of Indian Money Market. [07]
- OR
- Q.3 (A). Explain the role of Mutual Funds. [07]
- (B). What is depositary system? Explain its advantages. [07]
- Q.4 Write a Short Note. (Any Two) [12]
- A. Credit Rating.
  - B. Technical Analysis
  - C. NASDAQ.
  - D. European Union



Q-1 Answer in brief. (10)

1. State the types of merger
2. What is meant by spinoffs?
3. State the classifications of ratios
4. Define Dividend policy
5. Define Inflation

Q-2 (A) What is Takeover? Discuss preventive measures against Hostile Takeover. (07)

(B) What is joint venture? state guideline features for its success (07)

OR

Q-2 Discuss the privatisation in India (14)

Q-3 (A) What is residual dividend policy? Explain the type of residual dividend policy. (07)

(B) State the effect of recession on financial management (07)

OR

Q-3 (A) Explain the types of intangible intensive assets. (07)

(B) Explain Features of Convertible debentures. (07)

Q-4 Short note: (Any two) (12)

1. Explain objectives of interpreting financial statements
2. Remedies of recession for micro level
3. Effect of inflation on capital budget



Q. 1. Answer in brief : (10)

- (1) State the types of diversification.
- (2) Give the meaning of strategic choice
- (3) Explain Strategic budgeting.
- (4) State different Pricing Strategies.
- (5) State the types of Strategic control

Q. 2. (A) Explain the process of establishing the objectives. (08)

- (B) What is turnaround strategy ? Under what circumstances it is adopted ? (08)  
Explain its approaches.

**OR**

Q. 2. (A) Explain subjective factors influencing strategic choice (08)

- (B) Explain bases of resource allocation (08)

Q. 3. (A) Explain difference between strategy control and operational control. (08)

- (B) State the areas for formulating human resource strategies explain any two of them. (08)

**OR**

Q. 3. (A) Describe the techniques of strategic Momentum control. (08)

- (B) Explain make or buy strategy. (08)

Q. 4. Write a short note : ( any one) (08)

- (1) Merger Strategy
- (2) Project implementation
- (3) e-engineerig
- (4) Financial Leverage Strategy



J. Z. SHAH ARTS & H. P. DESAI COMMERCE COLLEGE, AMROLI  
M.COM SEM 4 (EM)  
INTERNAL TEST 2016

FINANCIAL & MANAGEMENT ACCOUNT PAPER XII

DATE : 16/03/2016  
TIME : 11:00 TO 1:00

SEAT NO.:  
TOTAL MARKS :

**Q-1 Answer the following**

**(12)**

**A. Fill in the blanks (4 Marks)**

1. Variable overhead cost variances = ..... + ..... variances
2. Variable overhead volume variance = ..... + ..... + ..... variance
3. Budget Variance = ..... - .....

**B. Solve the following problem. (8 Marks)**

From the following details calculate labour variances

Particulars	Standard	Actual
No. of workers involved	100	90
Production in units	5000	4800
No. of working days in a month	20	18
Average monthly rate per worker (In Rs.)	200	198

**Q-2** Debu Ltd. produces a product named “AB” with a combination of two material named “A” **(14)**

and “B”. In the month of March – 2016 the standard material cost of producing 200 units of “AB” has been determined as 20 kgs of A @ Rs. 30 per kg and 10 kgs of B @Rs. 150 per kg. Actually 300 units were produced. The position of stock and purchase was as under :

Material	Stock on 1 <sup>st</sup> March 2016		Purchase		Stock on 31 <sup>st</sup> March 2016
	Kg	Price per Kg (Rs)	Kg	Cost (Rs)	Kg
A	4	25	30	960	1
B	5	140	6	930	2

Stock of material is valued on **LIFO** basis. Weight of each unit is 100 gram. Calculate material variances with necessary calculations.

**OR**

Fixed overhead cost variance	-1400
Fixed overhead volume variance	-1000
Budgeted hours	1200
Fixed overhead cost as per budget	Rs. 6000
Actual fixed cost per hour	Rs. 8 per hour

From the above details, find out following

1. Fixed overhead budget variance
2. Actual fixed overhead cost
3. Actual working hours
4. Fixed overhead capacity variance
5. Fixed overhead capacity variance
6. Standard hours of actual output

**Q.3** Atul co's authorised capital is 1,00,000 equity shares of rs.10 each. These all shares are issued to public. Underwriter gives underwriting as under . **(14)**

A: 35,000, B: 30,000, C: 20,000, D: 10,000, E: 3,000, F: 2,000.

Marked Application Received as under :

A: 10,000, B: 22,500, C: 20,000, D: 7,500, E: 5,000, F: NIL.

Total 20,000 share applications were unmarked and received by company. Rate of commission is 2% fixed. Prepare statement of underwriters liability and give journal entry in the book of Atul Ltd.

**OR**

Meghdut ltd. came with public issue of 80,000 shares of rs.10 each. The issue was underwritten by following.

A : 48,000 , B: 20,000 , C: 12,000

Firm underwriting is as under :

A: 6,400 , B : 8,000 , C : 2,400

Company received 40,000 share applications excluding firm underwriting but including marked application. Marked Applications were as under.

A: 8,000 , B: 10,000 , C: 4,000.

If underwriters are given credit for firm underwriting. compute their personal liability. Rate of commission is 2%. Give journal entry in the book of Meghdut ltd.

**Q.4 Short notes (any two) **(10)****

1. Narrate the different methods of measuring divisional performance in detail
2. Define capital budget methods of measuring divisional performance in detail
3. Define return and clear the concept of return on total investment with suitable example
4. Standard cost plus lumsum
5. Market price method

**J. Z. SHAH ARTS & H. P. DESAI COMMERCE COLLEGE, AMROLI – SURAT**  
**INTERNAL TEST - 2016**  
**M.Com Sem – IV (EM)**

**Sub : Financial & Management Account Paper- X**

**Date: 14/03/2016**

**Time : 11:00 to 1:00**

**Total Mark : 50**

- Q.1 (1)** The Parul limited has a budget of producing 1,00,000 units. The per unit variable expenses is Rs. 10 per unit and the fixed cost is Rs. 6,00,000. The financial manager has suggested adopting cost plus method and considers profit of 25%. The marketing manager is not convinced with this method, he has suggested the following. **(4)**

Selling Price per Unit	Demand
18	84,000
20	76,000
22	70,000
24	64,000
26	54,000

**As a company management accountant, analyze the situation and state your opinion.**

- (2)** A company can get machinery on rent monthly Rs. 7,000 while its purchase price is Rs. 3,00,000. Its estimated useful life is 10 years and scrap value is Rs. 50,000. To purchased the machinery 15% loan is to be taken and it same amount is invested in business 20% profit can be earned. **(3)**

**Decide whether to purchased or rented?**

- (3)** The Current earning of the C ltd. is Rs.4,00,000 and the number of its existing equity share is 50,000. The current market price is Rs.50 per share. The company wants to issue new equity shares of Rs.15,00,000 at 5% discount to finance the expansion project. The flotation cost is estimated at 5%. If the earning of the company is stable ,what will be the cost of equity capital? **(3)**

- Q.2** Managers of a factory want to close down the production of non-profitable product Z but are asking for your decision. **(14)**

Information is as below:-

Particulars	X	Y	Z
Sales	14,00,000	11,00,000	3,00,000
Direct material	3,90,000	4,15,000	95,000
Direct wages	1,80,000	1,70,000	60,000
Variable expenses	2,20,000	1,70,000	40,000
Fixed expenses	4,25,000	2,60,000	1,20,000
<b>Net profit</b>	<b><u>1,85,000</u></b>	<b><u>85,000</u></b>	<b><u>-15,000</u></b>

If the production of Z is closed down then supervisors of Z product have to be retrenched and the salary can be saved. Their salary is Rs. 25,000 which has been included in fixed expenses.

After giving a second thought, management decides to increase the production of X product by 40,000 units and use the supervisors of Z in this production. Selling price of X is Rs. 700 per unit.( Production of Z is closed down)

**Give your opinion in both the option.**

**OR**

**Q.2** Pramukh Ltd manufactures a product its marginal cost is as under. **(14)**

Direct raw material	160
Direct labour	120
Factory variable expenses	<u>20</u>
Total	300

The budgeted figures for next year are as under.

Production 80,000 units.

Fixed Overhead expenses:

Production	1,60,00,000
Administration	96,00,000
Selling	80,00,000
Contribution	4,00,00,000

The board of directors is not satisfied with the figures. The managing director wants to earn Rs. 96,00,000. For this he wants to estimate the selling price and expects that,

- (i) If advertisement expenses are increased by 18,88,000 sale can be increased by 10%.
- (ii) Production overhead will increased by Rs. 4,00,000 and selling overhead will increase by Rs. 2,72,000.

**Prepare a statement comparing profit as per budget and as per managing directors expectation.**

**Q.3** Long term financial instruments in the balance sheet dated 31-3-2015 of the Viru Company Ltd. **(14)**  
are as under.

Equity share capital (Rs.100)	1,50,00,000
Reserve & Surplus	1,00,00,000
12% Pref. Shares (Rs.100)	50,00,000
15% Debentures (Rs.100)	2,00,00,000

Cost of various individual funds of the company and the average market price of the various securities at the end of the year on 31-3-2015 are as under.

Funds	Individual Cost of Capital	Market Price
Equity share	25%	Rs.400
Reserve & Surplus	22%	-
12% Pref. Shares	12%	Rs.80
15% Debentures	06%	Rs.80

Find out weighted average cost of capital on the basis of book value and market value.

**OR**

**Q.3** Capital Structure of Rajesh Ltd. is as follows : **(14)**

	<b>Rs.</b>
Equity share Capital (Each of Rs. 10)	2,00,000
14% Pref. Share Capital (Each of Rs. 100)	1,00,000
12% Debentures (Each of Rs. 200)	<u>3,00,000</u>
	6,00,000

The market price of equity share is Rs.32. The company expected to declare a dividend per share of Rs.2 and there will be a growth of 10% in the dividends for the next 5 years.

The Pref. Shares are redeemable at a premium of Rs.5 per share after 8 years and are currently traded at Rs.84 in the market.

Debentures redemption will take place at 5% premium after 7 years. Their current market price is Rs.180 per debenture. The corporate tax rate is 40%.

Calculate the cost of Equity share, Pref. Share and Debenture.

**Q.4** Write short notes : (any two) **(12)**

- 1) Factors affecting in investment decision.
- 2) Limiting factors in product pricing
- 3) Target Pricing
- 4) Management Accountants role in pricing
- 5) Difference between investment and speculation

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## J. Z. Shah Arts &amp; H. P. Desai Commerce College, Amroli.

Internal Test - 2016

M.Com. Semester - IV (EM)

Financial &amp; Management accounting - XI

Date : 15/03/2016

Time : 11:00 To 01:00

Roll No. ....

Total Marks : 50

**Q.1. Do as directed:****(10)**

a) The following are some balances appearing in Trial Balance of Special Bank Ltd. as on 31-12-2006: (5)

Particulars	Amount (Rs.)
Bills discounted	25,20,000
Rebate on bills discounted (1-1-2006)	45,000
Interest and discount received during the year	6,35,000
Bad debts	40,000
Bad debt reserve (1/1/2006)	4,25,000

An analysis of the Bills Discounted:

Amount of Bills	Maturity Dates	Rate of Discount
4,75,000	15-2-07	5%
8,40,000	14-3-07	6%
9,50,000	31-3-07	4%
2,55,000	15-4-07	5%

At the end of the year the Bad debt reserve should be Rs. 4,35,000. Prepare necessary accounts in the books of Special Bank Ltd.

b) From the following information compute the amount of provision to be made of Gabbar Bank Ltd. (5)

Classification of assets	(Rs. In lakhs)
1) Standard (value of security Rs. 6000 lakhs)	8,000
2) Sub-standard	4,000
3) Doubtful	
- Up to one year (realizable value of securities Rs. 600 lakhs)	2,000
- Up to three years (realizable value of securities Rs. 400 lakhs)	600
- More than three years (no security)	400

**Q. 2.** PK Ltd. takes machine on lease on 1-1-05 from RK Ltd. Following are the relevant details: **(14)**

1) Fair value of machine: ?

2) Leasing period: 4 years

3) Payment of Lease rent are as follows:

Year	Amount (Rs.)
2005	87,500
2006	40,000
2007	20,000
2008	11,250

The lease rent is payable at the commencement of every year.

4) Residual value after four years: Rs. 7,500

5) Financial charges : 14% p.a.

6) Depreciation is charged at 40% p.a. as per reducing balance method.

8) The following journal entry was passed in the books of PK Ltd. as on 31-12-2007:

Lease Machine Depreciation A/c.....	Dr. 21,600
To Lease Machine A/c.....	21,600

From the above information prepare PK Limited Account and Financial Charges Account in the books of RK Limited, show its presentation in profit and loss account and balance sheet for all the years. Also write journal entries in the books of PK Limited for only first year.

**OR**

**Q.2 a)** The Holiday Bank Ltd. had given a loan to Mr. Virat. The amount due from him on 31-12-2012 was Rs. 80,000. The entire amount now has been classified as doubtful. The rate of interest on loan and overdraft is 18 %. The interest received to the bank is upto 1-8-2012. Mr. Virat had pledged a property worth Rs. 95,000 with the bank. On 20-1-2013 Mr. Virat is declared insolvent Bank could recover Rs. 50,000 from the sale of property and a sum of Rs. 18,800 from the receiver as full and final settlement. (7)

Write journal entries in the books of Holiday Bank Ltd. and prepare necessary accounts.

**Q.2 b)** The books of Badlapur Bank Ltd had the following balances as on 1-1-12: (7)

Particulars	Amount (Rs.)
Loan, Cash credit and overdraft	20,00,000
Bills purchased and discounted	4,00,000
Rebate on bills discounted	4,000

The following transactions were entered during the year

Particulars	Amount (Rs.)
Loan, Cash credit and overdraft sanctioned	40,00,000
Bills purchased and discounted	30,00,000
Loan, Cash credit and overdraft recovered	35,00,000
Interest earned	5,00,000
Discount earned on bills purchased and discounted	1,50,000

Balance of bills purchased and discounted at the end of the year was 10% of the bills discounted during the year. Their average maturity date was 31-1-13. The bills were discounted at 12% per annum. In the books of Badlapur Bank Ltd. prepare the following accounts;

- 1) Loan, Cash credit and Overdraft Account
- 2) Interest and Discount Account
- 3) Bills purchased and Discount Account
- 4) Rebate on Bills Discount Account

**Q.3.** Prepare Profit and Loss Account for the year ended as on 31/3/2013 & Balance Sheet as on that date of Airlift Co-operative Bank Ltd. from the following details given below: (14)

Debit Balances	Rs.	Credit Balance	Rs.
Cash on hand	11,00,000	<b>Fixed deposits:</b>	
Cash with RBI	5,53,000	Individuals	80,00,000
<b>Balances with other banks:</b>		Other societies	38,36,500
Current A/c	2,85,000	<b>Current accounts:</b>	
Fixed Deposit	35,40,000	Individuals	7,00,000
Saving A/c	23,70,000	Central Co-op. bank	24,500
Advances	2,29,50,000	Other societies	29,53,500
Investments in Co-operative Societies	15,00,000	<b>Saving account:</b>	
Other expenses	2,04,000	Individuals	62,71,500
Salaries & Allowances	3,30,000	Central Co-op. bank	81,000
Audit fees	1,500	Cash credit accounts	1,57,500
Rates, tax & Insurance etc.	25,500	Share capital	23,10,000
Interest receivable	4,51,500	Reserve fund	5,08,500
Furniture	99,000	Building fund	2,47,500
Building (C P 5,16,000)	4,56,000	Bad debts reserves	4,32,000
Investment in subsidiary state partnership fund	24,000	Subsidiary state partnership fund	24,000
Advance for lift & Building	7,500	Agriculture Credit Fund	2,98,500
Sundry Assets	1,57,500	Investment fluctuation fund	82,500
Stationery stock	9,000	Charity fund	78,000
Interest	15,87,000	<b>Borrowings:</b>	
Postage & telegram	7,500	Short term loans	46,56,000
Stationery expenses	12,000	Medium term loans	11,58,000
Deposit	28,500	Loan from SBI	36,000

Non-Banking assets	21,000	Bills payable	5,00,000
Branch adjustment	60,000	Unclaimed dividend	71,500
		Other liabilities	91,500
		Interest & discount	24,45,000
		Commission & brokerage	28,500
		P & L Appro. a/c (1/4/12)	2,46,000
		Overdue interest reserve	5,41,500
	<b>3,57,79,500</b>		<b>3,57,79,500</b>

**Additional Information:**

1) Discount received in advance Rs. 1,500. 2) Depreciation on furniture Rs. 8,700. 3.) Accrued interest on investments Rs. 12,000. 4.) Income-tax refund order received, but not deposited in the bank Rs. 30,000. 5.) Appropriation for 2012-13 recommended: Reserve Fund Rs. 1,20,000, Dividend at 8%, Education Fund Rs. 5,700, Bad debts reserve Rs. 13,500. 6.) Share capital: Authorised 90,000 shares of Rs. 50 each, State Govt holds shares of Rs. 3,00,000 and other co-op. societies holds shares of Rs. 20,10,000. 7.) Appropriation of profits approved for 2011-12: Reserve Fund Rs. 15,000, Dividend Rs. 2,31,000. 8) Claims not accepted as debt against bank was Rs. 60,000.

**OR**

3. Following balances are extracted from the books of Baby Bank Ltd. for the year ended as on 31-3-12: (14)

Particulars	Rs.	Particulars	Rs.
Building	4,25,000	Other Assets	1,10,000
Cash on hand	6,18,750	Income on investment	20,25,000
Furniture	2,50,000	Rent, rates, electricity, etc.	1,69,875
Capital Reserve	3,50,000	Saving deposits	35,00,000
Payments to employees	3,33,000	Printing & stationery	60,750
Investment Fluctuation fund	1,75,000	Legal expenses	2,13,750
Share premium	1,50,000	Bills payable	3,00,000
Cash with RBI	2,25,000	Government securities	2,70,000
Staff gratuity fund	43,750	Bills purchased & discounted	40,50,000
Share Capital	8,00,000	Depreciation on building	42,500
Interest received on inter bank funds	1,68,750	Depreciation on furniture	17,125
Profits on sale of investment	3,44,250	Audit fees	50,000
Deposits payable on demand	2,02,500	Director fees	1,82,875
<b>Balance with other banks:</b>		Insurance	1,11,375
Current Account	3,00,000	Profit on exchange transaction	2,32,875
Saving Account	2,06,250	Interest on advance bills	14,62,500
Interest on deposits	15,18,750	Debenture	3,00,000
Term deposits	8,10,000	Bonds	1,05,000
Interest on inter bank debt	1,68,750	Term loan	20,25,000
Borrowed money of RBI	2,00,000	Current deposits	5,50,000
Profit on sale of land	97,875	Foreign borrowings	1,37,500
Branch adjustments (credit b/s)	1,00,000	Demand draft	1,06,250
Non-banking assets	18,750	Stationery stock	40,000

**Additional information's:**

- 1) Provision for taxation Rs. 3,33,000.
- 2) Make provision for statutory reserve as per law.
- 3) Claims not accepted as debt against bank was Rs. 70,000.
- 4) Make provision for doubtful debts on loan. Rs. 1,05,750 at 100% on lost assets. Also at 10 % on sub-standard assets of Rs. 6,75,000.

From the above details prepare Profit and Loss A/c as per Form-'B' and Balance Sheet as per Form-'A' with Schedules under Indian Banking Regulation Act, 1949.

**4. Write short notes on (Any three):**

(12)

1. Contingent liabilities & Non-Banking Assets
2. Procedure of obtaining import license
3. Duty drawback
4. Escalation clause & shipment
5. Types of lease
6. Types of importers
7. Export Procedure
8. Accounting treatment of operating lease in Lessee's book

**ALL THE BEST**