

Date : 14/03/2017

Time : 11:00 To 01:00

Roll No. ....

Total Marks : 50

**Q.1 Short Questions.**

- 1 With following information work out the selling price of the product of Swati Ltd. (5)
- Investment : Fixed Assets.....Rs. 50,00,000  
 Investment : Working Capital.....Rs. 50,00,000  
 Budgeted volume.....Rs. 2,50,000 Units.  
 Fixed Costs.....Rs. 40,00,000  
 Desired return 25% per annum.  
 Variable cost per unit Rs. 20.
- 2 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? (5)

**Q.2 Priya Company Ltd. Produces three products. Annual cost details are as under :- (14)**

Particulars	Product X (Rs.)	Product Y (Rs.)	Product Z (Rs.)
Sales	6,00,000	10,00,000	7,00,000
Material	3,00,000	4,00,000	3,20,000
Labour	80,000	1,20,000	1,00,000
Variable overheads	40,000	60,000	80,000
Fixed overheads	80,000	50,000	70,000

Good quality material is used in all three products, is imported from UK by the company. Material used in Kilograms in all three products is as under:

Product	Consumption of Materials (in Kilogram)
X	3,000
Y	6,000
Z	4,000

Material is a limiting factor. Material consumption is common for all three products. You are required to prepare a statement of the most profitable mixture of products to be produce and sold.

The statement should show

- (1) The profit and loss on budgeted production.
- (2) The profit on any two most profitable products.

**OR**

- Q.2** Sweta Co. Ltd. Plans to introduce two products 'A' and 'B' in the market and wants to determine selling price for them. The estimated data of the department in which both products are to be manufactured are as under: (14)

Particular	Product A	Product B
Annual Production (Units)	2,00,000	4,00,000
Direct Material (per Unit)	Rs. 15	Rs. 14
Direct Wages (per unit) (Direct labour hour rate Rs. 3)	Rs. 9	Rs.6

The proportions of overheads other than interest payable, chargeable to the two products are as under:

Factory overheads (50% fixed): 100% of direct wages, Administration overheads (100% fixed): 10% of factory cost, Selling and distribution overheads (50% variable) Rs. 3 and Rs. 4 respectively per unit of products 'A' and 'B'. The fixed capital investment in department is Rs. 100 Lakhs. The working capital requirement is equivalent to 6 months. Stock of cost of sale of both the products. For this project a term loan amounting to Rs. 80 lakhs has been obtained from financial institution at an interest rate of 14% p.a. 50% of working capital needs are met by bank borrowing and carrying interest at 18% per annum.

The department is expected to give a return of 20% its capital employed. You are required to

- (1) **Fix the selling prices of both the products such that the contribution per direct labour hour is the same for the both the products.**
- (2) **Prepare a statement showing in detail the overall profit that would be made by the department.**

**Q.3** The following information has been extracted from the Balance Sheet of Anu Ltd. as on 31/3/2013 (14)

Particulars	Rs. in Lakhs
Equity Share Capital	200
12% Debentures	200
18% Term Loan	600
	1,000

- (a) Determine the weighted average cost of capital of the company. It had been paying dividends
- (b) What difference will it make if the current market price of the Rs.100 share is Rs. 160
- (c) Determine the effect of income tax on the cost of capital under both assumptions. Income tax rate is 46%.

**OR**

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

	Rs.
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%.

- (1) Calculate the cost of Equity share, Pref. Share and Debenture.
- (2) Calculate weighted average cost of capital.

**Q.4 Write Short Note (Any Two)**

**(12)**

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



1. (a) From the following information given below of YoYo Bank Ltd. Prepare Profit & Loss A/c(as per schedule) for the year ended 31/3/2016. (6)

Particulars	Rs.	Particulars	Rs.
Rent, Taxes & lighting	28,000	Interest on RBI liability	1,00,000
Interest on Deposits	6,00,000	Insurance	3,500
Stationery & Printing	12,000	Legal Expenses	5,000
Director's Fees	25,000	Postage-Telephone Expenses	12,000
Loss on sale of Investment	10,000	Interest on Bills	5,00,000
Profit on Exchange Trans.	50,000	Interest on Bank Fund Others	2,00,000
Commission-Brokerage	1,80,000	Interest on investment	5,00,000
Interest on cash with RBI	3,00,000	Interest on cash with other banks	2,00,000
Dividend received	50,000	Advertisement	4,500
Miscellaneous Incomes	20,000		

1. (b) From the following information given below of JoJo Bank Ltd. Prepare the schedules of the liabilities side of a Balance sheet for the year ended 31/3/2016. (9)

Particulars	Rs.	Particulars	Rs.
Loan from Reserve Bank	9,00,000	Investment Fluctuation fund	5,00,000
Demand draft	8,00,000	Cash Certificates	9,00,000
Rebate on Bills discounted	80,000	8% Government Securities	10,00,000
Unclaimed dividend	1,20,000	Profit & Loss A/c (credit)	12,00,000
Statutory Reserve	15,00,000	Recurring Deposits	9,00,000
Silver	2,00,000	General Reserve	18,00,000
Gold	3,00,000	Stamps & Stationery stock	35,000
Saving Accounts	35,00,000	Paid up Capital (20% of	
Share Premium	8,00,000	Authorized Capital)	24,00,000
Fixed Deposits Accounts	27,00,000	Contingency Reserve	6,00,000
Current Accounts	48,00,000	Furniture	3,00,000
Provident Fund	2,00,000	Provision for Taxation	4,00,000
Travelers Cheque	6,00,000	Staff Security Deposits	5,00,000
Branch Adjustment A/c (Cr balance)	3,00,000	Loan from SBI	7,00,000
		Proposed dividend	2,00,000

**OR**

1. The following is the trial balance of Khan Co-op. Bank Ltd. as on 31/3/2016: (15)

Debit Balances	Rs.	Credit Balance	Rs.
Cash on hand & with RBI	80,000	<b>Fixed deposits:</b>	
<b>Bank balances:</b>		Individuals	7,60,000
Current A/c	68,000	Other societies	<u>40,000</u>
Fixed Deposit	<u>1,02,000</u>		8,00,000
Loans & Advances	10,90,000	<b>Current accounts:</b>	
Branch adjustments A/c	10,200	Individuals	5,35,000
Government securities	20,800	Central Co-op. Bk	43,000
Shares of subsidiary Co.	20,000	Other societies	<u>40,000</u>
			6,18,000
		<b>Saving account:</b>	

Legal expenses	8,500	Individuals	2,00,000
Salaries & Allowances	32,500	Loan on cash credit	30,000
Director's fees	19,500	Share capital (Shares of Rs.10 each fully paid)	5,00,000
Audit fees	4,500	Reserve for legal expenses	12,000
Rates, tax & Insurance etc.	7,700	Building fund	15,000
Interest on deposits	1,40,000	Bad debts reserves	10,000
<b>Depreciation on :</b>		Subsidiary state partnership fund	23,000
Building 7,000		Interest & discount	3,12,000
Furniture <u>3,300</u>	10,300	Dividend Equalization fund	3,000
Printing & Stationery	80,000	Commission & brokerage	3,000
Furniture(less Depreciation)	33,000	Donation	4,000
Building(less Depreciation)	7,00,000	Profit on non banking asset	3,000
Investment in subsidiary state partnership fund	1,25,000	P & L a/c (1/4/15)	24,000
Stationery stock	8,000	Unclaimed dividend	500
		Interest reserve for expired period	2,500
	<b>25,60,000</b>		<b>25,60,000</b>

Additional Information:

(1) Rebate on bills discounted Rs. 2,000. (2) Bills for collection on behalf of customers amounting to Rs. 50,000. (3) Claims not accepted as debt against bank was Rs. 80,000. (4) Make necessary provisions related to statutory reserve and education fund as per co-operative act. From the above information, you are required to prepare P & L a/c for the year ended 31<sup>st</sup> March, 2016 & Balance sheet as on that date of Khan Co-operative Bank Ltd.

2. Asha Ltd. takes a machine on lease as on 1/4/07 from Nirasha ltd. The following are the relevant details. **(15)**

- (1) Fair value of the machine: Rs.5,00,000. (2) Financial Charges: 12% P.a.
- (3) Lease rentals: Rs.1,60,000 pa (payable @ the end of each year)
- (4) Residual Value after 4 years: Rs.30,000 (5) Lease period: 4 years
- (6) Asha Ltd. paid expenses for lease agreement: Rs.1,200
- (7) Nirasha Ltd. paid expenses for lease agreement: Rs.1,000

From the above information, prepare Asha Ltd A/c & Financial Charges a/c in the books of Ram Ltd, show both the accounts entries in Balance Sheet & Profit & Loss account. Write necessary journal entries in the books of Asha Ltd for first 2 years only.

**3. Do as directed: (Any Two)**

**(10)**

A) The following are b/s appear in trial balance of Bank of Singapore as on 31.3.'11:

Particulars	Debit (Rs.)	Credit (Rs.)
Bills discounted	9,30,000	
Rebate on bills discounted (31/3/10)		22,000
Interest & Discount received for the year		1,78,000

An analysis of the bills discounted shows the following:

Amount (Rs.)	Due dates	Rate of discount
1,46,000	30.4.2011	8%
2,92,000	30.5.2011	7%
2,00,000	12.6.2011	10%
2,92,000	9.7.2011	12%

Prepare interest & discount account & find out the amount of interest & discount received to be credited to Profit & Loss A/c & to pass necessary journal entries.

**B)** A loan and overdraft account of Mr. Pandit shows a debit balance of Rs. 1,50,000 as on 31.3.2011 in books of Kerala Bank. In this respect the bank is in possession of certain shares as security of the market value of Rs.30,000.

The financial position of Mr. Pandit is reported to be doubtful. The rate of interest on loan & overdraft is 18%. The interest received to the bank is upto 1.4.2010.

Mr. Pandit was declared insolvent on 27.4.2011. The bank could realize Rs.29,000 from the sale of the shares. Out of the balance due on 31.3.2011 only 60% amount could be recovered from the receiver in full settlement.

Write journal entries in the books of Kerela Bank & prepare Mr. Pandit Account.

**C)** From the following information compute the amount of provisions to be made of a commercial bank:

<b>Assets</b>	<b>Rs. In Lakhs</b>
1. Standard (Value of security Rs. 7000 Lakhs)	8,000
2. Sub Standard	4,000
3. Doubtful :	
a) Doubtful for less than 1 year (realizable value of securities Rs. 600 Lakhs)	2,000
b) Doubtful for more than 1 year but less 3 years (realizable value of securities Rs. 400 Lakhs)	600
c) Doubtful for more than 3 year (realizable value of securities Rs. 600 Lakhs)	400

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

**(10)**

1. Export Procedure
2. Shipment and Duty drawback
3. Non Banking Assets and Contingent Liabilities
4. Bill of Lading



**Q-1 (A) Fill in the Blanks (6)**

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

**(B) Solve the following (6)**

Standard cost card shows that 3 kgs of raw material is required at the rate of Rs. 2 per kg for the production of 1 unit. During March 2016, 200 units are produce in which 620 kg of raw material are used at the rate of Rs. 1.80 per kg. find out material variance

**Q-2 The standard material cost of producing 100 units has been predetermined as 200 kg @ RS 4 per kg. (14)**

The Actual data is as under:

- Actual output (units).....200
- Opening stock of material(kg).....300 at standard price
- Purchase of material (kg).....700
- Actual amount paid (RS).....2,100
- Closing stock of material (kg).....400

Find out the difference in variances if method is used for issue of material is FIFO & LIFO.

**OR**

From the following particulars find out labour efficiency and prepare necessary accounts:

Standard Labour Requires:

Dept. A: 2 hrs. @ RS 17.5

Dept. B: 4 hrs @ RS 15

Actual Labour time Spent :

Dept. A: 5200 hrs. @ RS 17.5

Dept. B: 12000 hrs. @ 15

Actual Units Produced:

Dept A: 2800

Dept: 2800

**Q.3** ABC Ltd. has authorized capital of rs.25,00,000 divided in to 1,00,000 equity share capital (14) of rs.25 each. Company issued for 25,000 shares at premium of rs.10 each. The entire issue was underwritten as follows :

A: 15,000 (Firm Underwriting 2500)

B: 7,500 (Firm Underwriting 1000)

C: 2,500 (Firm Underwriting 500)

Out of total issued 22,500 shares including Firm Underwriting were subscribed. Following were marked application.

A: 8,000 B: 5,000 C : 2,000

Calculate the liability of each Underwriter and make journal entry in the book of firm.

**OR**

H Ltd. issued 20,000 shares of rs100 each, which was underwritten as follows :

A: 12,000, B: 5,000 C: 3,000

Firm Underwriting was as under :

A: 1,600 B: 600 C: 2,000

Total Subscription excluding firm underwriting but including marked application were for 10,000 shares. The marked application are as under

A : 2,000 B: 4,000 C: 1,000

Calculate the liability of each Underwriter

(1) When benefit of underwritten is not given

(2) When benefit of underwritten is given

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

1. Arguments in favour and against decentralized profit centers
2. What is transfer price? Explain methods of Transfer price.
3. Significance of Standard Costing.
4. Methods of measuring divisional performance.
5. Benefits transfer pricing policy.





Q1. Answer in short : [12]

1. Define: Standardization
2. What is foreign Exchange
3. State any two objectives of GATT.
4. Define Depository system.
5. Define Money Market
6. Define Organized Market.

Q.2 (A). Explain the recent trends of regulated markets. [07]

(B). Explain Standardization and its advantages and disadvantages [07]

OR

Q.2 (A). Explain the factors affecting foreign exchange rate. [07]

(B). Explain the advantages of WTO to India [07]

Q.3 (A). Explain the factors affecting Price of shares. [07]

(B). Explain the role of Mutual Funds. [07]

OR

Q.3 (A). Explain the defects of Indian money market [07]

(B). Explain the Advantages of Depository system to the investor and company. [07]

Q.4 Write a Short Note. (Any Two) [12]

- A. Organized Money Market
- B. Fundamental Analysis
- C. NASDAQ
- D. European Union



**Q. ~ 1. Answer in brief. [10]**

- (1) What is merger? State the types of merger.
- (2) State the classifications of ratios
- (3) What is financial leveraged?
- (4) Define valuation of warrants.
- (5) What is Inflation ?

**Q. ~ 2. What is Takeover? Discuss defensive measures against Hostile Takeover. [13]**

**OR**

- (a) Explain total leveraged [06]
- (b) DuPont Analysis [07]

**Q. ~ 3.**

- (a) Explain the effect of recession on financial management [06]
- (b) Explain the types of intangible intensive assets. [07]

**OR**

- (a) Factors affecting Payout Ratio [06]
- (b) Explain Innovative Hybrid [07]

**Q. ~ 4. Short note: (Any two) [14]**

- (1) Reforms of Corporate Governance in India
- (2) Limitations of financial statement analysis
- (3) Types of Residual dividend policy
- (4) Guideline features for success of Joint Venture



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

Internal Test ~ 2017

M.Com. Semester ~ IV (EM)

Strategic Management

Date : 11/03/2017

Time : 11:00 To 01:00

Roll No. ....

Total Marks : 50

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- Q. 1. Answer in brief : (10)
- (1) State the limitation of objective
  - (2) State the types of diversification strategy
  - (3) State the factors affecting resource allocation
  - (4) What are the long term sources of fund ?
  - (5) State the method of strategic leap control ?
- Q. 2. (A) Explain the Process of establishing objectives (07)
- (B) Explain bases of resource allocation (06)
- OR**
- Q. 2. (A) Explain Turn around strategy (07)
- (B) Explain subjective factors affecting strategic choice (06)
- Q. 3. (A) What is strategic control ? Explain types of strategic control. (07)
- (B) Explain promotional strategies of marketing (06)
- OR**
- Q. 3. (A) Explain 'Make or buy' strategy (07)
- (B) Explain the process of operational control (06)
- Q. 4. Write a short note : ( any two) (14)
- (1) B. C. G. matrix method
  - (2) Objectives of Human Resource strategy
  - (3) Key factors rating technique
  - (4) Merger strategy
  - (5) Project implementation

