

A-9774

Sub. Code

4MCO2C1

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary/Improvement/Arrear Examinations
Second Semester
Commerce**

RESEARCH METHODOLOGY

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. What is Social Research?
2. What is the significance of Research Problem?
3. What you understand by Hypothesis?
4. What is Sampling?
5. What is primary Data?
6. What is Likert Scaling?
7. Write short note on processing.
8. Why editing is necessary?
9. How to interpret?
10. What are the expectations of the overall presentation of report?

Part B

(5 × 5 = 25)

Answer **all** questions.

11. (a) Explain the various types of research.
- Or
- (b) Explain the steps in identification of research problem.
12. (a) Examine the nature of hypothesis and its role in social research.
- Or
- (b) Explain the sampling error with examples.
13. (a) Discuss the sources of Secondary data.
- Or
- (b) Explain types of scaling technique.
14. (a) Examine the usage of multivariate analysis.
- Or
- (b) State and explain the principles of tabulation.
15. (a) Discuss the precautions to be followed in writing a good research report.
- Or
- (b) Examine the problem of objectivity in research.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Briefly examine the stages involved in formulation of a research project.
17. Discuss various types of research design.

18. Explain the mechanics of constructing a questionnaire.
 19. Describe the parametric and non-parametric tests in research.
 20. Explain the layout of the research report.
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A-9775

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4MCO2C2

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary/Improvement/Arrear Examinations
Second Semester**

Commerce

INVESTMENT MANAGEMENT

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. What do you know about derivatives?
2. What do mean by investment?
3. What is systematic risk?
4. What are different goals of investors?
5. What do know about OTCEI?
6. What do you know about fundamental analysis?
7. What is risk analysis?
8. What is benchmark?
9. What is portfolio?
10. What is swap contract?

Part B

(5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) Discuss money market instruments.

Or

- (b) Write a brief note on BSE.

12. (a) An investor is thinking invest in company with the following expected rates of return

Rate of return	0.05	0.10	0.09	0.10
Probability	0.25	0.25	0.20	0.30

Calculate the expected rate on investment.

Or

- (b) A company y has a market price of Rs. 880. The volatility on the share is 0.30; the risk free interest rate is 5 per cent. What would be the price of the call with a strike price of Rs. 890, if the expiry date is 20 days ahead? Assume there has not been any dividend announcement.

13. (a) Differentiate between investment and speculation.

Or

- (b) Distinguish between American and European options.

14. (a) Give the minimum risk portfolio from the combination of the following securities.

Security	P ₁	P ₂
Risk (Std Deviation)	8%	9%
Return	21%	15%

Or

- (b) What do you know about random walk theory?
15. (a) Highlight the features of portfolio management.

Or

- (b) Bring out the meaning of options as derivatives.

Part C (3 × 10 = 30)

Answer any **three** questions.

16. Distinguish between primary and secondary market.
17. Compute the risk and return of a portfolio of these securities and assume equal weights.

Security	S1	S2	S3	S4	S5
Return	10%	12	9	14	18%
Risk(Std.Dev)	21%	15%	12%	15%	20%

18. From the following table calculate price earning ratios and compute if the investor expects 15% on his equity investment which one would be a good for investment

Firm	Growth rate
Low growth firm	6%
Normal growth firm	7%
Super normal growth firm	8%

Expected EPS and DPS are Rs.4 and Rs.2 respectively.

19. Write an essay on different types of technical analysis in stock marketing.
 20. Write an essay on different types of derivatives in market.
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4MCO2C3

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary / Improvement / Arrear Examination
Second Semester
Commerce**

MANAGEMENT ACCOUNTING

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Write any two roles of Management Accountant.
2. State any two limitations of Management accounting.
3. What is Ratio Analysis?
4. Write a note on Trend percentage method.
5. What is Funds Flow Statement?
6. What is cash from operations?
7. What is ZBB?
8. Write a short note on Flexible budget.
9. What is P/V ratio?
10. What is contribution?

Part B

(5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) How Management Accounting is differ from Financial Accounting?

Or

- (b) What are the functions of Management Accounting?

12. (a) Big Ltd., and Small Ltd., furnish you the following balance sheets and you are requested to prepare a common size Balance sheet as on 31st March 2007 so that they can make a comparative assessment of their financial position.

Liabilities	Big Ltd Rs.	Small Ltd. Rs.	Assets	Big Ltd. Rs.	Small Ltd. Rs.
Share capital	50,00,000	25,000	Fixed Assets	60,00,000	10,000
Reserves	5,00,000	20,000	Inventories	25,00,000	5,000
Term loans	20,00,000	–	Debtors	10,00,000	20,000
Current Liabilities	25,00,000	5,000	Cash	5,00,000	15,000
	<hr/>	<hr/>		<hr/>	<hr/>
	1,00,00,000	50,000		1,00,00,000	50,000

Or

- (b) You are given the following information.

	Rs.		Rs.
Cash	18,000	Bills payable	27,000
Debtors	1,42,000	Creditors	50,000
Closing stock	1,80,000	Outstanding expenses	15,000
		Taxable payable	75,000

Calculate (i) Current ratio (ii) Liquidity ratio (iii) Absolute liquidity ratio.

13. (a) Prepare a schedule of changes in working capital from the following Balance Sheets:

Liabilities	2008 (Rs.)	2009 (Rs.)	Assets	2008 (Rs.)	2009 (Rs.)
Share capital	50,000	50,000	Fixed assets	18,000	28,000
10% Debentures	10,000	20,000	Investments		
Bills payable	18,000	6,000	Non-trading	10,000	10,000
Outstanding expenses	6,000	9,000	Trading	8,000	9,000
Trade creditors	33,000	40,000	Inventories	12,000	18,000
			Trade creditors	40,000	48,000
			Accrued interest	4,000	6,000
			Unexpired insurance	–	3,000
			Bank	17,000	2,000
			Cash	8,000	1,000
	<u>1,17,000</u>	<u>1,25,000</u>		<u>1,17,000</u>	<u>1,25,000</u>

Or

(b) Ascertain cash from operations for the year 2009 from the following Balance Sheet

Liabilities	2008	2009	Assets	2008	2009
Share capital	5,00,000	5,00,000	Buildings at cost	3,00,000	3,00,000
8% Debentures	2,00,000	2,00,000	Depreciation thereon	(20,000)	(50,000)
General Reserve	1,00,000	1,40,000	Machinery at cost	2,00,000	2,40,000
P&L A/c	50,000	1,20,000	Depreciation thereon	(30,000)	(55,000)
Trade Creditors	40,000	70,000	Closing stock	1,40,000	2,60,000
Bills Payable	30,000	20,000	Trade debtors	2,00,000	3,00,000
Outstanding exp.	10,000	12,000	Cash at bank	1,40,000	67,000
	<u>9,30,000</u>	<u>10,62,000</u>		<u>9,30,000</u>	<u>10,62,000</u>

14. (a) From the following particulars, prepare a Purchase Budget for the year 2001 when the estimated price per kg of Materials are A-Rs.1, B-Rs.2 and C-Rs.3.

Materials Estimated Consumption of Materials (Kg)

A	2,00,000
B	3,00,000
C	4,00,000

Estimated Stock (kg)

	On 1 st January 2001	On 31 st December 2001
A	20,000	25,000
B	40,000	30,000
C	50,000	40,000

Or

- (b) Delta Engineering Ltd produces a uniform type of product and has a manufacturing capacity of 3,000 units per week of 48 hours. From the cost records of the company, the following data are available relating to output and cost for three consecutive weeks.

Weeks	Units manufactured and Sold (units)	Direct Materials (Rs.)	Direct labour (Rs.)	Overheads (Rs.)
1	1,200	9,000	3,600	31,000
2	1,600	12,000	4,800	33,000
3	1,800	13,500	5,400	34,000

Assuming that the company charges a profit of 20% on sales, find out the selling price per unit when the weekly production and sales is 2,000 units.

15. (a) Calculate Break even point from the following:

Sales 1,000 units at Rs.10 each Rs. 10,000.

Variable cost – Rs.6 per unit

Fixed cost – Rs. 8,000

Or

- (b) From the following data calculate

(i) P/V ratio

(ii) Variable cost and

(iii) Profit

Sales Rs. 80,000, Fixed Expenses Rs.15,000

Break Even Point Rs.50,000.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Enumerate the scope of Management Accounting.
17. From the following information, prepare a Trading and Profit & Loss A/c for the year ended on 31st March 2009 and a Balance sheet as on that date:

Gross Profit Margin	5%
Net Profit Margin	5%
Return on Investment	5%
Rate of Tax	50%
Interest on Debt	Rs.5,000
Fixed Asset Turnover Ratio	0.80
Debtors' Turnover	6 months
Inventory Turnover Ratio	1.25
Current Ratio	2.5
Debt Asset Ratio	.60
Short Term Debt	Rs.50,000
Net Sales	Rs.1,00,000

18. From the following information, prepare a Cash Budget for the quarter that is ending on 30th June 2000.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Misc. Exp. (Rs.)
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional Information:

- (a) Cash on hand on 1st April 2000 is Rs. 5,000
 - (b) Sales – 20% realized in the month of sale, discount allowed is 2% and balance realized is after 2 months.
 - (c) Purchases are paid 1 month after.
 - (d) Wages – 25 % in arrear paid in the following month
 - (e) Other Expenses are paid at a lag of 1 month
 - (f) Income Tax of Rs.25,000 due on or before 30 June 2000.
19. The following data are available from the records of a company

Sales	Rs. 60,000
Variable cost	Rs. 30,000
Fixed cost	Rs. 15,000

You are required to:

- (a) Calculate the P/V ratio, Break even point and Margin of safety at this level
- (b) Calculate effect of 10% increase in sale price
- (c) Calculate effect of 10% decrease in sale price

20. The following budgeted production and costs are available for 50% and 75% capacity levels of a factory.

Capacity	50%
Budgeted production (units)	2,000
Direct materials	10,000
Direct wages	8,000
Insurance	4,000
Depreciation	2,000
Indirect materials (Fixed 50% and Variable 50%)	4,000
Fuel (Fixed 20% and Variable 80%)	6,000
Maintenance (Fixed 80% and Variable 20%)	2,000

You are required to

- (a) Prepare a budget for 75% and 90% capacity
- (b) Show the total cost and cost per unit at 50%, 75% and 90% capacity levels.
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4MCO3C2

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary / Improvement / Arrear Examination
Third Semester
Commerce**

ADVANCED BUSINESS STATISTICS

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Section A

(10 × 2 = 20)

Answer **all** the questions.

1. Differentiate Census Vs Sample.
2. What do you mean by Snowball sampling
3. Write short note on Poisson distribution?
4. What are the rules of probability theory?
5. What are the procedures followed in testing a hypothesis?
6. What is meant by Goodness of fit?
7. What is regression?
8. How will you make inference on correlation results?

9. What are the assumptions of 'F' distribution?
10. What is meant by the critical value used in analysis of variance?

Section B

(5 × 5 = 25)

Answer **all** the questions.

11. (a) What is non random sampling? Explain its types.

Or

- (b) What are the essentials of sampling?

12. (a) An investment consultant predicts that the odds against the price of a certain stock will go up during the next week are 2 : 1 and odds in favour of the price remaining the same are 1 : 3 what is the probability that the price of the stock will go down during the next week?

Or

- (b) The following mistakes per page were observed in a book:

No. of mistakes per page	0	1	2	3	4
No. of times the mistake occurred	211	90	19	5	0

Fit a Poisson distribution to fit data.

13. (a) 1000 students at college level were graded according to their I.Q and the economic conditions of their homes. Use χ^2 – test to find out whether there is any association between economic condition at home and I.Q.

I.Q			
Economics	High	Low	Total
Conditions			
Rich	460	140	600
Poor	240	160	400
Total	700	300	1,000

Given $\nu = 1$, $\chi^2_{0.05} = 3.84$.

Or

- (b) Two samples are drawn from two normal populations. From the following data test whether the two samples have the same variance at 5 % level.

Sample 1 60 65 71 74 76 82 85 87 - -

Sample 2 61 66 67 85 78 63 85 86 88 91

14. (a) The simple correlation coefficients between temperature (X_1), corn yield (X_2) and rainfall (X_3) are $r_{12} = 0.59$, $r_{13} = 0.46$ $r_{23} = 0.77$. Calculate partial correlation coefficient $r_{12.3}$ and multiple correlation coefficients $R_{1.23}$.

Or

- (b) Given the following data, estimate the value of Y when $X = 60$ and also find out the coefficient of correlation:

The mean value of $X = 53.2$

The mean value of $Y = 27.9$

The regression coefficient of Y on $X = -1.5$

The regression coefficient of x on $Y = -0.2$

15. (a) The three samples below have been obtained from normal population with equal variances. Test the hypothesis that the sample means are equal

8	7	12
10	5	9
7	10	13
14	9	12
11	9	14

The table value of F at 5 % level of significance for $V_1 = 2$ and $V_2 = 12$ is 3.88.

Or

- (b) Explain the Properties of "F" distribution.

Section C

(3 × 10 = 30)

Answer any **three** questions.

16. Explain the different methods of collection of data.
17. The following tables give the number of days in a 50, day period during which automobile accidents occurred in a certain part of a city. Fit a Poisson distribution to the data

No. of defects	0	1	2	3	4
No. of units	211	90	19	5	0

18. The result of survey to know the educational attainment among 100 persons randomly selected in a locality is gives below:

Education

Sex	Middle	High school	College	Total
Male	10	15	25	50
Female	25	10	15	50
Total	35	25	40	100

Can you say that education depends on sex?

(For $V = 2$; $X^{2=0.05} = 5.99$).

19. You are given the following information about advertising expenditure and sales:

	Advertisement (x) (Rs. in lakh)	Sales (y) (Rs. in lakh)
Arithmetic mean	10	90
Standard deviation	3	12

Correlation coefficient = 0.8

- (a) Obtain the two regression equations.
- (b) Find the likely sales when advertisement budget is Rs. 15 lakh.

20. Kerala traders co. . Ltd. wishes to test whether its their salesman A, B and C tend to make sales of the same size or whether they differ in their selling ability as measured by the average size of their sales. During the last week there have been 14 sales calls – A made 5 calls, B made 4 calls and C made 5 calls. Following are the weekly sales record of the three salesmen.

A (Rs.) 300 400 300 500 0

B (Rs.) 600 300 300 400 –

C (Rs.) 700 300 400 600 500

Perform the analysis of variance and draw your conclusion.

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4MCO3C4

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
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Third Semester

Commerce

HUMAN RESOURCE MANAGEMENT

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Name the four qualities of HR Manager.
2. Point out the Managerial of Functions of HR Manager.
3. What is HRIS?
4. What is Outplacement?
5. What is Job rotation?
6. What is Outsourcing?
7. What is Internship Training?
8. What do you mean by Business Games?
9. Name two methods of Compensation.
10. What is Industrial Relation?

Part B

(5 × 5 = 25)

Answer **all** questions.

11. (a) State the Characteristics of HRM.
Or
(b) Enumerate the Goals of HRM.
12. (a) What are the Objectives of Human Resource Planning?
Or
(b) Bring out the factors determining the external sources of Human Resources.
13. (a) Point out the steps in Recruitment Process.
Or
(b) State the different types of Personality Test.
14. (a) Write down the procedures of formal 'on the job' training programme.
Or
(b) Briefly explain the stages in Career Development.
15. (a) Specify the objectives of Compensation and Reward.
Or
(b) Write down the problems in implementing incentive Schemes.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Explain the various Challenges of HRM.
17. Elucidate the important activities involved in the process of HRP.

18. Discuss the method and use of Interview Selection.
 19. Elaborate the steps in Training Process.
 20. Evaluate the Industrial relation climate in India.
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Sub. Code

4MCO3E1

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary/Improvement/Arrear Examination
Third Semester
Commerce**

Elective-PORTFOLIO MANAGEMENT

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. What are the objectives investments?
2. Define unsystematic risk.
3. What is book building?
4. What are the forecasting techniques?
5. State the objectives of ISE.
6. What is meant by fundamental analysis?
7. What is SWAT analysis?
8. What is point and figure chart?
9. What do you know about Markowitz model?
10. What is portfolio revision?

Part B

(5 × 5 = 25)

Answer **all** the questions, choosing either (a) or (b).

11. (a) Discuss different types of investment.

Or

- (b) Discuss briefly about Portfolio Management.

12. (a) What is new issue market? How it is differentiate from secondary market?

Or

- (b) Discuss different applied valuation techniques.

13. (a) Make a comparison between Fundamental Analysis and Technical Analysis.

Or

- (b) Discuss different types of mutual fund.

14. (a) What is Market Model? Explain its significance.

Or

- (b) Describe flow chart.

15. (a) What is multifactor Model? Explain.

Or

- (b) Explain CAPM in portfolio management.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Write an essay on different avenues of portfolio.

17. A company has a book value per share of Rs. 137.80. Its return in equity is 15% and it follows a policy of retaining 60% of its earnings. If the opportunity cost of capital is 18%, what would be the price of the share today?
18. After a thorough analysis of both the aggregate stock market and the stock of ABC company, you are advised to develop the following opinion.

Economic condition	Aggregate market	ABC	Probability
Good	15%	19%	0.4
Fair	12%	13%	0.4
Poor	3%	-5%	0.2

At present the risk free equal to 7% would an invest in ABC be wise?

19. Explain the different techniques available to measure risk.
20. Explain how an investor realizes an interest when he purchases a zero coupon bond?

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Sub. Code

4MCO4C2

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary/Improvement/Arrear Examinations**

Fourth Semester

Commerce

INTERNATIONAL BUSINESS ENVIRONMENT

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Write a note on globalization.
2. What are trade blocks?
3. What is Socio-economic environment?
4. What is political stability?
5. Write a note on TRIMs.
6. Write a note on FEMA.
7. What is conflict?
8. Expand WTO and MIGA.
9. What is contract?
10. What is CISG?

Part B

(5 × 5 = 25)

Answer **all** questions.

11. (a) Explain the various forms of Regional economic groupings?

Or

- (b) State the advantages of FDI.

12. (a) Describe various internet services related to international trade.

Or

- (b) Explain the balance of payment.

13. (a) Explain the different types of regional trade block.

Or

- (b) Discuss the modes of technology transfer.

14. (a) State the role of IMF.

Or

- (b) Explain role UNO in international business.

15. (a) Explain the obligation of buyer in international sales.

Or

- (b) Discuss the how to reduce the risk in global business.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. "International business is only an extension of and a variation on domestic business" - Elucidate.
17. Explain the different types of trading blocks.
18. Why Government intervene in trade and business?
19. Explain the advantages and disadvantages of MNCs.
20. Explain various laws governing international sale of goods.

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Sub. Code

4MCO4E2

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary / Improvement / Arrear Examination
Fourth Semester**

Commerce

Elective : INDIRECT TAXES

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Write short notes on Indirect Tax Laws -
2. Describe the administrative procedures of Indirect Tax.
3. List out the excisable goods under central excise.
4. What do you mean by Adjudication?
5. What is Anti-Dumping Duty?
6. What is advalorem duty?
7. State the meaning of TIN
8. Write a few lines on customs duty.
9. What is excise duty?
10. Write a few lines on TAN

Part B

(5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) Discuss the canons of indirect taxation.

Or

- (b) What are the features of Indirect Tax? Explain.

12. (a) What do you know about “place of removal”? Explain.

Or

- (b) Determine the Assessable Value for the purpose of levy of excise duty from the following particulars:

- | | |
|---|--------|
| (i) Cum-Duty Selling Price (exclusive of VAT) | 25,500 |
| (ii) Rate of Excise Duty applicable | 12.5% |
| (iii) Trade Discount allowed(Not deducted from Selling Price) | 2,400 |
| (iv) Freight (included in Selling Price) | 1,500 |

13. (a) Detail the objectives of Customs Act.

Or

- (b) From the following information determine the Assessable Value of goods for the purpose of levy of excise duty:

	Rs
Cum-Duty Selling Price	1,92,800
It includes the following:	
(i) VAT	12,000
(ii) Freight	8,000
(iii) Outward Handling Charges	2,000
(iv) Advertising and Publicity Expenses	20,000
(v) Marketing and Selling Organisation Expenses	10,000
Rate of Excise Duty is 12.5%	

14. (a) Mention any five services which are covered by services tax.

Or

- (b) Mr. Domino is a fashion designer preparing patterns of costumes, apparels garments and clothing accessories. He receives the following amounts for services rendered during the quarter ended 31st Dec., 2016:

	Rs
1. Conceptualisation of design charge	2,32,300
2. Consulting charge for selection of materials	25,900
3. Preparation of patterns	30,800
4. Purchase of final fabrics	1,37,300
5. Making of garments as per need of the client by stitching/embroidery etc. on final fabrics	62,700
6. Garment accessory attached to the final Designer Garment	72,300
7. Mr. Domino prepared a garment for self use by incurring an amount of Rs 1,73,400.	

Determine the value of taxable services provided by Mr. Domino to its clients.

15. (a) What do you mean CVD? Explain.

Or

- (b) Rama & Co. a registered dealers, sells in retail the goods which is tax free and liable to tax both in the following proportion:

- (i) Tax free goods 20%
- (ii) 5% taxable goods 60%
- (iii) 13% taxable goods 20%

Total estimated sales of the firm is Rs.50 lakh and tax paid to other registered dealers is Rs.2 lakh.

Compute input tax rebate and net VAT liability of the dealer.

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Detail the valuation methods under central excise.
17. From the following information, compute the Assessable Value of the excisable goods according to Section 4 of the Central Excise Act, 1944:

	Rs.
Cum-duty wholesale price (including VAT of Rs. 3,000)	22,000
Normal packing cost	1,500
Cost of special secondary packing	2,000
Cost of durable and returnable packing	2,500
Freight	1,000
Insurance and Freight	500
Trade discount (Normal practice)	1,500
Rate of Central Excise Duty as per Central Excise Tariff is 12.5%	

18. Determine the central sales tax liability from the following data when a sale is effected from Faridabad to Lucknow:
- (a) Invoice no. 00708374.
 - (b) Basic price : 3,00,000
 - (c) Excise duty: 12.5% ad valorem
 - (d) CST: as applicable under 'C forms
 - (e) Trade discount: 8%
 - (f) Cash discount: 2%
 - (g) Quantity supplied: 10,000 kgs
 - (h) Quantity rejected by buyer within 3 days of delivery: 1000 kgs
 - (i) Quantity returned by buyer after 6 months of despatch: 1000 kgs

19. Mr. Amit Gupta is a practicing Chartered Accountant within the meaning of Chartered Accountants Act, 1949. His receipts from various professional services for the quarter ended 31st Dec., 2016 are as under:

1. Taxation Consultancy fees	4,26,250
2. Remuneration for Account Services	1,12,960
3. Statutory Audit Fees	2,65,700
4. Certification Fees	1,45,600
5. Remuneration as Internal Auditor job performed in a public limited company	1,58,300
6. Fees for appearing in appeals	1,47,400
7. Mr. Gupta also teaches at a Coaching Centre as a visiting faculty	1,43,200

Mr. Gupta also got reimbursed out of pocket expenses on actual basis from his clients Rs.85,900.

He has also incurred total expenditure of Rs.3,15,000 as establishment expenses of his office during the period.

Calculate the value of Taxable Service and also the service tax payable thereupon. Mr. Gupta charges service tax separately in the bills raised hence the above receipts are not inclusive of service tax.

20. Delite Banquet is a famous destination for marriages and other social / official gathering at Jabalpur.

Followings are the details of income and expenditure for the quarter ended 31st Dec., 2016.

	Rs.
Income :	
1. Hire Charges for the Banquet	3,36,900
2. Electricity Charges	1,87,300
3. Charges for Vessels, Crockery Cutlery	1,03,700
4. Charges for Manpower Engaged	2,95,600
5. Food and Beverage Served	4,45,800
Expenditure:	
1. Electricity Bills paid	1,27,600
2. Maintenance charges of the Banquet	87,500
3. Salary of Manpower/Staff	1,15,300
4. Provisions for Food & Beverage	2,65,000
5. Renovation of the Banquet Hall	8,56,500

Calculate the value of taxable service provided by Delite Banquet, assuming the incomes are net of Sales Tax / Expenditure Tax and Service Tax, wherever charged.

A-9782

Sub. Code

4MCO4E3

**M.Com. DEGREE EXAMINATION, APRIL 2021 &
Supplementary/Improvement/Arrear Examinations**

Fourth Semester

Commerce

Elective : FINANCIAL MANAGEMENT

(CBCS – 2014 onwards)

Time : 3 Hours

Maximum : 75 Marks

Part A

(10 × 2 = 20)

Answer **all** questions.

1. Bring out the meaning of gross working capital.
2. What do you know about time value of money?
3. What is present value factor?
4. State the meaning of investment decision.
5. Give the meaning of indifferent EBIT.
6. What is homemade leverage?
7. “Any change in debt equity mix will make a change in value of the firm under NI Approach” do you agree? If yes why?
8. What are constraints of NOI approach?
9. What is operating cycle?
10. What do you know about cash management?

Part B

(5 × 5 = 25)

Answer **all** questions, choosing either (a) or (b).

11. (a) Differentiate between wealth maximization and profit maximization.

Or

- (b) Explain the importance of financial management.

12. (a) Alfa Ltd. Issued 50,000 15% irredeemable preference shares of Rs. 100 each. The issue expenses were Rs. 40,000. Determine the cost of preference capital if shares are issued (i) at par (ii) at a premium of 9% and (iii) at a discount of 8%

Or

- (b) Allen ltd. Pay a dividend of Rs. 6 per share. Its shares quoted at Rs. 50 presently and investors expect a growth rate of 12 % per annum. Calculate

(i) Cost of capital

(ii) expected market price share if anticipated growth rate is 14%

13. (a) Cola Ltd. widely held company is considering a major expansion of its production facilities and following financing alternatives are available.

	X	Y	Z
Equity share capital (Rs. 10 each)	55	25	20
12% debentures	–	20	25
15% loan from a financial institution	–	10	25

Expected rate of return before tax is 15%. The rate of dividend of the company is not less than 80%. The company at present has low debt. Corporate taxation is 30%. Which of the alternatives you would choose?

Or

- (b) Dubin Ltd. Has equity share capital of Rs. 15,00,000 divided into shares of Rs. 100 each? It wishes to raise further Rs. 5,00,000 for expansion-cum-modernization scheme. The company plans the following financing alternatives :

Plan - A by issuing equity shares only

Plan - B Rs. 2,00,000 through equity shares and Rs. 3,00,000 through debentures @ 10 p.a.

Plan - C Rs. 2,00,000 by issuing equity shares and Rs. 3,00,000 by issuing 9% preference shares

Plan - D by raising term loan only at 10% p.a.

You are required to suggest the best alternative giving your comment assuming that the estimated EBIT after expansion is Rs. 2,50,000 and corporate tax rate is 40%.

14. (a) Flash Ltd. has the following capital structure.

	Rs.
25000 equity shares of Rs. 10 each	2,50,000
2000 9% preference shares of Rs. 100 each	2,00,000
3000 10% Debentures of Rs. 100 each	3,00,000

The company's EBIT is Rs. 1,50,000, calculate the financial leverage assuming that the company is in 30% tax bracket.

Or

- (b) A firm has sales of Rs. 15,00,000, variable cost of Rs. 9,00,000, fixed cost of Rs. 4,00,000 and debt of Rs. 7,00,000 at 9%. Calculate its operating, financial and combined leverages.
15. (a) From the following information relating to Rah Ltd. Calculate operating cycle and average working capital
- Annual cash expenses are Rs. 1,50,00,000
- Stock holding :
- Raw material : 2 months
- W.I.P. : 20 days
- Finished goods : 1 month
- Average debt collection period : 2 months
- Average payment period : 45 days.

Or

- (b) Mary Ltd. has total sales revenue of Rs. 150 lakhs a year, of which 75% are credit sales. The firm has an investment opportunity in the money market to earn a return of 20% p.a. if the firm could reduce its float by 4 days, what would be the annual savings for it?

Part C

(3 × 10 = 30)

Answer any **three** questions.

16. Explain the various advantages of financial management.
17. In considering the most desirable capital structure for a company, the following estimates of the cost of debt-equity mix :

Debt as percentage of total capital employed	Cost of debt (%)	Cost of equity (%)
0	5.0	12.0
10	5.0	12.0
20	5.0	12.5
30	5.5	13.0
40	6.0	14.0
50	6.5	16.0
60	7.0	20.0

You are required to determine the optimal capital structure for the company by calculating weighted average cost of capital.

18. A company needs Rs. 30,00,000 for construction of new plant. The following three plans are feasible :

Plan I : the company may issue 3,00,000 equity shares at Rs. 10 per share

Plan II : the company may issue 1,50,000 equity shares at Rs. 10 per share and 15,000 8% debentures of Rs. 100 denomination.

Plan III : the company may issue 1,50,000 equity shares at Rs. 10 per share and 15,000 8% preference shares at Rs. 100 per shares.

Assuming corporate income tax of 30%, determine the EBIT-EPS indifference points between financing plan I and plan II and plan I and plan III.

19. Calculate operating, financial and combined leverages under situations A, B and C from the following particulars :

Installed capacity - 1200 units

Actual production and sales - 800 units

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

Fixed cost situation C - Rs. 3,000

Financial plan

Capital structure	I	II	III
Equity (Rs.)	5,000	7,500	2,500
Debt (cost 12%)	5,000	2,500	7,500

20. X Ltd. is carrying on business of purchase and sales of an item. Selling price is Rs. 80 and purchase price is Rs. 60 during Dec. 2008, Jan 2009, Feb 2009 and Mar. 2009, its sales were 400 units, 500 units, 600 units and 700 units respectively. 10% of sales are on cash basis and the balance on one month's credit basis. Its office expenses are Rs. 3,000 per month. Cash balance on 1.1.2008 Rs. 15,000 at the end of each month, the stock was nil.

Prepare a cash budget for the months of Jan, Feb and March 2009.