

TY BAF - V sem

NOV - 2018

**UNIVERSITY PAPER**

**T.Y.BCAF**

**SEM-V**

**NOV.- 2018**

[Time: 2 ½ Hours]

- N.B. 1. Q. 1 is compulsory.  
 2. Q.2 to Q.5 are compulsory with internal choice.  
 3. Figures to the right indicate full marks.  
 4. Workings should form a part of your answer.  
 5. Use of simple calculator is allowed.

[Marks: 75]

## Q1) A) Match the Following (Any 8)

[8]

	A		B
i	Machine setup costs	a	Actual output less normal output
ii	Units costs	b	Per patient day
iii	Hospital	c	Running expenses
iv	Payment of wages	d	Indirect cost
v	Library	e	Number of machine shops
vi	Records issue of material for use	f	Normal cost ÷ Normal output
vii	Ordering costs	g	Debit Wages control
viii	Abnormal gains	h	Per member book
ix	Overhead	i	Material acquisition
x	Cost of fuel for a car	j	Number of orders

## Q1) B) State whether following statements are True &amp; False (Any 7)

[7]

- Uniform costing is a distinct method of costing
- Work in progress ledger contains accounts of individual jobs
- Over absorbed and under absorbed overheads is transferred to overhead adjustment account
- Finished Goods Control Account is opened in the cost ledger
- When raw materials are purchased the work in process control account is debited
- For a passenger transport the composite cost unit is passenger k.m.
- Invisible waste has no sales value
- ABC leads enhanced control overhead costs
- Abnormal loss is debited to Costing profit & loss account
- Inter firm comparison does not maximize profitability

## Q2) Journalise the following transactions under Integrated system

[15]

Raw material purchased	25,000
Direct Material issued to product	12,000
Direct Wages paid (30% indirect)	15,000
Direct Wages charged to production	9,000
Manufacturing Expenses incurred	75,000
Manufacturing Expenses charged to production	84,000
Selling & Distribution Cost	24,000
Finished Products at cost	21,000
Sales	32,000
Closing Stock	Nil
Collection from Debtors	5,800
Payment to Creditors	9,900

OR

Q2) The budgeted overheads and cost drivers volume of ABC Ltd are as follows [15]

Cost Pool	Budgeted Overheads (Rs.)	Cost driver	Budgeted Volume
Material procurement	580,000	No. of orders	1,100
Material handling	250,000	No. of movements	680
Set up	415,000	No. of set up	520
Maintenance	970,000	Maintenance hours	8,400
Quality Control	176,000	No. of inspections	900
Machinery	720,000	No. of machine hours	24,000

The company has produced a batch of 2600 components of G.W-95, its material cost was Rs. 260,000 and labour cost was Rs. 490,000. The usage activities of the said batch are as follows

Material orders	52	Maintenance hours	1,380
Material movements	36	Inspection	56
setups	50	Machine hours	3,600

Ascertain the cost driver rates and also compute the cost of batch of component using ABC

Q3) Bharat Ltd. is engaged in process engineering industry. During the month of April 2018 [15] 2000 units were introduced in Process X. The normal loss was estimated at 5% of input. At the end of the month 1400 units had been produced and transferred to Process Y, 460 units were incomplete and 140 units, after passing through fully the entire process had to be scrapped.

The incomplete units had reached the following stage of completion

- Material 75% completed
- Labour 50% completed
- Overhead 50% completed

Following is the further information on the Process X

- Cost of the 2000 units Rs. 58,000
- Additional Direct Materials Rs. 14,400
- Direct Labour Rs. 16,000
- Overheads Rs. 19,000

Units scrapped realised Rs. 10 each

Prepare

- 1) Statement of Equivalent Production Statement
- 2) Statement of Cost
- 3) Process X Account

OR

Q3) A product passes through two process I & II and then transferred to finished stock [15]  
Following information is given below

	Process I	Process II	Finished Stock
Opening Stock (Rs.)			
Direct materials Cost (Rs.)	15,000	18,000	45,000
Direct Wages (Rs.)	30,000	31,500	
Factory Overheads (Rs.)	22,400	22,000	
Closing Stock	21,000	5,000	
Inter process profit in opening stock	7,400	5,000	22,500
		3,000	16,500

Output of Process I is transferred to Process II at 25% profit on the transfer price. Output of Process II is transferred to Finished goods at 20% profit on transfer price. Stocks in process are value at prime cost. Finished Stock is valued at the price at which it is received from the process II. Sales during the period are 300,000/-. Prepare Process accounts and Finished Goods Account showing the profit element at each stage.

- Q4) Marcopolo Transport Company maintains a fleet of bus as under [15]
- 20 busses with carrying capacity of 60 passengers each
  - 10 busses with carrying capacity of 40 passengers each

Each bus makes 4 trips a day, covering a distance of 20 kilometres in each trip. On an average 80% of the seats are occupied in each trip and 5 busses are under repairs every day.

Following are the details available

Particulars	Rs.
Salary of 30 drivers	3,000 each per month
Salary of 30 cleaners	1,000 each per month
Diesel expenses	400,000 per month
Oil, grease etc.	5,000 per month
Tyres & Tubes etc.	2,000 per month
Repairs & Maintenance	30,000 per year
Garage Rent	40,000 per year
Road Licenses	20,000 per year
Taxes	5,000 per half year
Interest	25,000 per year
Salary to Operating Manager	5,000 per month
General Supervision Charges	20,000 per year

Assuming that the company operates its fleet daily (all 365 days), Ascertain the operating cost per passenger kilometre.

OR

- Q4) Nitco Manufacturing Ltd. provides the below costing records with balances as on 1-1-17 [15]

	Rs in '000	Rs in '000
Stores Ledger Control A/c	2,480	-
Work-in-progress Ledger Control A/c	1,250	-
Finished Goods Ledger Control A/c	2,480	-
Production Overheads A/c	168	-
Administration Overheads A/c	-	240
Selling & Distribution Overheads A/c	125	-
General Ledger Adjustments A/c	-	6,263
	<u>6,503</u>	<u>6,503</u>

Following are the transactions for the year ended 31-12-2017

Particulars	Rs in '000
Material purchased	9,602
Material issued to Jobs	9,548
Material to Works Maintenance	824
Material to Administration Offices	68
Material to Selling Office	144
Wages - Productive	2,986
Wages - Non-productive	1,300
Transportation expenses for incoming materials	168
Production Overheads incurred	4,845
Absorbed Overheads Production	7,182
Administration Overheads incurred	1,480
Administration Overheads absorbed to Finished Goods	1,354
Sales Overheads incurred	1,284
Sales Overheads absorbed	1,640
Finished Goods produced	19,168
Finished Goods sold	19,842
Sales Realisation	24,860

Make up the various accounts as you envisage in the cost ledger and prepare a trail balance as on 31-12-2017

- Q5) A) What are the objects and requisites of Uniform Costing [8]  
 B) Distinguish between Activity Based Costing and Activity Based Management [7]

OR

- Q5) Short Notes (Any 3) [15]  
 1. Cost driver  
 2. Abnormal Cost  
 3. Equivalent Units  
 4. Works Overhead  
 5. Inter firm Comparison

DURATION :- 2.30 HOURS

TOTAL MARKS : 75 MARKS

NOTE:-

1. All the questions are compulsory with internal options.
2. Each question carry 15 marks.
3. Working notes form part of your answer.
4. Use of only simple calculator is allowed.

**Q.1. [A] STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE/FALSE [ANY 8] [08 MARKS]**

1. Accounting for banking transactions involves double entry system of book keeping.
2. Accounting for banking transactions requires tallying of trial balance of general ledger on a daily basis.
3. In case of accounting for Insurance Company AS-3 for cash flow statement will be applicable.
4. Every insurance company is governed by the Companies' Act 1956.
5. Every non-banking financial company must have a minimum net own fund of rupees 200 lakhs.
6. Most chit fund companies are non-banking financial company.
7. A business firm earning normal profits with least investment cannot comprise goodwill.
8. Valuation of shares majorly refers to valuation of equity shares.
9. Limited liability partnership combines the advantage of a partnership firm and a joint stock company.
10. It is not mandatory to register limited liability partnership firms.

**Q.1. [B] FILL IN THE BLANKS WITH APPROPRIATE OPTIONS [ANY 7] [07 MARKS]**

1. In case of a nationalised banks, capital is fully owned by the \_\_\_\_\_  
 A) Reserve Bank of India  
 B) Central Government  
 C) State Government  
 D) None of the above
2. \_\_\_\_\_ refers to finance availed or provided by different branches of the same banking company.  
 A) Advances  
 B) Inter Office loans  
 C) Inter office adjustments  
 D) None of the above
3. If sum of all associated insurance cost exceeds related reserves for unexpired risk it leads to \_\_\_\_\_.  
 A) Premium deficiency  
 B) Premium surplus  
 C) Either a or b  
 D) None of the above
4. When two or more insurance company share risk it is known as \_\_\_\_\_.  
 A) Co insurance  
 B) Reinsurance  
 C) Part insurance  
 D) Reinsurance ceded
5. Non-banking financial company mostly cater to the \_\_\_\_\_.  
 A) Urban Sector  
 B) Rural Sector  
 C) Unorganised Sector  
 D) Both A and B
6. Non-banking financial company are registered under \_\_\_\_\_.  
 A) Banking Regulation Act 1949  
 B) Companies Act 1956  
 C) Reserve Bank of India  
 D) IRDA
7. Super profit is the profit earned over and above the \_\_\_\_\_.  
 A) Normal profit  
 B) Estimated profit  
 C) Notional profit  
 D) Speculative profit
8. For valuation of shares on the basis of profits an investor compares expected rate of return with \_\_\_\_\_.  
 A) Estimated rate of returns  
 B) Normal rate of return  
 C) Reasonable rate of returns  
 D) Both A and C
9. A Limited liability partnership cannot raise finance through \_\_\_\_\_.  
 A) Bank Loan  
 B) Public  
 C) NBFC  
 D) Bills of Exchange
10. In the absence of LLP agreement the rights of partners are determined by \_\_\_\_\_ of LLP Act 2008.  
 A) Schedule I  
 B) Schedule II  
 C) Schedule III  
 D) Schedule IV

## Q.2. [A]

From the following information of Progressive Bank limited prepare profit and loss account for the year ended 31<sup>st</sup> March 2018. Also prepare the corresponding schedules. [Rs.in Lakhs] [15 MARKS]

PARTICULARS	AMOUNT
Payment to Employees 16	1500
Rent, Taxes and Lighting 16	750
Law Charges 16	30
Interest payable on Deposit 15	3750
Commission, Exchange & Brokerage 14	705
Repairs and Maintenance 16	105
Interest received 13	6600
Profit on exchange transaction 14	375
Interest on Balance with RBI 13	2100
Printing & Stationary 16	225
Advertisement & Publicity 16	60
Depreciation on Property 16	300
Directors Fees 16	45
Postage & Telegram 16	15
Interest on Borrowings 15	135
Profit on Sales of Investment 14	2100
Other Expenses 16	135
Income on Investment 13	2400
Profit / Loss carried forward	1110
Interest received on interbank deposit 13	1200
Auditor's Fees 16	60
Insurance 16	150

## ADJUSTMENTS

1. Transfer 25% of current year net profit to statutory reserve.
2. Transfer 10% of current year net profit to proposed dividend

OR

## Q.2. [B]

Following is the trial balance of United Bank Limited as on 31<sup>st</sup> March 2018. Prepare the balance sheet and the relevant schedules. [15 MARKS]

DEBIT BALANCES	AMOUNT	CREDIT BALANCES	AMOUNT
Other Fixed assets	300	<b>SHARE CAPITAL</b>	
Bank Overdraft	1680	[1158 Equity Shares of Rs.10 each	
Cash Credit	4860	Fully Paid]	11580
Term Loan	30000	Profit for the year	9000
Investments-Government bonds	6900	Last years profit carried forward	23400
Investments-Approved Securities	3960	Statutory Reserve	7200
Cash deposited in other banks	13200	Fixed Deposit a/c	19200
Money at call and short notice	4680	Deposits in saving a/c	6600
Cash in Hand	9000	Deposits in current a/c	7800
Cash deposited with RBI	10320	Borrowings from other banks	7020
Furniture	4200	Inter office adjustments	5700

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Premises	9600	Bills Payable	1200
	98700		98700

**ADDITIONAL INFORMATION**

1. Create 25% Statutory Reserve on current years profits.
2. Bill for collection is Rs. 30000.
3. Outstanding liability on forward exchange contract Rs. 80000.
4. Guarantee given on behalf of customer Rs. 50000
5. Acceptances & Endorsement were Rs. 20000

**Q.3. [A]****[15 MARKS]**

From the following Trial Balance of Mohan and Sohan you are required to prepare a trading and profit and loss Account for the year ended 31<sup>st</sup> March 2015 and Balance sheet as on that date after taking into consideration the additional information :

**TRIAL BALANCE AS ON 31<sup>ST</sup> MARCH 2015**

PARTICULARS	DEBIT	CREDIT
Opening stock <i>CIN</i>	17,500	
Salaries & Wages <i>PE</i>	4,600	
Cash in Hand <i>C&amp;G</i>	5,000	
Purchases & Sales	1,12,600	1,45,000
Office Expenses <i>AE</i>	4,300	
Bills Receivable <i>TR</i>	4,000	
Bad Debts <i>SE</i>	500	
Commission <i>SE</i>	1,500	2,400
Investments <i>Inv</i>	10,000	
Debtors & Creditors	20,000	10,000
Bank Overdraft		3,600
Furniture	6,000	
<b>CAPITAL ACCOUNT</b>		
Mohan		30,000
Sohan		20,000
Land & Building	25,000	
<b>TOTAL</b>	<b>2,11,000</b>	<b>2,11,000</b>

**ADJUSTMENTS:**

- 1) Partners share their profits and Losses in the Ratio 3:2
- 2) The closing Stock at cost Rs.20,000 and Market Price Rs.22,500
- 3) Rs.225 written off as Bad Debts form Debtors.
- 4) Outstanding Salaries and Wages Rs.400.
- 5) Depreciation on Land and Building @ 7.5%.

OR

**Q.3. [B] SOLVE [I] AND [II]****[I]****[15 MARKS]****[07]**

From the following information calculate the Intrinsic Value of Share.

1. All the Tangible assets were revalued Rs.3500000.
2. External Liabilities were valued at Rs.250000.
3. 8% Preference shares worth Rs.700000 were to be redeemed.
4. Preference shares were to be redeemed at premium of 20 %.
5. Preference Dividend were in arrears for 4 years.
6. Total number of Equity Shares were 10000.



AND

[II]

From the following information ascertain the value of goodwill on the basis of Capitalization of

[08]

- [A] Future Maintainable Profit &
- [B] Super profit Method

1. Profit for the past 5 years is as follows

YEAR	PROFIT
2013	200000
2014	150000
2015	60000
2016	100000
2017	-50000

- 2. Good will is considered at 3 years purchase of super profit
- 3. Normal Rate of Return expected is 5%.
- 4. Remuneration payable to partner is Rs. 10000.
- 5. All Tangible assets were valued at Rs. 1200000.
- 6. All outside liabilities at Rs. 800000.

Q.4. [A]

From the following Balance of Sunlife Insurance Company Ltd. Prepare the necessary Revenue Account Profit /Loss Account for the year ended 2013-2014

[15 MAR

PARTICULARS	RS.	PARTICULARS	RS.
<b>Bad Debts :</b>		Interest Dividend Rent	2000
Fire	8000	Difference in Exchange Rate	90
Marine	9000	Profit on Sale of Investments	5000
Auditors Fees	3000	Fire Premium	70000
Directors Fees	5200	Marine Premium	128000
Share Transfer Fees	700	Management Expenses (Fire)	16000
Miscellaneous Income	1800	Management Expenses (Marine)	40400
Fire Fund(31-3-13)	350000	Claims Outstanding Fire (1-4-13)	70000
Marine Fund (31-3-13)	920000	Claims Outstanding Marine (1-4-13)	50000
Claims Paid (Fire)	150000	Commission Earned on reinsurance	
Claims Paid (Marine)	350000	<b>Ceded :</b>	
Commission (Fire)	90000	Fire	30000
Commission (Marine)	108000	Marine	40000
Additional Reserve on 1-4-13(Fire)	60000		
Depreciation	45000		

**ADJUSTMENTS:**

- 1. Reserve for Unexpired Risk for Fire 50% and Reserve for Unexpired Risk for Marine 100%
- 2. Additional Reserve for Fire 10% on Net Premium is to be provided on additional Reserve.
- 3. Outstanding Claims on 31-3-14 for Fire Rs.100000 Outstanding Claims on 31-3-14 for Marine Rs. 1300.
- 4. Common Expenses Rs. 30000 has to be charged to both departments.

REINSURANCE PREMIUM	FIRE	MARINE
Reinsurance accepted	45000	650000
Reinsurance ceded	30000	55000

OR

Q.4. [B]

From the following figures relating to New Life Insurance Company. Prepare Revenue Account for fire Department in vertical form for the year ended 31<sup>st</sup> March 2009. [15 MARKS]

PARTICULARS	RS.
Commission on Direct Business	3000000
Expenses of Management	863000
Premium on Reinsurance ceded	250000
Commission on Reinsurance ceded	95000
Profit on sale of investment	90000
Interest Dividend Rent	50000
Fire Fund as on 1-4-2008	1850000
Claims Paid	12,00,000
Claims outstanding on 1-4-2008	150000
Additional Reserve	660000
Commission on Reinsurance Accepted	110000
Premium Received	5400000

**ADJUSTMENTS**

- Expenses of Management include Survey free of Rs. 62000 and Rs. 50000 in respectively in relation to claims.
- Claims outstanding 31-3-2009 Rs. 100000.

Q.5. [A]

- What are the factors affecting goodwill of a firm?
- What are the types of General Insurance?

[15 MARKS]

[08]

[07]

OR

Q.5. [B] WRITE SHORT NOTES [Any 3]

- Interoffice Adjustments of a Bank.
- Cash Reserve Ratio in Banks.
- Intrinsic Value of Shares.
- Rebate on Bill Discounted.
- Unexpired Risk Reserve in Insurance.

[15 MARKS]

(2 ½ Hours)

Total Marks: 75

1. (A) Rewrite sentence after selecting correct alternative (Any Eight) **8**
1. The underwriter is entitled to claim remuneration on \_\_\_\_\_
    - a) The issue price of shares underwritten
    - b) The face value of shares actually purchased
    - c) The face value of shares not purchased by him
    - d) None of the above
  2. Accounting for amalgamation is governed by \_\_\_\_\_
    - a) Accounting Standard 1
    - b) Accounting Standard 13
    - c) Accounting Standard 14
    - d) Accounting Standard 11
  3. Internal Reconstruction \_\_\_\_\_
    - a) No company is liquidated
    - b) Only one company goes into liquidation
    - c) Two or more companies are liquidated
    - d) One or more companies go into liquidation
  4. Amount of calls in advance is treated as \_\_\_\_\_
    - a) Secured creditor
    - b) Asset not specifically pledged
    - c) Preferential creditor
    - d) Unsecured creditor
  5. Interest on debenture and unsecured loan is payable up to the date of actual payment \_\_\_\_\_
    - a) If the company is solvent
    - b) If the company is insolvent
    - c) Whether the company is solvent or insolvent
    - d) None of the above
  6. Marked applications refer to \_\_\_\_\_
    - a) Applications bearing the stamp of the underwriters
    - b) Applications carrying the signature of public who applied for shares
    - c) Applications carrying the stamp of company which offered the shares
    - d) None of the above
  7. Buyback must be completed within \_\_\_\_\_ from the date of passing the resolution.
    - a) 12 months
    - b) 3 months
    - c) 6 months
    - d) 2 months

8. The asset which is not taken under the Net assets method of calculating purchase consideration is \_\_\_\_\_
  - a) Loose Tools
  - b) Bills Receivables
  - c) Machinery
  - d) Share issue expenses
9. Capital Redemption Reserve can be utilized only for \_\_\_\_\_
  - a) Issue of fully paid bonus shares to the members
  - b) Issue of partly paid bonus shares to the members
  - c) Writing off losses
  - d) None of the above
10. For capital reduction under internal reconstruction, authorization/approval is required from \_\_\_\_\_
  - a) Shareholders
  - b) Articles of Association
  - c) Tribunal
  - d) All of the above

1.B) State whether given statements are True or False (Any 7)

7

1. A company is allowed to convert fully paid shares into stock.
2. The balance in security premium account cannot be transferred to capital reduction account.
3. Buyback of security is governed by section 68 of Companies Act.
4. Cancellation of contingent liability is treated as profit to the company.
5. Equity shares can be bought back out of fresh issue of shares only.
6. Underwriting may be done by individuals, partnership firms or joint stock companies.
7. Marked applications are also known as direct applications.
8. Local taxes are an example of secured creditors.
9. In the case of amalgamation there are two or more liquidations and one formation.
10. If the company is insolvent, interest on debentures is payable up to the date of actual payment.

2. A Ltd. and B Ltd. were carrying on the business of manufacturing of auto components. Both the companies decided to amalgamate and a new company AB Ltd. is formed with an Authorised Capital of Rs.10, 00,000 divided into 1, 00,000 Equity shares of Rs.10 each. The Balance Sheet of the companies as on 31-3-2018 were as under:

(15)

## Balance Sheet as at 31-3-2018

Particulars	A Ltd (Rs.)	B Ltd (Rs.)
<b><u>I. EQUITY AND LIABILITIES</u></b>		
<b>1. Shareholders Funds</b>		
a. Share Capital	1,40,000	2,50,000
<b>b. Reserves and Surplus</b>		
Profit and Loss A/c.	30,000	35,000
General Reserve	---	1,20,000
<b>2. Non-Current Liabilities</b>		
8% Secured Debentures	1,10,000	---
<b>3. Current Liabilities</b>		
Trade payables	54,000	1,40,000
<b>Total</b>	<b>3,34,000</b>	<b>5,45,000</b>
<b><u>II. ASSETS</u></b>		
<b>1. Non-Current Assets</b>		
<b>Fixed Assets</b>		
Building	1,00,000	1,90,000
Plant and Machinery	---	80,000
Furniture and Fixture	25,000	25,000
<b>2. Current Assets</b>		
a. Inventories	1,35,000	50,000
b. Trade Receivables	44,000	1,42,000
c. Cash at Bank	30,000	58,000
<b>Total</b>	<b>3,34,000</b>	<b>5,45,000</b>

The assets and liabilities of the existing companies are to be transferred at book value with the exception of some items detailed below:

1. Goodwill of A Ltd. was worth Rs.50,000 and B Ltd worth Rs.1,50,000.
2. Furniture and Fixture of B Ltd was valued at Rs.35,000.

TURN OVER

3. The debentures of A Ltd. are to be discharged by issue of 8% 11000 debentures of AB Ltd. at premium of 10%.

You are required to:

- i) Compute Purchase consideration.
- ii) Pass opening entries in the books of AB Ltd and draw a Balance sheet of AB Ltd. as per Purchase Method.

OR

2. The following is the Summary Balance Sheet of Teena Ltd:

Liabilities	Rs.	Assets	Rs.
Issued and Paid-up Equity Share Capital of Rs. 10 each	5,00,000	Intangible Assets	50,000
Statutory Reserve (to be maintained for 3 more years)	10,000	Fixed Assets	4,20,000
Debentures	1,00,000	Current Assets	1,10,000
Creditors	50,000	Profit & Loss A/c	80,000
	<u>6,60,000</u>		<u>6,60,000</u>

Meena Ltd. agreed to absorb Teena Ltd, on the following terms:

1. Meena Ltd agreed to take over all the assets and liabilities.
2. The assets of Teena Ltd. are to be considered to be worth Rs.5,00,000.
3. The purchase price is to be paid one-quarter in cash and the balance in shares. of Rs.10. each at premium of Rs. 2 each.
4. Liquidation expenses amounted to Rs.300 agreed to be paid by Teena Ltd.
5. Debentures of Teena Ltd were paid.
6. The amalgamation is in the nature of purchase.

You are required to show:

- a) Purchase Consideration
- b) Ledger accounts in the books of Teena Ltd.
- c) Opening entries in the books of Meena Ltd.

TURN OVER

3. The following is the Balance Sheet of XY Ltd which is in the hands of the liquidator.

(15)

Balance Sheet as at 31/03/2018

Liabilities	Rs.	Assets	Rs.
Share Capital:		Fixed Assets	2,00,000
1,000, 6% Preference shares of Rs. 100 each, fully paid	1,00,000	Stock	1,20,000
2,000 Equity shares of Rs. 100 each	2,00,000	Book debts	2,40,000
2,000 Equity shares of Rs. 100 each, Rs. 75 paid	1,50,000	Cash	40,000
Loan from Bank (on security of stock)	1,00,000	Profit and Loss Account	3,00,000
Trade Creditors	3,50,000		
	<b>9,00,000</b>		<b>9,00,000</b>

The assets realised the following amounts (after all costs of realisation and liquidator's commission amounting to Rs. 5,000 paid out of cash in hand Rs. 40,000 as per Balance Sheet):

Fixed Assets	Rs. 1,68,000
Stock	Rs. 1,10,000
Book Debts	Rs. 2,30,000

Calls on partly paid shares were made but the amount due on 200 shares was found to be irrecoverable.

Prepare the Liquidators' Final Statement of Account.

OR

TURN OVER

3. Following is the Balance sheet of Panasonic ltd as on 31<sup>st</sup> March, 2018 (15)

Liabilities	Amount	Assets	Amount
6,000 8% Preference shares of Rs.100 each	6,00,000	Goodwill	60,000
50,000 Equity shares of Rs.10 each	5,00,000	Patents	40,000
5% Debenture of Rs.100 each Outstanding	3,00,000	Building	6,00,000
Debenture interest	50,000	Furniture	1,00,000
Sundry creditors	1,80,000	Stock	1,50,000
Total	16,30,000	Sundry Debtors	75,000
		Bank	75,000
		Profit and loss a/c	5,30,000
		Total	16,30,000

Note: Preference dividend is in arrears for three years.

The following scheme of reconstruction is approved by Court-

- 1) The Preference shares shall be converted into equal number of 9% Preference shares of Rs.50 each and the Equity shares shall be reduced to Rs.3 each.
- 2) 5% Debentures shall be reduced to Rs.75 each. The debenture holders agreed to waive 50% of outstanding interest.
- 3) Sundry creditors agreed to waive 30% of their claims and to accept Equity shares for Rs.30,000 in part settlement of their renewed claims.
- 4) Arrears of Preference dividend to be reduced to one year's dividend which is paid immediately.



- 5) The assets are revalued as under-
- Building – Rs.6,60,000
  - Furniture - Rs.80,000
  - Stock - Rs.1,00,000
  - Sundry debtors-Rs.70,000
- 6) Intangible and fictitious assets are to be written off.

You are required to Pass Journal entries and prepare Capital reduction a/c in the books of Panasonic ltd.

4. Following is the Balance sheet of Ms. Satya Ltd. as on 31<sup>st</sup> March,2018

15

Liabilities	Rs.	Assets	Rs.
Equity Shares (Rs.10)	50,00,000	Fixed Assets	60,00,000
Security Premium	5,00,000	Investments	50,00,000
General Reserve	20,00,000	Bank	30,00,000
Profit and Loss A/c	25,00,000	Other Current Assets	50,00,000
10% Debentures	40,00,000		
Bank Loans	10,00,000		
Sundry Creditors	40,00,000		
	<u>1,90,00,000</u>		<u>1,90,00,000</u>

The Company decided to buy back its equity shares for this purpose the company took the following steps:

- Issued 3,000, 8% preference shares of Rs.100 each at a premium of 5%.
- Issued 2,000, 10% Debentures of Rs.100 each at a premium of 10%.
- Sold 70% of investments at a profit of 10%.

Ascertain:

- Maximum Number of equity shares that can be bought back.
- Maximum price it can offer for buy back.
- Pass Journal Entries in the books of the company.

OR

TURN OVER

4. Spine Ltd. invited applications from public for 1,00,000 Equity shares of Rs.10 each at a premium of Rs.5 per share. The entire issue was underwritten by the underwriters P, Q, R and S to the extent of 30%, 30%, 20% and 20% respectively with the provision of firm underwriting of 3,000; 2,000; 1,000 and 1,000 shares respectively. The underwriters were entitled to the maximum commission permitted by law. The company received applications for 70,000 shares from public out of which applications for 19,000; 10,000; 21,000 and 8,000 shares were marked in favor of P, Q, R and S respectively. Calculate the liability of each of the underwriters when firm underwriting shares are treated as marked and unmarked applications. 15

5 A) State the conditions for amalgamation in the nature of merger. 8  
B) What do you mean by Liquidation of a company? Describe the different modes of winding up? 7

OR

5. Short notes: (Any 3)

1. Overriding commission
2. Purchase consideration
3. Preferential Creditors
4. Need of Internal Reconstruction
5. Buyback of equity shares

15

Time: 2:30 Hours

Marks: 75

Note – All questions are compulsory with internal choice.

Round off upto 2 decimals unless specified in the question.

Q1A. Multiple Choice Questions (any 8)

(08)

1. The lock in period for equity linked saving scheme is -----
  - a. 3years
  - b. 5 years
  - c. 8 years
  - d. 12 years
2. -----funds will invest 65% to 80% of total assets in equities and 20% to 35% in debt instruments.
  - a. Balanced hybrid
  - b. Conservative
  - c. Aggressive hybrid
  - d. Multi asset allocation
3. The main objective in Accounts Receivable management is to -----the Days Sales Outstanding (DSO) and processing costs whilst maintaining good customer relations.
  - a. Balance
  - b. Minimize
  - c. Maximize
  - d. None of the above.
4. "5/ 15 net 45" on an invoice represents ----- discount provided by the seller to the buyer on account of prompt or pre – payment.
  - a. Trade
  - b. Cash
  - c. Partly trade partly cash
  - d. Credit
5. ----- assumes to reinvest only positive cash inflows at the firm's cost of capital.
  - a. MIRR
  - b. IRR
  - c. NPV
  - d. Discounted Payback
6. A ----- is a graphical depiction of a decision and every potential outcome of making that decision.
  - a. Sensitivity Analysis
  - b. Break Even Analysis
  - c. Scenario Analysis
  - d. Decision Tree Analysis
7. Functional strategy is a -----plan for achieving one or more goals of a business by one or more functional areas.
  - a. Short term
  - b. Long term
  - c. Medium term
  - d. All of the above
8. ----- is the concept of increasing the value of a business in order to increase the value of the shares held by stockholders
  - a. Profit
  - b. Sales
  - c. Wealth
  - d. None of the above

9. The higher the bond's duration, the -----its sensitivity to the change (also known as volatility) and vice versa.
- |                       |                      |
|-----------------------|----------------------|
| a. Lower              | c. Greater           |
| b. Remains unaffected | d. None of the above |
10. Exit load is typically charged on ----- prevailing at the time of sale of unit.
- |                   |               |
|-------------------|---------------|
| a. Purchase Price | c. Face value |
| b. Profit Value   | d. NAV        |

Q1B. State whether following statements are true or false (any 7)

1. A mutual fund that invests in short-term debt instruments such as Treasury bills, commercial paper, large CDs are referred to as money market fund (MMF).
2. The primary difference between a mutual fund transfer and stock transfer is that mutual fund shares do not involve physical certificates, whereas stock shareholders may demand a physical certificate.
3. Dividend signalling is a theory that suggests that when a company announcement of an increase in dividend pay-outs is an indication of future instability.
4. Hard capital rationing or "external" rationing occurs when the company faces problems in raising funds in the external equity markets.
5. Operations are usually defined as core revenue critical aspects of a business that are non-repeatable in nature.
6. When interest rate rises bond price also increases.
7. An aging schedule is an accounting table that shows the relationship between a company's bills and invoices and their respective due dates.
8. Projects with a benefit-cost ratio greater than 1 have greater benefits than costs.
9. A common use of simulation is for experimentation in a high -cost, high -risk environment.
10. Corporate strategy is hierarchically the highest strategic plan of the organization.

Q2A. Find the duration of bond with a face value of Rs 1000 making annual interest rate of 7% if it has 5 years until maturity. The bond is redeemable at 10% premium. The current annual market interest rate is 8% (Calculate upto 4 decimal points)

Q2B. Kirit invested Rs 60,000 in a long term mutual fund with tax benefits under section 80C at an NAV of Rs 45. Find the number of units acquired by him if there is entry load of 3 %.

OR

Q2C. SUN Mutual fund provides you with the following data related to unbalanced mutual fund scheme. You are required to compute the Net Asset Value (NAV) on per unit basis as on 30<sup>th</sup> Sept 2018.

Particulars	Rs. (in Crores )
Managers Salary	0.20
Operational Expenses	0.80
Amount payable on shares	0.25
Bonds and debentures at cost	0.60
Interest Income	0.32
Listed Securities at cost	0.93
Dividend Income	0.10
Cash in hand	0.24

**Other information**

1. Value of listed bonds and debentures is appreciated by 15% of Cost while unlisted display a downfall of 5% from cost.
2. All the listed securities were purchased when market index was 9500 and currently it is 9300.
3. Out of total bonds quoted above 30% of them are unlisted.
4. No of outstanding units is 3,50,000

Also calculate the amount receivable by an investor who wishes to sell 125 units at NAV as on 30<sup>th</sup> September with 5% exit load.

Q2D. A bond with face value 1000 yields 6% returns with maturity value of 4 years. Currently the market price of the bond is 840. Calculate the yield to maturity investment in the bond. (05)

Q3A. Angad Ltd is considering following projects which are divisible in nature, you are asked to choose the optimal project if capital constraint is Rs 65,00,000 (08)

Project	Initial Outlay ( Rs)	NPV ( Rs)
A	51,00,000	17,00,000
B	12,00,000	3,05,000
C	2,00,000	(16,000)
D	20,00,000	5,25,000
E	10,00,000	2,30,000

Q3B. Manju Ltd is evaluating 3 alternatives on investments whose returns are based on the state of economy (07)

State	Fair (Rs.)	Good (Rs.)	Great (Rs.)
Probability	0.2	0.5	0.3

The returns are as follows

Alternative	Fair (Rs.)	Good (Rs.)	Great (Rs.)
S	1000	9000	13600
U	0	10000	16000
N	(8000)	12000	17000

Draw decision Tree and determine the expected return for each alternative.

OR

Q3C. Meena Ltd has prepared the following projections for the next financial year

Sales – 63000 units @Rs 20 per unit (Credit period – 30 days)

Variable Costs – Rs 12.50 per unit

Total Costs = Rs17.50 per unit

The CFO proposes to increase the credit by another 30 days resulting into increase in sales by 8%.

The company desires to earn 25% return on its investments. Assuming 360 days a year calculate

1. Incremental Contribution due to extension of credit period.
2. Incremental Investment on Funds based on Variable Costs only.
3. Incremental Investment on Funds based on Total Costs
4. Advise whether the proposal should be accepted or not based on total cost.

Q4A. Kaira Ltd is considering evaluating an investment proposal of Rs 7,00,000 with expected cash flows as below –

Year	Cash flows after tax before depreciation. (Rs)
1	2,50,000
2	2,80,000
3	3,25,000
4	3,00,000

The company's cost of capital is 12% p.a. Compute the NPV, PI and Discounted Payback Period.

Q4B. The following data relates to Suraj Ltd –

Rate of Return = 15% , Earning Per share = Rs 80.

Find the market price per share in the following cases using Gordon's Model –

Sr. No	Dividend Payout (%)	Cost of Capital (%)
1.	50	12
2.	60	18

Treat each case independently

OR

Q4C. Kadam Ltd has an EBIT of Rs 8 lakhs and 8% debentures of Rs 20,00,000. The overall capitalization rate is 10% based on which you are required to compute the present value of Kadam Ltd and equity capitalization rate. The company decides to further raise Rs 4 lakhs through 8% debentures and use the same

to pay off the equity shareholders. Compute the proposed total value of the company and proposed equity capitalization rate based on Net Operating Income Approach. (15)

Q5A. Discuss the need and importance of financial planning at corporate level. (08)

B. Discuss the process of capital budgeting in brief. (07)

OR

Q5. Write Short notes on ( any 3) (15)

1. Scenario Analysis
2. Wealth Maximization
3. Trade off Theory
4. Ethics in Mutual Fund Entities
5. Ageing Schedule

\*\*\*\*\*

[ 2½ Hours ]

[ Total Marks : 75 ]

Please check whether you have got the right question paper.

- N.B:**
1. Question No. 1 is compulsory.
  2. Question No. 2, 3, 4 and 5 have internal options.
  3. Each questions carry 15 marks.
  4. Figures to the right indicate full marks assigned to the question
  5. Specify assumptions, if any while solving the question.

1. A) Rewrite the statement with the correct alternative (Answer any eight out of ten) : (08)

- 1) Indirect Tax is a \_\_\_\_\_.
  - a) Regressive tax
  - b) Progressive tax
  - c) Tax on tax
  - d) Value added tax
- 2) \_\_\_\_\_ is levied on Inter-State supplies of goods or services or both.
  - a) CGST
  - b) SGST
  - c) IGST
  - d) Both (a) and (b)
- 3) The liability to pay tax on goods shall arise at the \_\_\_\_\_.
  - a) Dispatch of goods
  - b) Time of supply
  - c) Removal of goods
  - d) Delivery of goods
- 4) Rate of tax on platinum, CGST and SGST together is \_\_\_\_\_.
  - a) 2.5%
  - b) 3%
  - c) 18%
  - d) 28%
- 5) A registered person who is liable to pay tax under section 9 (3) or a (4) shall issue a \_\_\_\_\_ at the time of making payment to the supplier.
  - a) Receipt voucher
  - b) Refund voucher
  - c) Payment voucher
  - d) Credit/Debit Note
- 6) Input Tax credit of CGST can be first utilized to pay output liability of \_\_\_\_\_.
  - a) SGST
  - b) CGST
  - c) IGST
  - d) UTGST
- 7) The first 2 digits of GSTIN represent \_\_\_\_\_.
  - a) Entity code
  - b) Country code
  - c) State code
  - d) Checksum character
- 8) \_\_\_\_\_ of supply is the amount upon which tax is levied and collected.
  - a) Value
  - b) Cost
  - c) Turnover
  - d) Gross value
- 9) Content of Tax invoice is given in \_\_\_\_\_.
  - a) Rule 46
  - b) Rule 47
  - c) Rule 48
  - d) Rule 49
- 10) Input tax does not include \_\_\_\_\_.
  - a) IGST on import of goods
  - b) SGST and UTGST
  - c) Tax paid under composition levy
  - d) Tax payable section 9(3) and 9(4)



1. B) Match the following columns (Answer any seven out of ten) :

Column A	Column B
1. Reverse charge basis	a) Location of recipient
2. Quorum of GST Council meeting	b) Compulsory registration
3. Goods imported into India	c) State list
4. Tax Invoice	d) Service directly related to immovable property.
5. GST REG - 01	e) Supply of taxable services
6. Turnover over ₹10 crores	f) ½ of total no. of members
7. Supply of registered person	g) Digit of HSN code
8. List II	h) Location of importer
9. Input service distributor	i) Casual taxable person
10. Location of immovable property	j) Supply by unregistered person to registered person

2. From the following information give to you of Mr. Shyam Compute the Value of Taxable Service and the Goods and Services Tax payable for the month. All amounts given are excluding Goods and Services Tax.

Particulars	₹
1. Commission earned on toll receipts	96,000
2. Transportation charges of sugar	48,000
3. Services of transport of passengers by ropeway	1,32,000
4. Courier services	1,44,000
5. Transportation charges : Freight collected per trip was ₹1200	72,000
6. Coaching of MBA entrance exam	28,000
7. Commission from acting as commission agent of consumer goods	36,000
8. Royalty from permanent transfer of trademark	24,000
9. Carried out certain process as job work which did not amount to manufacture.	84,000
10. Commission from acting as clearing and forwarding Agent	1,20,000
11. Commission for acting as commission agent of Agricultural produce	1,08,000
12. Toll Receipts from Highway of Mumbai to Pune	60,000

GST rate for all the supplies may be assumed to be 18%

OR

2. A) Axon Traders entered into a contract with Mr. Xolo for supply of goods worth ₹3,00,000. It was agreed that any additional expense incurred to complete the sale will also included in the contract value. Mr. Xolo following expenses to complete the sale: Mr. Xolo received subsidy of ₹30,000 from the Bharat Manufacturer's Association per transaction.

Expenses	₹
Inspection	950
Freight	15,000
Testing charges	6,250
Insurance charges	5,000
Loading charges	3,540
Packaging charges	8,000

Determine the Value of Taxable Supply as per the provisions of section 15 of CGST Act.

2. B) Determine Time of Supply in following independent cases as per the provisions of (07) CGST Act, 2017.

Sr. no	Date on which goods are made available	Date of invoice	Date of receipt of payment
1	12-12-2017	15-12-2017	06-11-2017
2	17-12-2017	20-12-2017	02-01-2018
3	25-12-2017	04-01-2018	23-01-2018
4	26-10-2017	16-10-2018	15-10-2018
5	18-12-2017	12-12-2018	10-12-2018
6	15-01-2018	16-01-2018	05-01-2018
7	17-02-2018	13-02-2018	12-02-2018

3. (A) Aakash Transportation services, a goods transportation company, has provided information (08) regarding Input Tax Credit related to GST on inward supplies for the month of March, 2018. Following Inputs Tax Credit was available on various transactions:

Sr.no	Transactions	Amount (₹)
1.	Truck purchased for imparting training for new drivers	28,120
2.	Purchase of gift articles for customers	5,980
3.	Goods loss due to natural calamity	800
4.	Purchase of Trucks	7,00,000
5.	Health insurance purchase for the drivers (Mandatory as Government has issued a notification)	6,450
6.	Refreshments provided to driver during working hours	16,200
7.	Repairing of trucks from Joshi Garage	14,780

You are required to calculate Input Tax credit available for the month of March, 2018

3. (B) M/s Rakesh and Company of Malad gives following information from which you are required (07) to compute Goods and Service Tax Liability for the month of September 2018
- Supply in the form of sales out of Maharashtra ₹26,20,000. Rate of IGST @ 18%
  - Value of receipt of goods and services within Maharashtra ₹12,40,000. Rate of CGST@ 9% and SGST @ 9%

OR

3. Mr. Ravi Shankar is a registered dealer in the state of Maharashtra under GST provides the (15) following information about his business for the month of August, 2017 details of Electronic Credit Ledger are as follows:

	IGST ₹	CGST ₹	SGST ₹
Opening Balance in Electronic Credit Ledger as on 01-08-17	5,000	6,000	7,000
Input-Tax credit available on Inward supplied during The month of August, 2017	9,000	13,000	13,000

The following details about various transactions for the month of August 2017 are also provided

Date	Transactions during the month	GST Rate	Amount ₹
05-08-2017	Sold Goods to a Customer in Mumbai	18%	88,000
11-08-2017	Sold Goods to a Customer in Solapur	12%	75,000
18-08-2017	Sold Goods to a Customer in New Delhi	5%	66,000
20-08-2017	Consultancy charges for services provided in Kolhapur	12%	1,23,000
22-08-2017	Services charges for service provided in Thane	5%	1,15,000
25-08-2017	Professional Service charges received for services in Mahabaleshwar	12%	56,000
28-08-2017	Sold Goods to a Customer in Haryana	18%	2,35,000
31-08-2017	Sold Goods to a Customer in Silvasa	5%	1,28,000

Compute Net Tax Liability of Mr. Ravi Shankar for the month of August, 2017.

4. (A) Kanchan started business in April, 2017. Find out from which month she will be liable for registration and to pay GST as per the provisions of GST Act. Give reasons.

Month/Year 2017	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
April to June	3,50,000	1,35,000	2,50,000	14,00,000
July	2,000	24,000	2,00,000	2,60,000
August	3,500	52,000	1,00,000	6,50,000
September	3,000	25,000	4,00,000	2,80,000
October	4,500	72,000	2,50,000	7,50,000
November	6,000	2,25,000	4,500	3,26,000
December	9,000	75,000	7,000	84,000

4. (B) Mr. Rohit supplies Goods and Services from Kolhapur. He provides following details relating to the business for the month of January 2018. Determine his eligibility for Registration under relevant Goods and Service Tax Laws.

Sr.no	Particulars	Amount (₹)
1.	Service charges within the state	3,00,000
2.	Intra-State Goods Taxable @ 18% (Exclusive of GST)	3,00,000
3.	Export made to Singapur	5,00,000
4.	Intra-State Goods Taxable @ 5% (Exclusive of GST)	6,00,000
5.	Intra-State Services Taxable @ 12% (Exclusive of GST)	4,00,000
6.	Intra-State Goods wholly exempt under GST	2,00,000

OR

4. (A) Determine Place of Supply of goods in the following cases and also state the Nature of Supply and the Type of Tax Leviable. (CGST, SGST and IGST)

Supplier and his location	Location of the buyer (third person)	Recipient and his location	Place of delivery of the goods
Mr. Satish, Indore	Mr. Prakash, Indore	Mr. Sony, Surat	Surat
Mr. Satish, Indore	Mr. Sony, Surat	Mr. Prakash, Indore	Indore
Mr. Satish, Indore	Mr. Rakesh, Mumbai	Mr. Sony, Surat	Surat
Mr. Satish, Indore	Mr. Sony, Surat	Mr. Dev, Surat	Surat

4. (B) Mr. Pawan resident of Assam provides you following information regarding supplies made by him. Determine his eligibility for registration under relevant Goods and Service Tax Law. (07)

Sr.no	Particulars	Amount (₹)
1.	Agricultural produce cultivated by family member	1,00,000
2.	Intra-State Goods Taxable @ 18% (Exclusive of GST)	95,000
3.	Intra-State Goods wholly exempt under GST	80,000
4.	Export made to USA	1,35,000
5.	Intra-State Goods Taxable @ 5% (Exclusive of GST)	8,80,000
6.	Intra-State services Taxable @ 12% (Exclusive of GST)	2,40,000

5. (A) Distinguish between Direct and Indirect Tax? (08)

- (B) Explain the features of Good and Service Tax ? (07)

OR

5. Write short notes (Answer any three out of five) (15)

1. Credit note
2. GST council
3. Revised Invoice
4. Payment voucher
5. Levy of GST and Tax structure

[Time: 2.30 Hours]

[Marks: 75]

N.B: 1. All questions are compulsory carrying 15 marks each.

Q1) (a) Choose the correct alternatives (Any Eight)

(8m)

1. Using future contracts to transfer price risk is called \_\_\_\_\_  
a) Arbitraging b) Speculating c) Diversifying d) Hedging
2. A \_\_\_\_\_ is our account of our money, held by you.  
a) Nostro b) vostro c) loro d) none of the above
3. A contract that requires the investor to buy securities on future date is called a \_\_\_\_\_  
a) Short contract b) Long contract c) Hedge d) Cross
4. purchase of a share in one market and simultaneous sale in different market to benefit from price differentials is known a \_\_\_\_\_  
a) Mortgage b) Arbitrage c) Hedging d) Speculation
5. When the value of the British pound changes from \$1.55 to \$ 1.75, then \_\_\_\_\_  
a) The pound has appreciated and the dollar has appreciated.  
b) The pound has depreciated and the dollar has appreciated.  
c) The pound has depreciated and the dollar has depreciated.  
d) The pound has appreciated and the dollar has depreciated
6. A simultaneous purchase and sale of foreign exchange for two different dates is called \_\_\_\_\_  
a) Currency devalue b) Currency swap c) currency valuation d) currency exchange
7. \_\_\_\_\_ quote also known as reference rate.  
a) Bid b) Ask c) Spread d) Mid
8. In Holgate principle, if  $Bid > Ask$ , Swap points for forward rate are to be :-  
a) Added b) subtracted c) multiplied d) divided
9. \_\_\_\_\_ is where you can buy and sell a currency, at a fixed future date for a pre - determined rate.  
a) Forward market b) domestic market c) currency market d) options market
10. The current system of international finance is a \_\_\_\_\_  
a) Gold standard b) fixed exchange rate system c) Floating exchange rate system  
d) Managed float exchange rate system

Q1) (B) Answer whether the below statements are True or False (Any Seven) (7m)

1. According to Prof. Fisher, nominal rate of interest depends on inflation rate.
2. Micro factors existing within a firm lead to country risk.
3. Premium on base currency is always deducted from the spot rate.
4. Depreciation of domestic currency means a fall in the price of domestic currency in term of a foreign currency.
5. The term 'Spot market' refers to derivative where payments are made in cash.
6. The agreed notional amount in a swap is exchange at the start of the swap and at the maturity of the swap.
7. Tariffs and quotas reduce the demand for foreign exchange
8. Call premium = Time value + Intrinsic Value
9. Forward contracts are bilateral Contact
10. Reduce the risk is known as hedge

Q2) (a) Calculate Inverse Quotes for the following:-

GBP / NZD	5.7935 – 5.8085
USD / INR	54.0325 – 54.0375
EUR / AUD	1.2208 – 1.2208
EUR / SEK	8.3590 – 8.3740

(8m)

Q2) (b) USD / SGD 1.4395 – 1.4305

GBP / SGD 2.6865 – 2.6875

(7m)

Calculate GBP / USD quotation and establish relationship between the three quotations in terms of percentage spread?

(OR)

Q2) (c) Explain 'Bull Call Spread' along with an example and a graph

(8m)

Q2) (d) Distinguish between direct rates and indirect rates

(7m)

Q3) (a) Explain Foreign Exchange Rates and its types?

Q3) (b) What is the difference between arbitrage and Speculation?

(8m)

(OR)

Q3) (c) Spot USD / INR 45.3825 – 45.3875

3months forward 100 INR / USD 2.2002 – 2.2005

(8M)

Calculate 3months AFM and interpret the result.

If USD interest rate = 2.35% p.a.

Calculate INR interest Rate.

Q3) (d) A bank in New York quotes: 1USD = CAD 1.0398 – 1.0408

(7M)

i) Is this an American or European quote in USA European?

ii) Find Mid-Rate, Spread & Spread %

iii) Derive Inverse Quotation (CAD/USD)

Q4) (a) What is Foreign Exchange Market? Who are the Participants of Foreign Exchange Market?

(8m)

Q4) (b) Describe the characteristic of Foreign Exchange Market.

(7m)

OR

Q4) (c) The following data pertains to Bank 'A' on 17th April 2016

Spot USD/INR	53.8480 - 53.8490
Spot / April	690 - 790
Spot / May	1610 - 1680
Spot / June	2750 - 2850

(8m)

Calculate the Quotation of Bank 'A' For:  
I. 2 month 10 days forward maturity

Q4) (d) Given 120 days forward EUR / SEK 8.4575

120 days AFM = premium 0.25 % p. a.  
Calculate Spot EUR/SEK rate

(7m)

Q5) (a) Explain the Techniques of managing foreign exchange risk

(8m)

Q5) (b) What is purchasing power parity theory? Explain its drawbacks.

(7m)

OR

Q5) © Short Notes (Any three)

(15m)

1. Hedging
2. Risk and Exposure
3. Derivatives
4. NOSTRO account
5. OTC Market

Time: 2.5 hrs.

Total Marks: 75 Marks

Note:

1. Attempt all questions
2. Figures to the right indicate full marks

1. A. Select the appropriate answer from the following ( any eight )

- i. 4P's refers to \_\_\_\_\_  
a. HRM b. Inventory c. Marketing d. None of these
- ii. Marketing is a \_\_\_\_\_ concept  
a. Static b. Dynamic c. Logical d. None of these
- iii. Price is \_\_\_\_\_  
a. Exchange Value b. Base Value c. Fixed Value d. None of these
- iv. Inventory means \_\_\_\_\_  
a. Capital b. Stock c. Finance d. None of these
- v. TQM is \_\_\_\_\_ process  
a. Static b. Continuous c. Temporary d. None of these
- vi. HRD means Human Resource \_\_\_\_\_  
a. Development b. Declining c. Designing d. None of these
- vii. HRP means Human Resource \_\_\_\_\_  
a. Punctuality b. Bonus c. product d. None of these
- viii. \_\_\_\_\_ is not a compensation  
a. Salary b. Bonus c. Cost to Company d. None of these
- ix. Debenture is \_\_\_\_\_ product  
a. Finance b. Human Resource c. Raw material d. None of these
- x. Option included call option & \_\_\_\_\_  
a. Full Option b. Put Option c. Half Option d. None of these

1. B. Say whether the following are true or false ( any seven )

- i. Marketing is a continuous process.
- ii. Seller is centre of marketing.
- iii. Intangible products cannot be touched.
- iv. Inventory control is necessary for every organization.
- v. Quality Circles are not components of TQM.
- vi. Recruiting is a part of HRM.
- vii. Appraisal brings loyalty among the employees.



TYBR

- viii. Delegation is on the job training method.
- ix. Shares are sources of long term capital.
- x. Demat means electronic conversion of shares.

- 2. A. Define Marketing. Explain 4 P's of Marketing.
- 2. B. Discuss the importance of Marketing.

OR

- 2. C. Discuss Various Factors determining pricing.
- 2. D. Elaborate various tools of promotion management.

- 3. A. Explain the functions of production management.
- 3. B. Discuss the difference between production & productivity

OR

- 3. C. What is TQM? Explain the advantages of TQM.
- 3. D. Explain the main areas of ISO 14000 certification.

- 4. A. What is HRP? Explain the process of HRP.
- 4. B. Discuss the benefits of performance appraisal.

OR

- 4. C. Explain ON THE JOB techniques to develop Human Resource.
- 4. D. Discuss traditional methods of performance appraisal.
- 5. A. Explain the functions of Financial Management.
- 5. B. Discuss the sources of short term finance.

OR

Write short note on (Any three)

- A. DEMAT
- B. Venture Capital
- C. Futures
- D. Distribution channels
- E. Self Appraisal