

TY BBI = V sem

NOV - 2018

UNIVERSITY PAPER

T.Y.B.B.I

SEM-V

NOV. - 2018

TYBBI SEM 5
IBF
19/11/18

Duration : 2 ½ hours

Marks : 75

Note : Figures to the right indicate full marks.

Q.1 A) Multiple Choice Questions (Any 8)

1. A floating exchange rate _____ (8)
 - a. is determined by the national governments involved
 - b. remains extremely stable over long periods of time.
 - c. is determined by the actions of central banks.
 - d. is allowed to vary according to market forces.
2. LIBOR rates are used to reflect _____ term interest rate across the globe.
 - a. short
 - b. medium
 - c. long
 - d. federal bank's
3. In the case of _____ offering, the bonds convert into shares of the company that issued the bonds.
 - a. GDRs
 - b. FCCB
 - c. Participatory Notes
 - d. FCEB
4. The risk that a government may default on its debt obligation is _____.
 - a. Political risk
 - b. Sovereign risk
 - c. Transfer risk
 - d. Transaction risk
5. _____ allow foreign companies to mobilize funds from Indian Markets.
 - a. GDR
 - b. ADR
 - c. IDR
 - d. None of the above
6. _____ 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
7. RBI and FEDAI issue guidelines to all banks regarding risk to _____.
 - a. identify
 - b. measure
 - c. manage
 - d. all of the above
8. Price of national currency in terms of foreign currency is _____ quote.
 - a. Direct
 - b. Indirect
 - c. Inverse
 - d. offer
9. Under a gold standard _____
 - a. a nation's currency can be traded for gold at a fixed rate
 - b. new discoveries of gold have no effect on money supply or prices
 - c. Nation's central bank of monetary authority has absolute control over its money apply.
 - d. None of the above.
10. Undertaking given by the importer's bank to make payment to exporter's bank on default of the importer is called as _____.
 - a. Letter of credit
 - b. Guarantee
 - c. Letter of intent
 - d. Promissory Note

B) State True or False (Any 7)

1. Any offence under FERA may result in imprisonment. (7)
2. Systematic risk is a type of uncertainty comes with the company or industry one invests in and can be reduced through diversification.
3. There is comparatively lesser risk while lending in international market.
4. FCNR account is free from currency risk.
5. BSE Sensex includes the 50 largest and most actively traded stocks on BSE.
6. A dirty float occurs when a nation used central bank intervention in forex market to promote a depreciation of its currency's exchange value.
7. International Monetary Fund which was given the task of implementation and monitoring of gold standard.
8. Arbitrage involves the simultaneous buying and selling of the asset in order to profit from small differences in prices.
9. Bid rates denote the number of units of a currency a bank is willing to pay when it buys another currency.
10. Increase in interest rate causes a country's currency to appreciate.

Q.2 A) What are advantages and disadvantages of fixed exchange rate system? (8)

B) Explain the factors responsible for the growth of Euro Currency market. (7)

OR

Q.2 C) Explain the concept of Offshore Banking with reference to India. (8)

D) What is risk management? State the risks faced by banks. (7)

Q.3 A) What is loan syndication? Explain phases of loan syndication. (8)

B) Explain the role of central banks in international banking and business. (7)

OR

Q.3 C) What are different types of letter of credit? (8)

D) Write a note on Special Drawing Rights. (7)

Q.4 A) What is ADRs? Explain its levels.

B) What are different types of country risk?

OR

Q.4 C) Calculate the out right forward rate from the following information.

Spot USD/INR	78.0916-80.0123
1 month	1200/1300
2 month	1600/1820
3 month	1740/1630
4 month	1548/1480

D) Calculate inverse quote, mid rate and spread and spread percentage.

EUR USD 1.5610/1.5700

Q.5 A) What is international banking? Explain its features.

B) Distinguish between FDI and FII

OR

Q.5 Write short notes on: (Any 3)

1. Features of Forex Market
2. Components of BOP
3. Bitcoin
4. Export Finance
5. Participatory Notes

[Time: 2 1/2 Hours]

2011/18
[Marks: 75]

- 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.

Q. 1 (A) State True or False (Any 8)

1. Causal research design deals with determining cause and effect relationship. 8
2. Social Research is a type of applied research.
3. Exploratory Research is when the cause of research problem is known to researcher.
4. Cluster analysis is a multivariate method which aims to classify a sample of subjects.
5. Research is often referred to as scientific inquiry.
6. Sample selected for research needs to represent the population.
7. Research report consists of research findings and conclusions
8. Secondary data is also known as recorded data from published sources.
9. Research process starts with selection of problem.
10. Type I error is made when the researcher rejects a null hypothesis, when in fact he should have accepted it.

Q. 1 (B) Match the following. (Any 7)

GROUP - A	GROUP - B
1. Statistically Verified	a. Act as a Guide
2. Research Design	b. Applied to a field
3. Null Hypothesis	c. between -1 & +1
4. Logically Verified	d. H1
5. Historical Research	e. Ho
6. Empirical Hypothesis	f. Improve the knowledge about specific issue or phenomenon
7. Correlation	g. Logical Hypothesis
8. Basic Research	h. Past information
9. Applied Research	i. Statistical Hypothesis
10. Alternate Hypothesis	j. To find solution to practical problem

Q. 2 (A) Discuss the importance of research in various walks of life. 8

Q. 2 (B) Describe with suitable examples different methods of sampling. 7

OR

Q. 2 (C) What is hypothesis? Explain the significance of hypothesis. 8

Q. 2 (D) What are the factors affecting research design? 7

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Q. 3 (A) What is personal interview? Explain the merits and demerits of personal interview. 2 8

Q. 3 (B) Which is better source of data primary data or secondary data – Discuss. 7

OR

Q. 3 (C) What is survey? Explain types of survey conducted to collect data. 8

Q. 3 (D) Too much dependence on secondary data is undesirable - Discuss 7

Q. 4 (A) What is concept of analysis of data? Discuss types of analysis of data. 8

Q.4 (B) What the concept of multidimensional scaling and its purpose. 7

OR

Q. 4 (C) What do you mean by interpretation of data. State its importance to researcher 8

Q. 4 (D) Discuss the importance of tabulation of data in data processing 7

Q. 5 (A) Discuss the steps in writing a research report. 8

Q.5 (B) What are the types of questions asked by researcher in a questionnaire? 7

OR

Q. 5 Short notes on: (ANY 3) 15

- I. Empirical research
- II. Discriminant Analysis
- III. Editing and Coding
- IV. Telephonic Survey
- V. Technical Report

[Time: 2 ½ Hours]

[Marks: 75]

- 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.

Q1. State whether the following statements are True or False. (Any 8)

1. Term loan will be loans repayable on demand. [8]
2. Extent of risk retained and reinsurance shall be separately disclosed.
3. Both tangible and non-tangible assets are non-current.
4. Cash flow statement is prepared as per AS 1.
5. Provision for tax is non-operating Expenses.
6. IFRS stands for Indian Film Reporting System.
7. Individual ethical guidelines or personal ethics are the results of a varied set of influence or pressures.
8. Objective of IFRS 1 is to provide suitable starting point for accounting.
9. Increase in share capital is Cash outflow
10. NPA provisioning is not applicable to Banking Company.

Q1b. Fill in the blanks. (Any 7)

1. Provision for taxation is _____ expenses. (operating, non-operating, other) [7]
2. The business principles set a policy of _____ on bribery and corruption. (one tolerance, zero tolerance, two tolerance)
3. Issue of debenture is _____. (cash inflow, cash outflow, no effect)
4. Fair Value should be estimated at _____ date. (opening, closing, grant)
5. IRDA stands for _____. (Insurance Regulator Divided Authority, Insurance Regulatory and Development Authority, India Regulator Divided Authority)
6. There are _____ parties to an insurance contract. (3,4,5)
7. _____ is one which has been classified as NPA for a period not exceeding 12 months. (standard Assets, substandard assets, loss assets)
8. Paid up capital cannot exceed _____ capital (Authorised Capital, Preference Capital, Share premium)
9. Only _____ companies prepared cash flow statement. (listed, unlisted, services)
10. IFRS 1 is _____ for users. (confusing, transparent, complex)

Q2.A From the following information, find out the amount of provision required to be made in the profit and loss account of Krishna Bank for the year ended 31-3-17 [8]

Advances	Rs. Lakhs
Standard Asset	8,000
Sub- standard Asset	3,500
Doubtful Assets for:	
Up to one year	560
One to two years	280
Two to three years	190
More than 3 years	90
Loss Asset	55

Q2 B) From the Following data calculate rebate on Bills Discount as on 31.3.2017 [7]

Date of Bill	Amount (Rs)	Period	Rate of Discount
15.1.2017	6,55,000	05.06.2017	10%
10.2.2017	8,70,000	12.06.2017	12%
28.2.2017	9,20,000	25.06.2017	11%
20.3.2017	11,30,000	06.07.2017	10%

OR

Q2 From the following balances, prepare Profit and Loss Account of Akash Bank Ltd. for the year ended 31st March, 2017. [15]

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Interest on Loans	621,600	Interest on Fixed Deposits	660,000
Commission Received 14	19,680	Salaries and Allowances 16	129,600
Discount on Bill Discounted 13	100,800	Interest on Cash Credit	535,200
Interest on Current Account (Cr)	504,000	Rent and Taxes 16	43,200
Interest on Overdraft	369,600	Directors Fees 16	10,080
Interest on Saving Bank Accounts	163,200	Postage and Telegrams 16	10,320
Locker Rent	2,400	Transfer Fees	1,680
Sundry Charges	4,080		
Depreciation on Bank property	12,000		

Other Information: (a) Rebate on bills discounted Rs 22,800, (b) Bad Debts Rs 96,000 and (c) Provision for Tax Rs. 360,000.

Q3 From the following information as on 31st March 2017, prepare the Revenue Account of the Indira fire Insurance Co. Ltd. [15]

Particulars	Direct Business (Rs)	Re-insurance (Rs)
Premium :		
Received	✓ 17,50,000	✓ 2,50,000
Receivable - 01.04.2016 00 -	✓ 72,500	✓ 12,500
Receivable - 31.03.2017 12 +	✓ 68,000	✓ 16,000
Paid	-	✓ 1,05,000
Payable - 01.04.2016 01 -	-	✓ 12,500
payable - 31.03.2017 12 x	-	✓ 16,000
Claims :		
Paid	9,67,500	1,50,000
Payable - 01.04.2016 01 -	58,000	17,500
payable - 31.03.2017 12 x	99,000	21,000
Received	-	85,000
Receivable - 01.04.2016 01 -	-	4,000
Receivable - 31.03.2017 12 x	-	6,500
Commission :		
On Insurance accepted	✓ 97,500	✓ 7,500
On Re - insurance ceded	-	✓ 10,500

Particulars	Amount (Rs)
Salaries	125,000
Rent Rate and Taxes	6,000
Postage & Telegrams	17,000
Printing and Stationery	78,000
Legal expenses	17,500

Other information-Balance of Fund on 1st April, Rs. 750,300

OR

Q3 From the following information as on 31st March 2017, prepare the Revenue Account of the Vishnu Insurance Co. Ltd in respect of fire and marine insurance business. [15]

Particulars	Fire (Rs.)	Marine (Rs)
Outstanding Claims (opening Balance)	14,000	3,500
Claim Paid	50,000	40,000
Reserve for Unexpired Risk (opening Balance)	100,000	70,000
Premium Received	225,000	165,000
Agent Commission	20,000	10,000
Expenses Management	30,000	22,500
Re insurance Premium (debit)	12,500	7,500

Additional information:

Particulars	Fire	Marine
Claims outstanding Closing Balance	5,000	7,500
Premium outstanding Closing Balance	15,000	10,000
Expenses Management outstanding Closing Balances	5,000	2,500

Q4. Following are the balance sheet of M/s Kesav Ltd. as on 31.3.16 and 31.3.17 [15]

Liabilities	2016	2017	Assets	2016	2017
Equity Share capital	450,000	450,000	Land & Building	225,000	219,375
General Reserve	150,000	150,000	Plant & Machinery	450,000	484,125
Profit & Loss account	-	94,500	Furniture & Fixtures	90,000	60,000
12% Debenture	285,000	150,000	Inventory	129,000	120,000
Creditors	90,000	210,000	Debtors	142,500	244,500
Outstanding Expenses	30,000	30,000	Cash	22,500	7,500
Provision for Tax	165,000	150,000	Bank	15,000	9,000
Proposed Eq Dividend	45,000	49,500	Advance Income tax	126,000	135,000
Unclaimed Dividend	-	3,000	Preliminary Expenses	15,000	7,500
Total	1215,000	1287,000	Total	1215,000	1287,000

Additional Information:

New Machinery costing Rs.120,000/- was bought on 31st March 2017 and an old Machinery costing Rs.27,000/- (accumulated depreciation Rs 18,000) was sold on 1.4.2016 for Rs.16,500.

Prepare Cash flow statement as on 31.3.17.

OR

Q4 The following is the Trial Balance of Visham Ltd as on 31.03.2017. You are required to prepare statement of Profit and Loss account and Balance sheet as on 31.03.2017 [15]

Particulars	Amount	Particulars	Amount
Land at Cost	400,000	Equity Share Capital (Rs.10 each)	600,000
Plant & Machinery at cost	1600,000	10% Debenture	400,000
Trade receivables	188,000	General Reserve	340,000
Inventories (opening)	178,000	Profit and Loss account	144,000
Bank	40,000	securities Premium	102,000
Purchase	640,000	Sales	1352,000
Wages	120,000	Trade Payable	84,000
Administrative Expenses	60,000	Provision for Depreciation	300,000
Selling & Distribution Exps	60,000		
Interim dividend Paid	36,000		
Total	3322,000	Total	3322,000

Other information:

1. The authorized Share Capital of the company is 10,000 equity share of Rs. 100 each.
2. Depreciation on Plant and Machinery is 15% pa
3. Transfer to Reserve Rs. 10,000

- Q5. A) Explain code of ethics for professional accountant. [8]
 B) Explain IFRS 1 in detail. [7]

OR

- Q5.Short note (Any 3) [15]
1. Average Clause
 2. Scope of IFRS-2
 3. Rebate on Bill Discounted
 4. Cash from operating activities
 5. Claims

Maximum Marks: 75

Duration: 2 ½ Hrs.

All questions are compulsory carrying 15 marks each.

Q1.a. Fill in the blanks' (Any 8)

(8)

1. Depository is an organisation where the securities of an investor are held in an _____
a. Physical Form b. Script Form c. Electronic Form
2. A combination of forwards by two counter parties with opposite but matching needs is called _____
a. Swap b. Option c. Forward
3. The merchant bankers should register with _____
a. RBI b. SEBI c. Central Government
4. The process of managing the sales ledger of a client by a financial service company is called _____
a. Forfeiting b. Factoring c. Leasing
5. _____ funds do not carry any credit risk
a. Leverage fund b. Gilt fund c. Equity fund
6. _____ is the umbrella body of all the Mutual Funds registered with SEBI
a. AMFI b. AMC c. AMBI
7. _____ is the entity through which the securitization transaction is actually operated
a. SPV b. Originator c. Seller
8. _____ is a process by which physical share certificates of an investor are converted into electronic form
a. Dematerialization b. Rematerialization c. Depository
9. When there is no security offered by the consumer against which money is granted by financial institutions it is called as _____
a. Cash loan b. Unsecured finance c. Fixed Credit
10. DP stands for _____ --
a. Depository Participant b. Depository Partner c. Depository Panel

Q1.b. State True or False(Any 7)

(7)

1. The term consumer credit refers to a transfer of wealth
2. The most common method of public issue is through private placements
3. Merchant banking do the business of banking also
4. Custodial service is provided to foreign investors
5. In India, RBI regulates the functioning of the mutual fund
6. Forfeiting is nothing but international factoring
7. Securitization can be used as tool to improve the balance sheet by bringing out necessary changes in the capital adequacy norms
8. Forward contracts can be traded only in organised exchanges
9. Depository system provides liquidity in the Capital Market
10. Mutual Fund is a financial intermediary

- Q2.a. What are the challenges faced by financial service sector in India (8)
b. Distinguish between Commercial Banks and Merchant banks (7)

OR

- c. Define Merchant banking and explain various services offered by merchant bankers(8)
d. Distinguish between fund based and non -fund based financial services (7)

- Q3.a. Explain various types of mutual fund (8)
b. What is export factoring? Explain its various types (7)

OR

- c. Explain the advantages and disadvantages of Mutual Fund (8)
d. What is factoring and explain its modus operandi (7)

- Q4a. Discuss the reasons for unpopularity of securitization (8)
b. Explain the concept of options along with its characteristics (7)

OR

- c. What are securitization assets? Write are the benefits of securitization (8)
d. . Compare forward and future contract (7)

- Q5a. Explain various sources of housing finance in India (8)
b. What are the various sources of consumer finance (7)

OR

- c. Short notes (any 3) (15)
a. NSDL
b. Pledge
c. Innovative Financial Instruments
j. Net Asset Value(NAV)
e. National Housing Bank(NHB)

Duration: 2 $\frac{1}{2}$ Hours

Marks: 75

- N.B: 1. Attempt all questions
2. Each questions carry 15 marks.

Q.1 A) State whether the following statements are true or false: (any 8) (8 marks)

1. In window dressing liabilities are overstated.
2. Auditing can be done by an employee of the company.
3. Internal auditor has right to attend the meeting of the shareholders.
4. Concurrent auditor has to be an external auditor only.
5. Audit working papers are the property of the client.
6. Test check reduces the liability of the auditor.
7. Chances of bias are more in random sampling.
8. No qualifications are prescribed for internal auditor.
9. Vouching includes valuation.
10. Contingent liabilities should be disclosed in the balance sheet by way of a note.

B) Match the following and rewrite the sentences: (any 7) (7 marks)

Particulars	Documentary Evidence
a. Salaries & Wages ✓	✓ Plant Register
b. Sales Return	✓ Dividend Warrants
c. Dividend Received ✓	✓ Attendance records
d. Travelling Expenses ✓	✓ Bills Receivable book
e. Rental Receipts	✓ Cost Sheet
f. Petty Expenses	✓ Tenancy Agreement
g. Plant & Machinery	✓ Credit Note
h. Bills Receivable	Imprest system
i. Patents	✓ Tickets
j. Work-in-progress	Renewal Certificate

Q2. A) Define Auditing. Explain the basic principles of auditing? (15 marks)

OR

Q2. B) Discuss Continuous audit with its advantages and disadvantages? (15marks)

Q3. A) Explain the contents of Audit working papers? (08 marks)

B) Explain the methods of selecting the sample? (07 marks)

OR

Q3. A) What are the auditors duties regarding internal control? (08 marks)

B) Discuss the advantages of Internal Audit? (07 marks)

Q4. A) Vouching is considered as essence of auditing? Discuss (08 marks)

B) How would an auditor verify Cash sales? (07 marks)

OR

Q4A) How would an auditor vouch: Salaries and Wages? (08 marks)

B) How will you as an auditor verify Plant & Machinery? (07 marks)

Q5. A) Explain the types of errors in detail? (08 marks)

B) How would an auditor verify the Receipt from debtors? (07 marks)

OR

Q 5) Short Notes on any 3: (15 marks)

a) True and Fair View Concept

b) Internal Audit vs External Audit

c) Verification vs Vouching

d) Auditors duties regarding internal check

e) Verification of Patents.

Time: 2.5hrs

Marks:75

Q.1 A) State whether following statements are True or False (any eight) 08

1. The changes in the rules brought by the government can have a deep impact on the business. *T Pg 95*
2. The political system can have an impact on the taxation system of the country. *T Pg 96*
3. The factors of environment influence business decisions. *T Pg 96*
4. Diversification means broadcasting or enlarging the company's product range by introducing new products by extending the range of existing products. *T Pg 142*
5. No change strategy is a type of stability strategy. *T Pg 142*
6. Market development concentrates on gaining additional shares of firms existing markets using the existing product. *T Pg 142*
7. Concentration strategies have high initial risk. *F Pg 142*
8. Organizational structure is the pattern in which the various parts of the organization are interrelated. *T Pg 178*
9. The barriers to strategy implementation can either be by internal or external sources within an organization. *T Pg 178*
10. The last action that is required for putting a strategy into operation is its institutionalization. *F Pg 178*

B) Match the column (any seven) 07

Group 'A'	Group 'B'
1) Internal benchmarking	a) Comparison of organizational performance with others in the similar industry
2) Performance benchmarking	b) Sub unit of an organization
3) Traditional control system	c) Core competencies
4) External benchmarking	d) Feedback approach
5) Responsibility centre	e) Within the same organization
6) Process benchmarking	f) Performance metrics
7) Contemporary control system	g) Functional task
8) Strategic benchmarking	h) Continuous monitoring
9) International benchmarking	i) Globalization
10) Organizational culture	j) Shared values

*(1-e) (2-f) (3-d) (4-a) (5-b) (6-g) (7-h)
(8-c) (9-i) (10-j) pg - 223, 224*

- Q.2 A) Explain the need and significance of strategic management in organizations. 1
B) Discuss the principles of good strategy. 1 20-23

OR

- C) Explain the different levels of strategy 1 15-18
D) Explain the GE planning grid in detail. 1 26-28
Q.3 A) Discuss briefly the process of strategic choice. 2 73-78
B) Explain the need and importance of environment scanning. 2 70-71, 72

OR

- C) Discuss the impact of legal factors in strategic management. 2 pg 88-90
D) Explain the components of micro environment of business. 2 pg 49-50
Q.4 A) What do you mean by Integration? Discuss the features. 3 pg 107
B) Explain the advantages and limitations of internationalization. 3 121-122

OR

- C) Discuss the advantages and limitations of concentration strategies. 3 pg 105-106
D) Discuss the types of corporate level strategies. 3 100, 101, 102, 103
Q.5 A) Explain the types of benchmarking. 5 pg 183-184
B) What are the advantages and limitations of Gap analysis. 5 pg 192-193

OR

Write short notes (any three)

1. Barriers to strategy Evaluation 5 pg 175, 199, 200
2. Types of strategic control pg 203-204 5
3. Matrix structure 4 pg 164-165
4. Role of strategic leader. 4 pg 168-169, 120
5. Digitalization strategies 3 124, 125, 126
