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T.Y.B.F.M

UNIVERSITY PAPER

T.Y.B.F.M

SEM-V

NOV. -2017

Q.P. Code : 19533

[Time: $2\frac{1}{2}$ Hours]

[Marks: 75]

Please check whether you have got the right question paper.

- N.B:
1. All question are compulsory.
 2. Figures to the right indicate marks

Q.1 A) Multiple choice questions (any 8 out of 10)

08

- _____ is a set of procedure intended to optimize performance.
(Service assurance, Service failure, Recovery)
- _____ is a new trend in marketing.
(Social media, Print media, traditional marketing)
- _____ refers to services provided by finance industry.
(Financial services, Digital Services, Consultancy)
- _____ are not available later if they are not utilized at the time of availability
(Services, goods, marketing)
- The communication which establishes through a direct channel with out using any intermediaries is referred as _____.
(Direct marketing, sales promotion, positioning)
- Service encounter is considered as _____ marketing.
(Period of Time, Interactive, Real time)
- External marketing transforms customers into _____ customers.
(Habitual, Casual, One time)
- A Service map is a _____ tool.
(Purchase, Communication, Sales)
- Advertisement is persuasive _____.
(Promotion, Selling, Marketing)
- Technology helps in understanding _____ profile of users.
(Choice, Behavioural, Innovative)

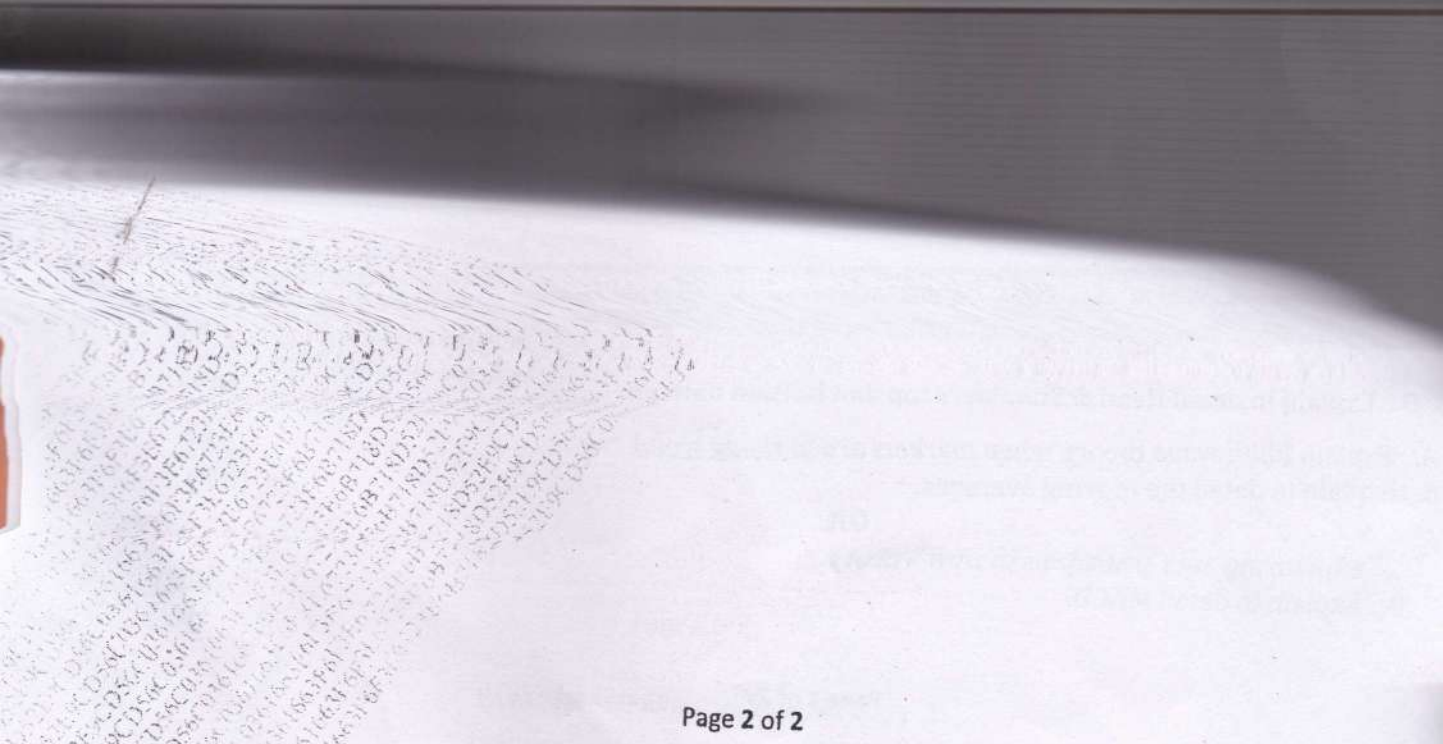
Q.1 B) State True or False (any 7 out of 10)

07

- Like Primary & Secondary sectors, service sector also plays an important role for the economic development of a country.
- The amount of money charged by the insurer to the insured for the coverage set forth in the insurance policy is called the premium.
- Market Segmentation is defined as the process of dividing a market into distinct sub sets of consumers distinguished from one another.
- Sales promotion is an incentive tool used to drive up short term sales.
- Quality assurance is a procedure or set of procedures intended to optimize performance and provide management guidance in communication networks, media services and end-user applications.

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- f) Social media marketing is the use of social media platform and website to promote a product or service.
- g) Advertising is art of developing, marketing and distributing goods and services to consumer as well as business.
- h) Personal selling is where business use people to sell the product or service after meeting face-to-face with the customer.
- i) Internal marketing is a one time process.
- j) Relationship marketing focuses on customer satisfaction.
- Q.2 a) What are the types of Retail financial services. 07
b) Explain the reasons for the growth in services. 08
OR
- Q.2 c) Enlist the distinctive characteristics of services. 07
d) Define Service Marketing and explain the importance of service marketing. 08
- Q.3 a) Define market segmentation and explain the benefits of segmenting markets. 07
b) What are the steps in positioning of services? 08
OR
- Q.3 c) Describe the productivity improvement strategies. 07
d) Define CRM and explain the types of CRM. 08
- Q.4 a) Explain the process of personal selling in service marketing. 07
b) Explain the concept of the extended marketing mix. 08
OR
- Q.4 c) How is sales promotion used in service marketing. 07
d) What are the different distribution channels in a service business? 08
- Q.5 a) Explain the role of I.T in marketing 07
b) Explain with a diagram the GAP model of service quality? 08
OR
- Q.5 Write short notes on any three:- 15
A. 4 I's of service marketing.
B. Promotion through Product Life Cycle.
C. Service Blueprint
D. Advertising in services
E. Marketing in the 21st century.



- Q.4 A. What are the rules to stop losing money while trading in the market? (08)
Q.4 B. What are different trading strategies used in day trading? (07)
OR
Q.4 C. What is day trading? and what are its advantages? (08)
Q.4 D. What is the importance of discipline in trading? (07)
- Q.5 A. Explain in detail one candlestick chart patterns. (08)
Q.5 B. What is momentum trading? (07)
OR
Q.5 **Write short notes (any 3 out of 5)** (15)
a) RSI
b) Island Reversal Pattern
c) Qualities of successful traders ...
d) Bollinger Bands
e) Double top pattern

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[Time: 2½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Diagram to right indicates full marks.
 3. Each question carries 15 marks each.

8

Q.1 A Choose the right answers and rewrite the sentences (any Eight) (8)

- 1) Derivatives market are continuously getting exposed to risk due to fluctuations in the prices of _____.
 - a) Finished Goods
 - b) Underlying asset
 - c) Semi Finished Goods
 - d) Land
- 2) Which of the following is not true about elements of derivatives contract _____.
 - a) Not legally binding contracts
 - b) Underlying asset
 - c) Future date
 - d) Future price
- 3) _____ is the difference between the spot price of underlying and the future price of that underlying.
 - a) Future price
 - b) Spot price
 - c) Basis
 - d) Net price
- 4) The premium with the buyer of the option is _____.
 - a) Paid
 - b) Received
 - c) Both (a) and (b)
 - d) None of the above
- 5) In vertical spread an investor simultaneously buys and sells an option with _____.
 - a) Different expiration date and different Exercise price.
 - b) Same expiration date and Exercise price.
 - c) Different expiration date but same Exercise price.
 - d) Same expiration date but different Exercise price
- 6) Other variables remaining constant, gamma measures the extent of change in option's _____ in response to change in the spot price.
 - a) Theta
 - b) Rho
 - c) Kappa
 - d) Delta
- 7) _____ Contracts are not standardized.
 - a) Forward contract
 - b) Future Contract
 - c) Option Contract
 - d) None of the above
- 8) When an option writer writes a call option which is covered by a position in underlying asset it is referred to as _____ option.
 - a) Naked
 - b) Short
 - c) Covered
 - d) Long

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- 9) _____ is the clearing and settlement agency for all deals executed on the derivatives segment.
- a) BSE c) NSCCL
b) NSE d) RBI
- 10) Option pricing model wherein spot prices moves up or down once is referred to as _____.
- a) Single period binomial model c) Both (a) and (b)
b) Two period binomial model d) None of the above

Q.1 B State whether True or False (any Seven)

7

(7)

- 1) Securities Contract (Regulation) Act gives definition of derivatives in India.
- 2) Speculators are those who take positions in the derivatives markets with the pure intention of making profits.
- 3) The price of an underlying asset that is quoted for the immediate delivery of the underlying asset is known as Future price.
- 4) Hedging is tool for reducing risk.
- 5) In case of call option when ruling spot price exceeds exercise price then option is At-the-money.
- 6) The risk arising due to the day-to-day fluctuations in a stock's price is known as Default risk.
- 7) The pay-off of future contracts is linear in nature.
- 8) The option to buy an asset is Call option.
- 9) Initial Margin is the margin required to be deposited with the exchange for creating any position in-order to execute the trade.
- 10) Settlement period for the contract currently is on T+0 basis.

15

Q.2 A What is Financial Derivatives? Explain different types of derivatives.

6

Q.2 B Explain the features of derivatives.

(8) 2
(7) 2

OR

Q.2 C Distinguish Between Over the counter & Exchange Traded Contract.

Q.2 D Explain the recommendations of Varma Committee report on derivatives.

(8) 2
(7) 2

Q.3 A Explain the following terms

- a) Contract Cycle c) Physical Settlement
b) Open Interest d) Cost of carry

9

(8)

Q.3 B Miss Tina sold June BPCL future at Rs. 709. At expiry it closes at Rs. 650. Lot size is 500. Find (7) the profit or Loss. Also draw the payoff for the same.

OR

Q.3 C Distinguish between option contract and future contract.

Q.3 D An investor took two positions in future which are as follows:

- 1) Sold future contract of Indian bank with a lot size of 1000 shares at Rs.400 & at expiry it closed at Rs.401.

(8) 2
(7) 2

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2) Sold future contract of ICICI bank with a lot size of 2000 shares at Rs.80 and at expiry it closed at Rs.75

Find the amount of Net Profit / loss for both the positions.

- Q.4 A Explain the long put and short put with relevant payoff diagrams. (8)
- Q.4 B Sunil buys calls on HDIL with strike price of Rs. 350. He pays premium of Rs. 10 per call. A month later the stock trades in the market at Rs. 320. Calculate the profit and loss for option of lot size 800 (7) **32**

OR

- Q.4 C The share is currently available for Rs. 150. Expected underlying asset price will be either up by 25% or down by 20% in each of the future period. The exercise price of a call option is Rs.180. The risk free interest rate is 7%. Draw a Binomial tree (single period). Using BOPM model. (8)

- Q.4 D Define Option. Explain the factors affecting the option premium **2** (7)

- Q.5 A Which are different types of order matching rules involved in derivatives market? (8)

- B What are the different types of risks associated with financial derivatives? (7)

OR

- Q.5 Short Notes (any three) (15) **2**

- a) Types of underlying assets
- b) Strangle
- c) Advantages of derivatives.
- d) Black Scholes Model
- e) Speculators

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[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory subject to internal choice.
 2. Figures to the right indicate full marks.

Q.1 A) State whether the following statement are True or False: (Any Eight)

08

- 1) Synergy refers to the additional energy in a team.
- 2) Resistance to change is not always bad.
- 3) Formal groups happen by chance.
- 4) Group think is a disease of very close groups.
- 5) Expert power comes from specialised learning.
- 6) Conflicts are always destructive.
- 7) Interpersonal conflict is a conflict within an Individual.
- 8) Theory 'Y' Managers believe that people are lazy and irresponsible.
- 9) There are cultural differences in the experience of Job satisfaction.
- 10) Unsatisfied needs or motives stimulates Individuals and exert a strong influence on perception.

B) Match the column: (Any seven)

07

1) Stereotypes	a) Theory 'Y'
2) Personality	b) Need Hierarchy
3) Types 'B' personality	c) Knowledge
4) Employee Engagement	d) Reduces stress
5) McGregor	e) Position in the group
6) Maslow	f) Beliefs about a class of people
7) Expert power	g) Way of thinking feeling & behaving
8) Status	h) Relaxed
9) Sabbaticals	i) Enthusiasm for the work
10) Financial problem	j) Can cause stress

30

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- Q.2 A) What are Terminal & Instrumental values? How do different generations vary in their work values? 08
B) Explain in brief Maslow's Need Hierarchy Theory. 07
OR
- Q.2 "Job satisfaction is said to be multidimensional in nature." Explain. 15
- Q.3 A) What do you mean by organizational conflict? What are its advantages and disadvantages? 08
B) What is power? Explain its types. 07
OR
- Q.3 What are different causes of Political behaviour? 15
- Q.4 A) Explain work group? Why do people Join Work Group? 08
B) Discuss strategies for coping with stress. 07
OR
- Q.4 Why do people resist change? What are various types of resistance? 15
- Q.5 A) Explain different types of counselling. 08
B) "This is the age of discontinuity" Explain How can change be implemented successfully? 07
OR
- Q.5 Write short notes on: (Any three) 15
a) Stereotyping
b) Machiavellianism
c) Job Involvement
d) Theory 'X' and Theory 'Y'
e) Levels of conflict

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.
 4. Working note should from part of your answer.

Q.1 a) Choose the correct Objective from the given questions: (Attempt any 8)

(08)

1. The amount remaining unpaid to preference shareholders is included in balance sheet as _____.
 - (a) Share capital
 - (b) Loan
 - (c) Current liabilities
 - (d) Contingent liabilities
2. Capital redemption reserve can be created out of _____.
 - (a) Statutory reserves
 - (b) Capital reserve
 - (c) Security premium
 - (d) Free reserve
3. Sunita Ltd. issued 50,000 8% debentures of Rs. 10 each at par, which are redeemable after 5 years at a premium of 20%. The amount of loss on redemption of debentures to be written off every year is _____.
 - (a) Rs.40,000
 - (b) Rs. 10,000
 - (c) Rs.20,000
 - (d) Rs. 5,000
4. The excess of net assets over consideration paid is called _____.
 - (a) Capital reserve
 - (b) Reserve capital
 - (c) Goodwill
 - (d) Security premium
5. The cancellation of contingent liability is _____ for Company.
 - (a) Profit
 - (b) Loss
 - (c) No profit-no loss
 - (d) None of above
6. On internal reconstruction, assets are written off except _____.
 - (a) Land & building
 - (b) Goodwill
 - (c) Preliminary expenses
 - (d) Profit & loss Account
7. Interest paid to vendor should be allocated in the ratio of _____.
 - (a) Specific Time period
 - (b) Time Ratio
 - (c) Sales Ratio
 - (d) None of the above
8. Amalgamation of companies is governed by _____.
 - (a) AS-13
 - (b) AS-14
 - (c) AS-9
 - (d) AS-11

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9. On amalgamation, assets and liabilities are transferred to Realization Account at _____ value.
- (a) Market value
(b) Book value
(c) Agreed value
(d) Cost
10. In amalgamation, Purchase Consideration is payable to _____.
- (a) Shareholders
(b) Shareholders and Debenture holders
(c) Shareholders and Creditors
(d) None of the above

Q.1 b) Match the Columns of Columns 'A' with Columns 'B': (Any seven)

(07)

Column 'A'	Column 'B'
1) Dividend Equalisation Reserve	a) Capital Reserve
2) Issue of Shares	b) Post-incorporation period
3) Interest on Own Debentures	c) Shares of Rs. 100 each converted into shares of Rs. 10 each
4) Redemption of Debentures out of profit	d) Is an absorption
5) Amalgamation Adjustment Reserve	e) Purchasing Company
6) Deepika Ltd. takes over Ranbir Ltd.	f) Free Reserve
7) Transferee Company	g) One mode of redemption
8) Pre-incorporation profit	h) Income
9) Share transfer fees	i) Debenture Redemption Reserve A/c
10) Sub-division of shares	j) Statutory Reserve

Q.2 a) The Balance sheet of Sanjay Ltd. As on 31st March, 2017 was as under:

(15)

Liabilities	Rs.	Assets	Rs.
25,000 Equity shares of Rs. 100 each fully paid	25,00,000	Fixed Assets	15,00,000
10,000 9% Redeemable Preference shares of Rs.100 each Rs. 90 per share paid up	9,00,000	Investment(M.V. Rs. 10,01,000)	10,00,000
General Reserve	3,20,000	Bank Balance	50,000
Profit & Loss a/c	2,99,000	Other Current assets	20,20,000
Dividend Equalization Reserve	2,00,000		
Sundry Creditors	3,51,000		
TOTAL	45,70,000	TOTAL	45,70,000

On 1st April 2017; the company made a call of Rs. 10 each on its preference shares and call money was duly received. All preference shares were redeemed at a premium of 2%. The company sold all its investments at market value. For the purpose of redemption; the company issued minimum number of equity shares at a premium of 10% after utilizing available resources to the maximum extent, keeping in view the provisions of the companies Act, 2013. All preference shareholders were paid off, except one shareholder holding 150 preference shares was not traceable.

Pass Journal entries in the books of the company assuming that redemption is duly carried out and prepare Balance sheet after redemption.

OR

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2 b) The following is the Balance Sheet of Shatirya Ltd. As at 31st March, 2017:

(15)

Liabilities	Rs. In Lacs
Fully Paid equity shares of Rs. 10 each	1,000
8% Preference Shares of Rs. 10 each	500
10% Debentures	800
Debenture Interest outstanding	80
Trade Creditors	330
Directors Remuneration outstanding	20
Other Outstanding Expenses	22
Provisions	33
	2,785
Assets	Rs. In Lacs
Goodwill	85
Land and Building	600
Plant and Machinery	390
Furniture and Fixtures	480
Stock	360
Debtors	300
Cash at Bank	54
Discount on issue of Debentures	16
Profit and Loss account	500
	2,785

The following Scheme of internal Reconstruction was framed, approved by the court, all the concerned parties and implemented:

- All the shares (Equity and Preference shares) be converted into the same number of fully paid equity shares of Rs.2.50 each.
- After the reduction in Capital the Equity Shares are to be split into 1 share of Rs. 1 each.
- Directors to forego their outstanding remuneration.
- The Debenture holders agree to forego their outstanding interest.
- The Debenture holders agreed to cancel 50% of their dues and for the balance they accept Plant and Machinery for Rs. 350 Lacs and for any further balance if any will take New Debentures @ 12% Interest.
- Trade Creditors are given the option of either to accept fully paid equity shares of Rs. 1 each for the amount due to them or to accept 80% of the amount due in cash. 50% of creditors accept Equity Shares whereas remaining accepted Cash as final settlement of their dues.
- Other Outstanding Expenses are to be paid off by paying an amount of Rs. 18 lacs.
- The existing shareholders agree to subscribe for cash, fully paid equity shares of Rs. 1 each for Rs.300 lacs.
- The Assets were Revalued as under:

	Rs. in Lacs
Land & Building	850
Furniture & Fixtures	450
Stock	320
Debtors	250

- All the Fictitious assets are to be written off.

Pass Journal Entries and Prepare Capital Reduction Account for the above transactions.

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- Q.3 a) Sumeet Brothers was taken over by Sumeet Ltd. on 1st May 2016; however the company was incorporated on 1st February, 2017. The following was Trading & Profit & Loss A/c for the period from 1st May, 2016 to 31st March, 2017. (15)

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,30,000	By Sales	34,40,000
To Purchases	8,00,000	By Closing Stock	6,60,000
To Wages	3,20,000		
To Gross Profit c/d	28,00,000		
	41,00,000		41,00,000
To Salaries	2,88,000	By Gross Profit b/d	28,00,000
To Rent (net)	1,59,500	By Discount	28,000
To Delivery Van Expenses	55,000		
To General Expenses	88,000		
To Advertisement Expenses	14,00,000		
To Bad Debts Written off	56,000		
To Debenture interest	88,000		
To Directors Meeting Fees	32,000		
To Preliminary Expenses	16,000		
To Interest on P.C.	18,000		
To Net Profit c/d	6,26,500		
	28,28,000		28,28,000

You are informed that:

- Salaries in Pre-incorporation and Post-incorporation period were Rs. 24,000 p.m. and Rs. 36,000 p.m. respectively.
- Gross profit percentage is fixed. Monthly turnover of May, October and November, 2016 was 2 times as compared to monthly turnover of remaining months.
- Audit fees Rs. 22,000 is to be provided for the above period.
- The Purchase Consideration was discharged on 28/2/2017.
- Purchase ratio was 1:1.

You are required prepare Profit & Loss A/c in columnar form, apportioning various income and expenses on suitable basis in the Pre & Post incorporation period from 1st May, 2016 to 31st March, 2017.

OR

- Q3 b) On 1st January, 2013, Richa Ltd. issued 30000, 10% Redeemable Debentures of Rs. 100 each at par, (15) redeemable at par on 31st December, 2016. The Amount of Annual appropriation is fixed at Rs. 4,00,000. The amount was to be invested in 10% N.S. Certificates in multiple of Rs. 100 each. On 31st December, 2016, the investments were sold at Rs. 13,25,600 and the debentures were redeemed. You are required to pass necessary Journal Entries.

- Q.4 a) The Following is the Balance Sheet of Marshal Ltd. as on 31st March, 2017. (15)

Liabilities	Rs.	Assets	Rs.
36,000 8% Preference shares of Rs.50 each	18,00,000	Goodwill	6,00,000
45,000 Equity Shares of Rs. 50 each	22,50,000	Land	6,00,000
Directors Loan	17,19,000	Building	6,00,000
Sundry Creditors	6,20,000	Plant & Machinery	8,04,000
Bills Payable	1,06,000	Patents	3,54,000
		Stock	12,00,000
		Debtors	9,84,000
		Preliminary Expenses	33,000
		Profit & Loss A/c	13,20,000
	64,95,000		64,95,000

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Note: Unpaid Preference Dividend for 5 years Rs. 7,20,000

The following Scheme of internal Reconstruction was framed, approved by the court, all the concerned parties and implemented:

- The equity shares of Rs. 50 each were to be reduced to an equal number of fully paid shares of Rs. 20 each and then are to be split into each shares of Rs.1 each.
- Each equity shareholders agreed to take against cash 4 equity shares of Rs. 1 each for every equity share held by them.
- The preference shareholders agreed to waive three - fourths of their dividends in arrears. The rest of the amount to be paid in cash.
- Preference shareholders were to be issued four 4% preference shares of Rs.10 each and four equity shares of Rs. 1 each for every 8% Preference shares of Rs 50 each held.
- 16,000 4% Preference shares of Rs. 10 each and 7,00,000 new equity shares of Rs. 1 each will be issued to directors in lieu of their loans given.
- The Directors were to receive Rs. 4,80,000 in cash in full settlement of their loan.
- The Balance of Capital Reduction will be used as follows:
 - To write off preliminary expenses, profit and loss account and patents completely.
 - To write off plant and Machinery to the extent of Rs. 30,000.
 - To write of stock of the value of Rs. 30,000.
 - The balance to be used in writing off goodwill and if balance any left to be transferred to Capital Reserve.

Pass Journal Entries and Prepare Capital Reduction Account for the above transactions.

OR

Q.4 b) The Summarised Balance sheet of 'A' Ltd. and 'B' Ltd. as on 31st March, 2017 were as follows. (15)

Liabilities	A Ltd.	B Ltd.	Assets	A Ltd.	B Ltd.
Equity Shares of Rs. 10 each	8,00,000	6,00,000	Land & Building	6,00,000	4,80,000
Reserves and Surplus	5,80,000	1,00,000	Plant & Machinery	1,20,000	80,000
Creditors	4,20,000	2,60,000	Motor Vehicle	60,000	40,000
6% Debentures (Rs. 100 each)	-	2,40,000	Debtors	4,00,000	1,60,000
			Inventories	4,60,000	3,60,000
			Cash & Bank		
			Balance	1,60,000	80,000
	18,00,000	12,00,000		18,00,000	12,00,000

Additional Information:

A Ltd. and B Ltd. amalgamate their business. They form 'AB' Ltd. to take over Assets and Liabilities of both the companies on the following basis:

- Assets and Liabilities are taken over at book value, with the following exceptions:
 - Goodwill of 'A' Ltd. and 'B' Ltd. to be valued at Rs. 2,80,000 and Rs. 80,000 respectively.
 - Plant and Machinery of 'A' Ltd. to be valued at Rs. 2,00,000.
- 6% Debentures of 'B' Ltd. are to be discharged at a premium of 5 % by issue of 6% Debentures of Rs. 100 each of 'AB' Ltd. at par.
- Entire Purchase Consideration is discharged by issuing Equity Shares of 'AB' Ltd. of Rs. 10 each at par.
- The Amalgamation is in the nature of purchase.

You are required to:

- Calculate Purchase consideration.
- Pass journal entries in the books of 'AB' Ltd.

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Q.5 a) Explain the term 'Purchase Consideration' for Amalgamation of Companies as stated under its Accounting Standard. (08)

b) Explain in brief Internal Reconstruction and its accounting. (07)

OR

Q.5 Write Short Notes on (Any 3): (15)

1. Provisions of Redemption of Preference Shares
2. Profit Prior to Incorporation
3. Capital Reduction A/c
4. Net Assets Method in Amalgamation
5. Accounting for Debenture Redemption Fund/ Sinking Fund
