

Time: 3 hours

Marks: 100

- N.B.
1. All questions are compulsory
 2. Figures to the right indicate full marks.
 3. Draw a neat diagram wherever necessary.

Q1 A) Select the correct answers and rewrite the statements (Any 10)

10

- i. According to Ricardo, international trade is beneficial under
 - a. Absolute cost
 - b. Comparative cost
 - c. Equal differences in cost
 - d. Hidden cost
- ii. According to Heckscher and Ohlin basic cause of international trade is:
 - a. Difference in factor endowments
 - b. Difference in markets
 - c. Difference in political systems
 - d. Difference in ideology
- iii. The concept of offer curve to explain the gains from trade was introduced by
 - a. J M Keynes
 - b. Marshall and Edgeworth
 - c. J S Mill
 - d. Adam Smith
- iv. Which one of the following is an argument for free trade?
 - a. Protects domestic industries
 - b. Promotes self sufficiency
 - c. Helps diversification of industries
 - d. Promotes efficient allocation of world resources
- v. A tariff expressed as either a specific or an ad valorem rate, whichever is higher, is known as
 - a. General tariff
 - b. Mixed tariff
 - c. Compound tariff
 - d. Countervailing tariff.
- vi. _____ is one of the disadvantages of international economic integration.
 - a. Cross-border investment flows
 - b. Employment generation
 - c. Increasing interdependence
 - d. Conflict resolution
- vii. The current account of balance of payment does not include
 - a. Balance of visible trade
 - b. Import of services
 - c. Unilateral services
 - d. Foreign investment

- viii. Which of the following is not a non-monetary measure to correct the disequilibrium in BOP?
- Tariff
 - Import quotas
 - Export promotion
 - Devaluation
- ix. WTO incorporates proposal made by _____
- Arthur Dunkel
 - Adam Smith
 - Keynes
 - Ricardo
- x. A forward rate agreement helps the user to _____
- Fix the cost of borrowing.
 - Reduce the cost of borrowing.
 - Cover exchange risk
 - Avail tax benefit
- xi. The foreign exchange market is considered as 24 hour market because _____
- It is open all through the day
 - All transactions are to be settled within 24 hours
 - At least one market is active at any point of time due to geographic dispersal
 - A minimum of 24 hours must lapse before any transaction is settled
- xii. FERA was replaced by _____ in India
- FEMA
 - FMCG
 - NEER
 - LERMS

Q.1. B) State whether the following statements are TRUE or False (Any 10)

- Comparative cost theory is based on the cost of supply and ignores demand.
- Economic development does not affect terms of trade.
- International trade increases the consumption level of participating countries.
- Policy of free trade encourages price rise.
- Specific tariffs may not be equitable.
- Trade blocs promote multilateralism.
- Balance of payments always balances in technical or accounting sense.
- Devaluation of domestic currency makes exports costlier.
- India is a founder member of WTO.
- The main function of the foreign exchange market is to earn foreign exchange. -
- Imports generate demand for foreign exchange.
- LERMS brought full convertibility in the current account.

10

Q2 Answer any two out of the following.

- Discuss Ricardian theory of comparative cost differences.
- Explain the factors affecting Terms of trade.
- Analyze the various types of gains from trade.

15

- Q3 Answer any two out of the following. 15
- Discuss the arguments in favor of the protectionist policy.
 - Explain the different types of tariffs.
 - What is international economic integration? Explain its objectives
- Q4 Answer any two out of the following. 15
- Discuss the structure of the Balance of payments.
 - Explain the different types of disequilibrium in the Balance of payments.
 - Discuss recent developments related to TRIPs.
- Q5 Answer any two out of the following. 15
- What are the functions of the foreign exchange market? Discuss.
 - Discuss the absolute version of the Purchasing Power Parity theory
 - Explain the role of the Central Bank in managing the exchange rate.
- Q. 6 Write short notes (Any four) 20
- Limitations of Heckscher-Ohlin theory.
 - Advantages of free trade policy
 - Non-tariff barriers.
 - Monetary measures to correct deficit in the balance of payments.
 - Arbitrage.
 - Exchange rate system in India.

XXXXXX

TIME : 3 HRS.

(TOTAL : 100 MARKS)

1. ALL QUESTIONS ARE COMPULSORY.
2. MARKS ARE INDICATED AGAINST EACH QUESTION

1. (A) Select the most appropriate answer from the options given below (Any Ten) 10

1. Human Resource Management is a _____ process.
 - a) Continuous
 - b) Rare
 - c) One-time
 - d) Rigid
2. _____ means breaking the job into small parts.
 - a) Job Simplification
 - b) Job Rotation
 - c) Job Analysis
 - d) Job Enlargement
3. _____ is a process of choosing the right person for the right job.
 - a) Recruitment
 - b) Selection
 - c) Termination
 - d) Retirement
4. _____ is an on-the-job training method
 - a) Assessment Center
 - b) Apprenticeship
 - c) Seminars and Conferences
 - d) Classroom Lectures
5. _____ is a limitation in performance appraisal where the average scores are given to all employees.
 - a) High score
 - b) Central Tendency
 - c) Low score
 - d) Minimum score
6. _____ Training is conducted for newly appointed employees
 - a) Refresher
 - b) Promotion related
 - c) Induction
 - d) Technical
7. According to _____, intrinsic motivation is based on three key factors i.e. Autonomy, Mastery and Purpose.
 - a) Daniel Pink
 - b) Abraham Maslow
 - c) Vroom
 - d) McGregor
8. Human Relations approach has _____ application.
 - a) Special
 - b) Universal
 - c) Local
 - d) Narrow

9. The Need Hierarchy Theory was developed by _____
- a) McGregor
b) Peter Drucker
c) Abraham Maslow
d) William Ouchi
10. _____ in employment helps in maintaining work life balance
- a) Instability
b) Flexitime
c) Job enlargement
d) Job design
11. The Sexual Harassment of Women at Workplace Act (prevention, prohibition and redressal) was passed in _____.
- a) 2010
b) 2011
c) 2012
d) 2013
12. Competency _____ is a process of identifying key competencies required for undertaking organisational tasks.
- a) Tapping
b) Tasking
c) Mapping
d) Scaling
- (B) State whether the following statements are True OR False: (ANY TEN) (10)
1. Human Resource Management is not needed in small organisations.
 2. Job Enlargement and Job Enrichment are techniques of Job Design.
 3. Recruitment follows Selection.
 4. The four level training evaluation model was developed by Donald Kirkpatrick
 5. When performance appraisal is based on a negative factor of an employee, it is called as 'Halo effect'
 6. In Participative counseling, both the counselor and counselee are jointly responsible for the solution of the problem.
 7. Leadership is the activity of influencing people to work forcibly in the organization.
 8. Self-actualisation needs exist in all people.
 9. Under the Grievance Handling Procedure, the subordinates should first approach the top management.
 10. Peter Senge popularised the concept of the Learning Organisation.
 11. Downsizing is the planned reduction in the number of employees in an organisation.
 12. Passion for technology is a characteristic of millennials.

Q.No.2 Answer ANY TWO of the following: module1 (15)

- a) Distinguish between Traditional Human Resource Management and Strategic Human Resource Management.
- b) What do you mean by Human Resource Planning? Discuss briefly Steps in Human Resource Planning.
- c) What is Recruitment? Explain various External Sources of Recruitment.

Q.No.3 Answer ANY TWO of the following:

(15)

- a) What is Training? Discuss various methods of Off-the Job Training.
- b) Explain any 8 techniques of Performance Appraisal.
- c) Discuss the Need for Succession Planning.

Q.No.4 Answer ANY TWO of the following:

(15)

- a) Discuss the Transactional and Transformational leadership.
- b) Explain McGregor's Theory X and Theory Y of Motivation.
- c) Discuss the Employee Health and Safety Measures.

Q.No.5 Answer ANY TWO of the following:

(15)

- a) Explain the need for innovation culture in organizations.
- b) Discuss the importance of Human Resource Information System.
- c) What are the differences in Domestic and International HR Practices?

Q.No.6 Write short Notes (ANY FOUR)

(20)

- a) Job Analysis.
- b) E-Selection.
- c) Career Planning.
- d) Vroom's Expectancy Theory.
- e) Changing pattern of employment.
- f) Competency Mapping.

[Time: 3 Hours]

[Marks:100]

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 allotted to the question.
 3. Working notes should form the part of your answer

Q.1 a) State whether the following Statements are True or False. (Any 10) (10)

1. General Ledger Adjustment Account is also known as Store Ledger Control Account.
2. Overhead Adjustment Account shows over and under absorbed overheads.
3. On completion of the contract, contractee's account is credited and contract Account is debited with contract price.
4. Cost of rectification of defective work is debited to contract account.
5. Normal Loss cannot be avoided.
6. Abnormal Gain arises due to rise in the efficiency of the production department.
7. If selling price increases per unit, the Break Even Point will come down.
8. Standard Costing simplifies the valuation of inventories.
9. Target cost is a difference between competitive price and desired profit.
10. Pricing decision is a limitation to marginal costing.
11. Standard cost is not a predetermined cost.
12. Standard costing is suitable to small organization.

b) Select the most appropriate option and rewrite the full sentence: (Any 10) (10)

1. The cost of direct material used in production is debited to _____
 - a. Either manufacturing overhead or work in process
 - b. Finished goods inventory
 - c. Work in process
 - d. Manufacturing overhead
2. If standard cost is higher than actual cost, the variance is _____
 - a. Favorable
 - b. Adverse
 - c. Positive
 - d. Negative
3. The _____ will be transferred to Profit & Loss A/C, if the entire contract is completed
 - a. 1/3rd of Notional Profit
 - b. Nil
 - c. 2/3rd of Notional Profit
 - d. Entire Profit

4. ----- does not use process costing.
 - a. Oil refining
 - b. Distilleries
 - c. Sugar
 - d. Aircraft Manufacturing

5. P/V Ratio can be calculated by using _____ formula.
 - a. Profit / volume
 - b. Contribution/Sales
 - c. Profit/Contribution
 - d. Profit/Sales

6. Cost of material destroyed is _____
 - a. Credited to Contract Account
 - b. Debited to Contract Account
 - c. Debited to Costing Profit & Loss A/C
 - d. Credited to Costing Profit & Loss A/C

7. Each producing department is treated as _____ in process costing
 - a. Cost Unit
 - b. Cost Centre
 - c. Investment Centre
 - d. Sales Centre

8. Increase in fixed cost results in _____ in break-even point.
 - a. Increase
 - b. Decrease
 - c. No Effect
 - d. Can't Say

9. In non-integrated system of accounting, the emphasis is on _____
 - a. Personal Accounts
 - b. Real Accounts
 - c. Nominal Accounts
 - d. All of these

10. If Standard Rate is Rs. 1.40, Actual Rate is Rs. 1.30 and Labour Rate Variance is 600 favorable, then no. of actual hours is _____
 - a. 6,000
 - b. 6,400
 - c. 1,000
 - d. 1,500

11. Process cost is based on the concept of _____

- Average Cost
- Marginal Cost
- Standard Cost
- Differential Cost

12. Work Uncertified is valued at _____

- Cost Price
- Market Price
- Cost or Market Price whichever is less
- Estimated Price

Q.2 a) You are given the following data for the year end 2019 of Book Bank company. (10)

Variable Cost (Rs.)	4,00,000
Net Profit (Rs.)	80,000
Sales (Rs.)	8,00,000

You are required to calculate:

- Fixed Cost
- P/V Ratio
- Profit when sales amounted to Rs. 10,00,000
- Break Even Sales
- Sales required to earn profit of Rs. 5,00,000

Q.2 b) From the following information of Ajanta Ltd. Calculate: (10)

- P/V ratio
- Fixed Cost
- Break Even Sales
- Profit at Sales of Rs.12,00,000
- Margin of safety for both the years

Particulars	1 st Year	2 nd Year
Sales (Rs.)	9,00,000	10,50,000
Profit (Rs.)	60,000	90,000

OR

Q.2 Rakesh Constructors Pvt Ltd provides you the following information of their project. (20)

The project commenced on 1st August 2018 and it was estimated to be completed by 31st March 2020. The contract price was negotiated at Rs 750 lakhs. The actual expenditure upto 31st March 2019 and subsequent additional estimated expenditure upto 31st March 2020 is furnished as under:

Particulars	Actual Expenditure upto 31-03-2019 (Rs)	Estimated Additional Expenditure from 01-04-2019 to 31-03-2020 (Rs.)
Direct Material	2,15,70,000	1,47,20,000
Indirect Material	15,26,000	10,67,000
Direct Wages	32,45,600	40,35,500
Supervision Charges	5,15,500	4,65,400
Architect Fees	7,15,400	11,72,500
Administrative overhead	16,15,000	23,54,000
Construction Overheads	33,82,500	19,74,600
Closing Material at site	9,50,000	-----
Work uncertified at the end of the year	15,75,000	-----
Work certified during the year	4,10,00,000	3,40,00,000

The value of plant and machinery sent to site was Rs 65 lakhs, whereas the scrap value of the plant and machinery at the end of the project was estimated to be Rs 5 lakhs.

It was decided that the profit to be taken credit for should be that proportion of the estimated net profit to be realised on completion of the project which the certified value of work as on 31-03-2019 bears to the total contract price.

You are required to prepare Contract account for the year ended 31st March 2019 and show your calculation of profit to be credited to profit and Loss account for the year ended 31/03/19.

Q.3 a) Following data is available from the records of ABC Ltd: (10)

Standard Material per unit	8 kg @ Rs 5 per kg
Actual Production per month	10,500 units
Actual Material Price per kg	Rs 5.50
Materials consumed during the month	78,000 kg

Calculate:

1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance

Q.3 b) Following data is available from the records of XYZ Ltd: (10)

Standard Labour per unit	5 hours @ Rs 5 per hour
Actual Production per month	21,000 units
Direct Labour Hours worked	1,10,000 hours
Actual Wage Rate per hour	Rs 4.50

Calculate:

1. Labour Cost Variance
2. Labour Rate Variance
3. Labour Efficiency Variance

OR

Q.3 The following are the balances in the books of HMT Co Ltd on 1st January 2019 (20)

Particulars	Amount (Rs.)	Amount (Rs.)
General Ledger Adjustment A/C	-	76,000
Stores Ledger Control A/C	43,750	-
Work-In-Progress Ledger Control A/C	20,000	-
Finished Goods Ledger Control A/C	12,250	-
	76,000	76,000

On 31st December 2019, the following information was supplied:

Particulars	Amount (Rs.)
Purchase of Stores	3,00,000
Purchase for Special Jobs	22,950
Direct Wages	1,93,135
Indirect Factory Wages	47,500
Administrative Salaries	33,870
Selling and Distribution Salaries	21,260
Production Expenses	52,160
Administration Expenses	48,000
Selling and Distribution Expenses	31,880
Stores issued to Maintenance A/C	12,930
Stores issued to Production	2,80,000
Returns to Supplier	4,065
Production Overhead absorbed by Production	1,17,050
Administrative Overhead absorbed by Finished Goods	75,750
Selling Overhead recovered on Sales	47,500
Finished products during the year	5,92,660
Finished Goods sold at cost	666,910
Sales	7,75,000

You are required to prepare relevant control accounts to record the transactions in the cost ledger of the company and prepare the trial balance.

Q.4 M/s.Sagar Enterprises provides you the following data for the year ended March 31, 2019. (20)

Particulars	Process I	Process II	Process III
Raw Material (Units)	10,000	5,600	2,404
Cost of Raw Material per unit (Rs.)	5	6	8
Direct Wages (Rs.)	35,000	25,000	15,000
Direct Expenses (Rs.)	17,000	12,696	11,893
Normal Loss	4%	5%	3%
Scrap per unit (Rs.)	3	4	5
a) Output transferred to:			
Process II	60%	-	-
Process III	-	50%	-

b) Output sold in market	40%	50%	100%
Sale Price per unit (Rs.)	12	16	20
Administration Overheads Rs. 20,000			
Marketing Overheads Rs. 26,000			

Prepare:

1. Process Accounts
2. Normal Loss Account
3. Costing Profit and Loss Account

OR

Q.4 a) Mr. Shubham undertook a contract for a contract price of Rs. 20,00,000. The following details (10) are available for the year 2019:

Particulars	Amount (Rs.)
Materials purchased	2,00,000
Materials issued from stores	3,40,000
Wages paid	1,25,000
Plant (Subject to 10% Depreciation p.a.)	2,50,000
Direct Expenses	50,000
Establishment Charges	20,000
Cash Received (75% of Work Certified)	6,00,000
Work Uncertified	1,50,000
Outstanding Direct Expenses	10,000
Outstanding Wages	15,000
Materials at site	30,000

Prepare Contract Account

Q.4 b) The following information is available in respect of Process A:

(10)

Raw material introduced	4,000 units @ Rs. 5 per unit
Direct Labour	Rs. 18,000
Overheads	Rs. 12,000
Normal Loss	5% of input
Scrap Value of loss	Rs. 3 per unit
Output	3,500 units

Prepare Process A Account and Abnormal Loss Account

- Q.5 a) What is process costing? Explain its characteristics and applicability. (10)
b) Write different types of Benchmarking (10)

OR

Q.5 Write short notes on any four of the following: (20)

1. Non-integrated system of Accounting
2. Retention Money
3. Joint Product
4. Break Even point
5. Margin of Safety
6. Standard Costing

3 Hours

[Total 100 Marks]

N.B.: (1) All questions are compulsory.

(2) Figures to the right indicate full marks.

(3) Working notes should form part of your answers.

(4) Use of simple calculator is allowed.

Q.1 A] Fill in the blank by choosing the most appropriate option. (Any Ten) [10]

1) The excess of net asset over purchase consideration is _____.

- a) Capital reserve b) goodwill
c) Profit & Loss account d) securities premium account

2) AS - ____ deals with amalgamation of the companies.

- a) 2 b) 10
c) 11 d) 14

3) Out of the following _____ is an example of statutory reserve.

- a) general reserve b) securities premium
c) capital reserve d) export profit reserve

4) The rate of exchange on the date of balance sheet is known as _____

- a) opening rate b) closing rate
c) monetary rate d) average rate

5) At the end of the accounting year balance in foreign exchange fluctuation account is transferred to _____ account.

- a) Capital reserve account b) profit & loss account
c) Sales account d) purchase account

6) Out of the following _____ is a non-monetary item.

- a) Debtors b) Creditors
c) Inventories d) Bills payable

- 7) Surplus or Deficiency account is prepared as per _____
- a) List A
b) List D
c) List E
d) List H
- 8) In the event of liquidation of the company, equity shareholders are the _____
- a) first claimant
b) second claimant
c) Third claimant
d) last claimant
- 9) In case of shares underwriting commission must not exceed _____
- a) 1.5%
b) 2%
c) 2.5%
d) 5%
- 10) Underwriting commission is paid only on those shares which are taken up by _____
- a) General public
b) promoters
c) Directors
d) employees
- 11) Audit of accounts of LLP is compulsory whose turnover exceeds _____
- a) ₹ 20,00,000
b) ₹ 25,00,000
c) ₹ 40,00,000
d) ₹ 45,00,000
- 12) As per section _____ present partnership is converted into LLP.
- a) 50
b) 55
c) 60
d) 60

B] State whether the following statements are true or false. (Any Ten)

[10]

- 1) Amalgamation involves minimum two companies.
- 2) On amalgamation preliminary expenses are transferred to equity shareholders' account.
- 3) Exchange rate on the date of transaction is called as spot rate.
- 4) Accounts receivable is non-monetary item.
- 5) A company is created by law.
- 6) Taxes payable to government is preferential creditors.
- 7) Petition for winding up can be filed by company itself.

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- 8) Underwriter must hold certificate granted by RBI.
- 9) Time limit for minimum subscription is 21 days.
- 10) Applications having stamp of underwriters are called sealed applications.
- 11) Maximum number of partners in LLP is 50.
- 12) Duties of partners of LLP are governed by partnership deed.

Q.2 Amit Ltd. and Sumit Ltd. were amalgamated on and from 1st April, 2022. A new company namely Star Ltd. was formed to take over the business of both the companies. [20]

Balance Sheets as on 31st March, 2022

Liabilities	Amit Ltd.	Sumit Ltd.	Assets	Amit Ltd.	Sumit Ltd.
Equity Shares of ₹ 100 each, fully paid	6,00,000	4,00,000	Land and Building	5,00,000	3,00,000
12% Preference Shares of ₹100 each, fully paid	2,00,000	1,00,000	Plant and Machinery	2,00,000	2,00,000
General Reserve	1,50,000	1,20,000	Computers	1,00,000	1,20,000
Profit and Loss A/c	50,000	60,000	Stock	1,50,000	60,000
Statutory Reserve	60,000	70,000	Debtors	80,000	1,20,000
10% Debentures of ₹ 100 each	1,00,000	1,00,000	Bills Receivables	50,000	1,00,000
Sundry Creditors	1,30,000	80,000	Bank	2,70,000	1,00,000
Bills Payables	60,000	70,000			
Total	<u>13,50,000</u>	<u>10,00,000</u>	Total	<u>13,50,000</u>	<u>10,00,000</u>

Additional Information:

- 1) Star Ltd. issued five equity shares, for each equity share of Amit Ltd. and four equity shares, for each equity share of Sumit Ltd. The shares are of ₹ 10 each, issued at ₹ 30 each.
- 2) Preference shareholders of both the companies are issued equivalent number of 15% preference shares of new company at ₹ 150 per share (face value ₹ 100).
- 3) 10% Debenture holders of Amit Ltd. and Sumit Ltd. are discharged by Star Ltd. issuing such number of its 16% debentures of ₹ 100 each so as to maintain the same amount of interest.
- 4) Star Ltd. revalued following assets taken over from Amit Ltd. and Sumit Ltd.

Particulars	Amit Ltd.	Sumit Ltd.
Land and Building	6,00,000	4,00,000
Plant and Machinery	1,80,000	1,70,000
Computers	80,000	1,00,000
Stock	1,20,000	50,000
Debtors	75,000	90,000

You are required to:

- i) Compute Purchase Consideration
- ii) Pass Journal Entries in the books of Star Ltd. under purchase method.

OR

Q.2 A] AT Ltd. has authorised capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. The company issued for public subscription 50,000 shares at a premium of ₹ 12 each.

[10]

The entire issue was underwritten as follows:

Akash – 30,000 shares (firm underwriting 5,000 shares)

Kishor– 15,000 shares (firm underwriting 2,000 shares)

Rakesh– 5,000 shares (firm underwriting 1,000 shares)

Out of the total issue 45,000 shares, including firm underwriting, were subscribed. The following were the marked forms:

Akash – 16,000 shares

Kishor– 10,000 shares

Rakesh– 4,000 shares

Calculate the liability of each underwriter. Underwriters are not given any benefit for firm underwriting.

B] Anita and Sunita were equal partners in the firm. Their Balance Sheet as on 31st March 2020 was as under.

[10]

Liabilities	₹	Assets	₹
Capital accounts		Land & Building	1,00,000
Anita	80,000	Machinery	30,000
Sunita	60,000	Stock	25,000
Creditors	35,000	Debtors	40,000
Bank Loan	40,000	Cash	20,000
Total	2,15,000	Total	2,15,000

On the above date the firm was converted in M/S AS LLP which took over all assets and liabilities of the firm at book value except Land and building and Machinery which were taken over at 10% less than the book value. Goodwill of the firm was valued at Rs.70,000. The dissolution expenses Rs.3,000 were paid by the old firm.

Prepare 1) Statement of Purchase Consideration and

2) Prepare necessary accounts to close the firms books.

Q.3 M/S Mayuri Ltd. of Rātnagiri exported goods to M/S David brothers of USA worth US \$ 100000 on 1st Nov.2020 when the rate of exchange was 68 per US \$. The amount received from the buyer was as follows. [20]

Date of Receipt	Receipt in US \$	Exchange rate per dollar(\$)
15 Nov 2020	20,000	69
25 Nov 2020	30,000	68.50
15 Jan 2021	15,000	67
15 Mar 2021	10,000	69
25 Mar 2021	5,000	69.50
20 April 2021	20,000	69.50

M/S Mayuri Ltd closes its accounts on 31st March every year. On the 31 March 2021 rate of exchange was ₹ 70 per US \$.

You are required to pass journal entries in the books of M/S Mayuri Ltd. For the year ended 31st March 2021 and 31st March 2022 and prepare M/S David Brothers account in the books of M/S Mayuri Ltd for the both years.

OR

Q.3 A] Ramesh Ltd. took over the business of Suresh Ltd. as on 1st April, 2022 at book value.

Following is the summarised Balance Sheet of Suresh Ltd.

[10]

Balance Sheet as on 31st March, 2022

Liabilities	₹	Assets	₹
60,000 Equity Share Capital of ₹ 10 each	6,00,000	Plant and Machinery	4,00,000
Reserve and Surplus	4,00,000	Furniture and Fixture	3,00,000
Creditors	40,000	Investments	50,000
Bills Payables	60,000	Stock	60,000
		Debtors	1,00,000
		Cash and Bank Balance	1,50,000

		Preliminary Expenses	40,000
Total	11,00,000	Total	11,00,000

Ramesh Ltd. issued one equity share of ₹ 10 each at a premium of ₹ 2 per share for every share in Suresh Ltd. You are required to:

- Compute Purchase Consideration
- Prepare Balance Sheet of Ramesh Ltd. after acquisition. Acquisition is in the nature of Purchase.

B] Zebra Ltd. resolved to issue 1,60,000 equity shares of ₹ 10 each at 20% premium, out of which 50% shares were taken up by the directors and the remaining shares were issued to the public. The entire issue was underwritten as follows: [10]

- Rane – 40,000 shares (firm underwriting 8,000 shares)
- Kane – 24,000 shares (firm underwriting 4,000 shares)
- Mane – 16,000 shares (firm underwriting 4,000 shares)

The applications were received for 72,000 shares in which the marked applications including firm underwriting were as follows:

- Rane – 28,000 shares
- Kane – 11,200 shares
- Mane – 12,800 shares

Determine the liability of all the underwriters if the benefit of firm underwriting is to be given to the individual underwriters.

Q.4 Following is the Balance Sheet of Ratan Ltd. as on 31st December, 2021. [20]

Balance Sheet as on 31st December, 2021

Liabilities	₹	Assets	₹
2,000 8% Preference Share	2,00,000	Goodwill	1,50,000
Capital of ₹ 100 each fully paid		Land and Building	4,00,000
4,000 Equity Shares of ₹ 100 ₹ 80 paid-up	3,20,000	Plant and Machinery	2,00,000
		Furniture	50,000
5,000 Equity Shares of ₹ 100 ₹ 70 paid-up	3,50,000	Office Equipment	40,000
		Stock	1,00,000
6% Debentures (having a floating charge on all assets)	2,00,000	Debtors	80,000
		Bills Receivable	-45,000

Outstanding Debenture Interest	6,000	Cash in Hand	15,000
Creditors	2,00,000	Profit and Loss A/c	1,96,000
Total	<u>12,76,000</u>	Total	<u>12,76,000</u>

The company went into liquidation as on above Balance Sheet date:

1) Preference dividend was in arrears for last 3 years and it was to be paid before paying equity share capital.

2) Sundry creditors include a loan from bank ₹1,00,000 secured on the hypothecation of Plant and Machinery. Sundry Creditors also include Preferential Creditors of ₹10,000.

3) The Liquidator realised the assets as follows: ₹

Land and Building	3,80,000
Plant and Machinery	1,50,000
Furniture	25,000
Office Equipment	20,000
Stock	70,000
Debtors	60,000
Bills Receivable	30,000

4) Legal charges on liquidation amounted to ₹ 5,000.

5) The liquidation expenses ₹ 10,000.

6) The liquidator's remuneration was fixed at ₹ 2,000 plus 2% on sale of assets excluding cash plus 4% of the amount distributed to unsecured creditors including Preferential Creditors.

7) The liquidator made payment on 31st March, 2022.

Prepare Liquidator's Final Statement of Accounts.

OR

Q.4A] M/S Radhika Ltd. of Pune imported goods from Mathew Ltd. of USA worth US \$ 20,000 on 15 Oct.2021 when the rate of exchange was ₹ 73 per US \$. The supplier was paid as follows.

[10]

Date of payment	Payment in US \$	Exchange rate per dollar(\$)
30 Oct 2021	2,000	71
15 Nov 2021	3,000	74
25 Nov 2021	4,000	72
30 Jan 2022	5,000	70
10 March 2022	5,500	73

Radhika Ltd closes its accounts on 31st March every year. On 31st March 2022 rate of exchange was ₹ 73.50 per US \$. You are required to pass journal entries in the books of M/S Radhika Ltd. for the year ended 31st March 2022.

B] Neela and Sheela were partners in the firm sharing profit and loss in 3:2 ratio. Their Balance Sheet as on 31st March 2021 was as under. [10]

Liabilities	₹	Assets	₹
Neela capital	1,00,000	Building	1,00,000
Sheela capital	80,000	Machinery	70,000
General reserve	15,000	Stock	30,000
Creditors	40,000	Debtors	40,000
Bills payable	20,000	Cash balance	15,000
Total	2,55,000	Total	2,55,000

On the above date the firm was converted in M/S Neeshee LLP which took over all assets and liabilities of the firm at book value except building and machinery which were taken over at 10% less than the book value. Goodwill of the firm was valued at Rs.1,00,000. The dissolution expenses Rs.5,000 were paid by the old firm.

- Prepare 1) Statement of purchase consideration and
2) Pass journal entries in the books of the old firm

Q.5A] What is 'Underwriting'? Explain the conditions for payment of underwriting commission. [10]

B] State and explain the features of Limited Liability Partnership. [10]

OR

Q.5 Write short notes (Any Four) [20]

- 1) Trade Liabilities
- 2) The conditions of Amalgamation in the nature of merger
- 3) The features of Purchase Method
- 4) Types of underwriting
- 5) Statutory Reserve
- 6) Limitations of LLP

*** ** *

Financial Management

(3 Hours)

[Total Marks: 100]

Please check whether you got the right question paper.

- All questions are compulsory with internal options.
- Question No. 1 and 6 carry 20 marks and question no. 2 to 5 carry 15 marks each.
- Working notes should form part of your answer and have to be solved after respective question's answer and not on the last page of answer sheet.

1. a) State whether the following statements are true or false (Any 10) (10)

- Net working capital can never be negative.
- One of the demerits of the NPV method for capital budgeting is that it is sensitive to discount rates.
- Marketable securities and time deposits with banks are fixed assets.
- Depreciation is ignored from the cost sheet.
- Contribution is equal to profit.
- While measuring cash flows for capital expenditure decisions, pre-tax cash flows should be considered.
- Working capital requirement is high when the supply of raw materials is irregular.
- Finance expenses are ignored in cost accounting.
- In order to determine optimal cash balances cash budgets and cash management models are prepared and used.
- Marginal cost is the cost incurred to manufacture one unit of a product or a service.
- Carriage Outwards is an example of Direct cost.
- At Break-Even Point the total cost is equal to profit.

b) Match the pair. (Any 10)

(10)

A	B
1. Interest on Loan	a. Current assets more than current liabilities ✓
2. Cash Budget	b. Profit Volume Ratio ✓
3. Positive working capital	c. Marginal cost ✓
4. Margin of safety	d. Non cost item ✓
5. Variable cost	e. Expected Receipts and payments of cash ✓
6. Delinquency Cost	f. Actual sales – Break even sales ✓
7. Storekeepers Salary	g. customers fail to meet obligations on due dates ✓
8. Contribution/Sales *100	h. Factory cost ✓
9. Zero Working Capital	i. Initial Investment/Annual Cash Inflows ✓
10. Pay Back Period	j. Current assets equal to current liabilities ✓
11. Capital Budgeting decisions	k. Minimum working capital ✓
12. Permanent working capital	l. Long term investments ✓

2. Sumati Ltd. is willing to start a new project. There are two proposals under consideration i.e. Project A and Project B. You are required to calculate the following: (15)

- The pay-back period
- Pay back Profitability and
- Average rate of Return

You may assume straight line method of depreciation.

	Project A	Project B
Cost of the Project	4,50,000	2,25,000
Expected Life (no salvage)	5 years	5 years
Tax Rate	30%	30%
Net Profit before Depreciation and Tax		
Year 1	90,000	60,000
Year 2	1,00,000	75,000
Year 3	1,80,000	1,00,000
Year 4	1,30,000	90,000
Year 5	1,10,000	45,000

OR

2. The cost of machinery X is Rs 10,00,000 & cost of machinery Y is Rs 20,00,000. Depreciation is applied on Straight Line Method with no salvage value. (15)

Years	Net profit after depreciation & tax on Machine X in Rs	Net profit after depreciation & tax on Machine Y in Rs
1	5,00,000	12,00,000
2	6,00,000	12,00,000
3	7,00,000	15,00,000
4	8,00,000	16,00,000
5	7,00,000	15,00,000

Advice the company regarding the purchase of machine based on

- Average Rate of Return
- Pay-back Period Method

3. A factory produces 1,92,000 units during the year and sells them at Rs 50 per unit. Cost structure of a product is as follows: (15)

Raw materials	Rs.30
Labour	Rs. 8
Overheads	Rs.5
Profit	Rs.7

The following additional information is available

- The activities of purchasing, producing, selling occur evenly throughout the year.
- Raw Materials equivalent to 1 month's supply is stored in godown.
- The production process takes 1 month.
- Finished goods equal to 2 month's production are carried in stock.
- Debtors get 3 month's credit.
- Creditors allow 1 ½ months credit.
- Time lag in payment of wages and overheads is 1 month
- Cash and bank Balance is to be maintained at 10% of working capital.
- 25% of purchases are for cash...

Calculate the working capital requirements for the company.

OR

3. A factory produces 6,000 units during the year and sells them for Rs.60 per unit. Cost structure of a product is as follows: (15)

Raw Materials	60%
Labour	20%
Overheads	10%
	90%
Profit	10%
Sales	100%

The following additional information is available:

The activities of purchasing, producing and selling occur evenly throughout the year.

- Raw materials equivalent to 2 month's supply is stored in godown.
- The production process takes one month.
- Finished goods equal to three month's production are carried in stock.
- 75% of the sales will be for credit. Debtors get 2 month's credit.
- Creditors allow one and half month's credit.
- Time lag in payment of wages and overheads is $\frac{1}{2}$ month.

4. From the following information of Rishabh Ltd, prepare a cash budget from April to June, 2022. (15)

Month (2022)	Sales (Rs)	Purchases (Rs)	Labour (Rs)	Overheads (Rs)
January (Actual)	4,00,000	220000	1,00,000	32,000
February (Actual)	6,00,000	240000	1,20,000	40,000
March (Actual)	5,00,000	280000	1,28,000	48,000
April (Budgeted)	5,12,000	288000	1,32,000	52,000
May (Budgeted)	7,60,000	320000	1,60,000	80,000
June (Budgeted)	9,00,000	340000	1,80,000	88,000

Company has the policy that purchases is 10% and sales is 20% for cash. Company collects money from the debtors after allowing them one month credit and managed to get two months credit from the suppliers. Labour are paid half monthly and overheads are paid every month regularly. Company has a cash balance of Rs. 80,000 on 1st April, 2022. Company's management has decided to keep Rs. 60,000 at the end of each month as fixed deposits. Interest payable quarterly of Rs.70,000 falls due in June.

OR

4. Prepare Cash Budget for January to April 2022 based on the following estimates in the books of Suman Ltd. (15)

1. Sales during the months:

	Rs.
• October,2021	50,000
• November,2021	40,000
• December,2021	40,000
• January,2022	50,000
• February,2022	50,000
• March,2022	40,000
• April,2022	40,000
• May,2022	50,000
• June,2022	50,000

2. Sales collection is as under:
 - In month of Sales – 40%
 - Next Month – 40%
 - Following Month - 20%
3. Purchases are 70% of Sales of each month.
4. Suppliers are to be paid:
 - 50% in month of purchase
 - 50% in following month.
5. Other Expenses are:
 - Salaries – Rs.5,000p.m.(payable in same month)
 - Commission – 10% of Sales (payable one month after sale)
 - Rent – Rs.500p.m. (payable one month in advance)
 - General Expenses – Rs.2,000p.m.(payable in same month)

Q 5 Ram, Balram & Vasudev are partners doing business sharing profits and losses in the ratio of 2: 1:1 respectively. Ram is a sleeping partner, Balram looks after the factory and Vasudev looks after the administration.

(15)

The following figures are extracted from their books for the year ended 30th June,2022.

Particulars	Rs.
Raw materials purchased	5,00,000
Direct Wages	3,00,000
Indirect Wages	50,000
Office Salaries	1,00,000
Carriage Inward	10,000
Carriage Outward	30,000
Sales	20,00,000
Opening Stock – Raw Materials	3,00,000
Finished Goods	50,000
Travelling Expenses	10,000
Advertising	30,000
Power	10,000
Plant Maintenance	90,000
Rent, Rates and Taxes(1/10 for Works and 9/10 for Office)	10,000
Sundry Expenses – Works	10,000
Office	20,000
Building Repairs	10,000
Depreciation – Plant and Machinery	45,000
Salary to Partners (equally between Balram and Vaudev)	45,000
Closing Stock – Raw Materials	2,00,000
Finished Goods	30,000

Building is occupied 9/10 by factory and 1/10 by office. You are required to prepare a detailed cost statement assuming that 1,00,000 units were produced during the year.

OR

5. The sales and profits during the last two years are as follows: (15)

Years	Sales (Rs.)	Profit (Rs.)
2020	80,00,000	8,00,000
2021	12,00,000	1,60,000

You are required to calculate:

1. P/V Ratio
2. Break-even point
3. The sales required to earn a profit of Rs.1,50,000
4. The profit made when sales are Rs. 10,00,000
5. Revised BEP if Fixed cost increases by 20%.
6. a) Distinguish between Receivables Management & Cash Management. (10)
- b) Explain 5 C's of credit evaluation of a customer. (10)

OR

6. Write the short notes (Any 4) (20)
 - a) Methods of Capital Budgeting
 - b) Working Capital cycle
 - c) Limitations of Break-Even-Point
 - d) Margin of safety
 - e) Semi-variable cost
 - f) Cost sheet

Paper / Subject Code: 83002 / Business Management Paper - III

M.O.D

(3 Hours)

Marks 100

- Note: 1. Answer to all questions are compulsory.
2. Figures to the right indicate full marks.

Q.1 (A) Fill in the Blanks with suitable options (Any 10)

10 marks

1. _____ flows from the higher authorities to the lower levels in the organisation.
(Downward Communication, Diagonal Communication, Horizontal communication, upward communication)
2. An effective leader should be _____. (a coach, a guide, a mentor, all of the above)
3. _____ is the response given by the receiver of the message to the sender.
(Encoding, Acceptance, Decoding, Feedback)
4. _____ refers to inter-linking of actions.
(Communication, Co-ordination, Co-operation, Conciliation)
5. _____ is a statement of anticipated results.
(Budget, MBO, MIS, Value chain analysis)
6. Theory 'X' and Theory 'Y' was first presented by _____.
(Peter Drucker, Douglas McGregor, Fredric McGregor, Abraham Douglas)
7. _____ involves not only instructing people what to do, but also ensuring that they know what is expected of them. (Planning, Organising, Controlling, Directing)
8. _____ is an important element of direction.
(Communication, Staffing, Supervision, Cooperation)
9. _____ technique helps to expedite complex projects.
(PERT, Management audit, Break-even, Self-control)
10. _____ is the study of social transactions between people.
(Career development, Transactional Analysis, Consultation, Managerial Grid)
11. OD emphasis on _____ learning.
(teaching, experiential, active, passive)
12. _____ refers to the disagreement over the attainment of goals.
(Organisational development, Organisational Conflict, Organisational Change, Time Management)

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Page 1 of 6

Q.1 (B) State whether the following sentences are true or false: (Any 10)

10 marks

1. Communication is an important tool in directing.
2. Conciliation can resolve matters out of court.
3. Good leaders are effective communicators.
4. Open door policy is a form of diagonal communication.
5. Theory Y people adopts professional approach towards work.
6. Esteem needs lie at the highest level of hierarchy.
7. Under MIS, a data bank is maintained.
8. Evaluation techniques for operational control are based on organisational appraisal than on environmental appraisal.
9. The term Job enrichment is first coined by Herzberg.
10. Johari Window helps in analysing personal conflict.
11. Globalisation leads to corporate restructuring.
12. Sociological Resistance includes dislikes of management.

Q.2 Answer any two of the following:

15 marks

- a. Define Communication. Explain its barriers in brief.
- b. Define Leadership. Discuss any three styles of leadership in detail.
- c. Briefly explain the leadership continuum theory.

Q.3 Answer any two of the following:

15 marks

- a. Define Coordination. Briefly discuss its significance.
- b. Distinguish between Cooperation and Coordination.
- c. Define Motivation. Explain the Motivation –hygiene theory.

Q.4 Answer any two of the following:

15 marks

- a. Define Controlling. Briefly explain the techniques of Strategic Control.
- b. Define MIS. Discuss the process of designing MIS.
- c. Define Enterprise Resource Planning. State the significance of ERP systems for an Organisation.

Q.5 Answer any two of the following:

15 marks

- a. Define Organizational development. Discuss its features in brief.
- b. Define Organizational change. What are the methods of managing change in an Organisation?
- c. What are the objectives of time management? Briefly explain the issues in managing time.

Q.6 Write short notes on: (Any four)

20 marks

- a. Transactional Leadership.
- b. Non-financial factors of Motivation.
- c. Essentials of an effective Control System.
- d. Flow of Information in a typical Organisation.
- e. Workforce diversity.
- f. Management of Conflict.
