

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
- 

**SECTION I**

1. Write the meaning of financial management. What are the objectives of financial management? **15**
2. What do you understand by 'growth in dividends'? Elaborate giving a suitable example. **15**
3. Elaborate on any three main methods generally used in capital budgeting appraisal. **15**
4. a) What are the three basic aspects of the concept of 'cost'? **6**  
b) What is the traditional approach regarding cost of capital? **9**
5. What are the merits and demerits of equity shares? **15**
6. Discuss the agencies that finance multinational corporations. **15**

## SECTION II

### 7. Case Study

40

#### Neena's Nest

Rajindra Singh has grown up in the small town of Jind in the state of Haryana. His father, Ram Singh, was a big farmer. Every alternate year, Ram Singh would convert all his savings into additional land. This resulted in Ram Singh owning many pieces of land. Ram Singh handed over all the land to his only son Rajindra Singh, when he retired. Young Rajindra Singh had little interest in farming. He divided his total land holdings into those irrigated by the Satluj Link Canal and those that depended on rains for irrigation. He hired his sister's son as manager to look after farming of the irrigated land and himself took to construction of dwelling units on rain-irrigated lands. He adopted the title of Neena, becoming Rajindra Singh Neena and formed a company 'Neena's Nest' for construction activities. Like his father, he enhanced his worth by buying land, but for building houses. Neena was quick to appreciate that goodwill was very important in the building industry and hence took to evaluating it annually.

Neena considered his growth in terms of increase or decrease in his assets and liabilities on a yearly basis. After 8 years, the data for the year ended 31<sup>th</sup> March, 2003 and the same data on 2002 for Neena's Nest is given below :

#### Comparative Data of Assets and Liabilities for Neena's Nest 2002-03 and 2001-02

*(All figures in rupees thousand)*

Assets	2002-03	2001-02
1. Cash	135	95
2. Debtors	85	55
3. Stocks	95	80
4. Pre-paid taxes	10	12
5. Land	155	150
6. Machinery and equipment (net of depreciation)	440	600
7. Goodwill	75	100
Total	995	1092

Liabilities and Capital		
1. Creditors	60	85
2. Interest payable	20	19
3. Wages to be paid	20	18
4. Deposits from customers and loans	245	245
5. Share capital	600	600
6. Reserves and surpluses	50	125
Total	995	1092

Neena was happy that the cash holdings, stocks, debtors, land holdings, etc., had all gone up during the year. Similarly, the amount to be paid to the creditors had declined. He, thus, concluded that the year must have been a good one. Rajinder Singh Neena was more than surprised when the accountant showed the following simplified Profit and Loss Account for the year 2002-03.

Profit and Loss Account : 2002-03 for Neena's Nest (All figures in rupees thousand)		
1. Sales	560	
2. Cost of goods sold	325	
3. Profits		235
<b>Expenses</b>		
1. Administrative expenses	170	
2. Sales expenses	55	
3. Depreciation on machinery and equipment	60	
4. Goodwill amortized	25	310
5. Net losses		75

- 1) Help Neena's Nest management with a fund flow statement.



**P09/FM2102/EE/20120512**

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

1. Define 'tax' and explain the tax bases and principles of tax policy. **15**
2. Explain the following :
  - a) Person **5**
  - b) Perquisites **10**
3. Write a detailed note on the residential status of an assessee. **15**
4. Explain the deductions allowed to be made from income chargeable under the head, profits and gains from business or profession. **15**
5. Explain the various types of income tax assessments. **15**
6. Write notes on : **15**
  - a) Sources of custom law
  - b) Types of excise duties
  - c) Profits in lieu of salary

## SECTION II

7. Mr. Sunil is a salaried employee in Pune. He received the following emoluments from his employer during the previous year ended on 31.3.2011.

1. Basic salary Rs. 4,60,000 p.a.
2. Dearness allowance at 40% of basic salary.
3. Bonus Rs. 28,000 p.a.
4. Commission Rs. 24,000 p.a.
5. House rent allowance Rs. 30,000 p.a.
6. Employer's contribution toward recognized provident fund Rs. 54,200.

He owns a house property which is used by him for his own residence. Municipal valuation of the house property is Rs. 50,000, whereas standard rent is Rs. 30,000. He paid municipal taxes worth Rs. 3,000, repairs Rs. 2,000, interest on loan borrowed for house property Rs. 35,000. He paid professional tax Rs. 2,700.

Besides, he received Rs. 35,000 as dividend from an Indian company. During the previous year, he made the following investments.

1. Payment of insurance premium Rs. 65,000 on own policy of Rs. 3,00,000.
2. Contribution to recognized provident fund Rs. 39,200.
3. Contribution towards notified units of mutual funds Rs. 10,000.
4. Deposited in long-term infrastructure bonds notified by the Central Government Rs. 20,000.

Questions :

- |   |    |
|---|----|
| a) Determine the total income of Mr. Sunil for the A.Y. 2011-2012.  | 20 |
| b) Compute the tax liability of Mr. Sunil for the assessment year 2011-2012.  | 10 |
| c) Show the detailed working regarding contribution to recognized provident fund and qualifying amount for deduction U/S 80C. | 10 |

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study questions in Section II are **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
- 

**SECTION I**

1. What are the basic objectives of SEBI? Also discuss the powers and functions of SEBI. **15**
2. Differentiate between Managing Director and Whole-time Director. **15**
3. Define the terms, 'compromise' and 'arrangement'. Discuss the procedure followed under the Company's Act for compromise and arrangement. **15**
4. Discuss the essential characteristics of a company. **15**
5. What do you mean by 'charge'? Discuss the types of charges and provisions regarding registration of charges. **15**
6. Write notes on : **15**
  - a) Foreign Direct Investment (FDI)
  - b) Types of external commercial borrowings
  - c) Objectives of FEMA

## SECTION II

7. A public company has issued a prospectus but the subscription list has not opened yet. The company received a letter from a prospective buyer of the company's shares requesting it to furnish him certain particulars which were not mentioned in the prospectus. How should the secretary of the company deal with this request? 10
8. a) The shareholders in a duly convened annual general meeting passed a resolution for payment of dividend at a rate higher than what was recommended by the Board. Discuss whether the resolution is valid. 5
- b) The directors of a company declare an interim dividend in contravention of the law. Can they call back the money from the shareholders? 5
9. a) Explain the doctrine of indoor management. 5
- b) The common seal of a company has been affixed by the company on a document without due compliance with the provisions of the Companies Act. Does this affect the validity of the document? If the answer is in the affirmative, can the infirmity be removed by a ratification by the Board of Directors? 5
10. The board of directors of F.G. Limited have the following proposals to be discussed at the Board's meeting : 10
- a) Appointment of A, a relative of one of the directors, on a salary of Rs. 12,000 p.m. as Chief Accountant of the company.
- b) To give guarantee to the SBI on behalf of AB Private Ltd. in which a director of the company is also a director.
- c) To borrow Rs. 50 lakh from State Bank by mortgaging the fixed assets. The company's paid up capital is Rs. 25 lakh and it has no reserves. Advise the board of the above proposals.
-



Time : Three Hours

Marks : 100

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

1. Explain the main functions of the Reserve Bank of India and its liquidity measures. 15
2. Evaluate the performance of regional rural banks in India. 15
3. Describe the activities of investment banks in USA. 15
4. What are the objectives and benefits of mutual funds? Describe the various types of mutual funds. 15
5. Define currency convertibility. Evaluate the forms of currency convertibility. 15
6. What is stock exchange? Explain the functions of a stock exchange. 15

## SECTION II

7. Phoenix Company is considering three mutually exclusive investments, projects A, B and C. The expected cash flow of these projects are as follows :

Year	Project A	Project B	Project C
0	1,00,000	1,00,000	1,00,000
1	20,000	25,000	20,000
2	30,000	40,000	40,000
3	40,000	50,000	60,000
4	50,000	40,000	50,000
5	30,000	30,000	10,000

Cost of capital is 10 percent.

Calculate the following for these three projects :

- |   |    |
|---|----|
| a) Payback period                       | 10 |
| b) Net present value                    | 10 |
| c) Internal rate of return              | 10 |
| d) Which project would you choose? Why? | 10 |

**P09/FM2105/EE/20120516**

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section II is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

1. Write about the procedure of the issue of GDR/ADR or FCCB. **15**
2. Explain the types of mutual fund schemes. What are the advantages of mutual funds? **15**
3. Write short notes on : **15**
  - a) Hire purchase
  - b) Debit securitization
  - c) Equated Monthly Installment (EMI)
4. State IPO grading and its usefulness. Write the five point scale adopted by ICRA for IPOs. **15**
5. Write an essay on the changes in the marketing approach of financial service providers. **15**
6. Discuss the RBI guidelines on credit card operations. **15**

## SECTION II

**7. Find a viable solution for the following case :**

R.S. Ltd is considering using a machine made by BC Ltd. The machine would cost Rs. 60,000 and at the end of its four year life is expected to have a resale value of Rs. 4,000, the money to be received in year 5. It would save Rs. 29,000 per year over the method that R.S. Ltd currently uses. R.S. Ltd expects to earn a DCF return of 20% before tax on this type of investment.

R.S. Ltd is currently earning good profits, but does not expect to have Rs. 60,000 available to spend on this machine over the next few years. It is subject to corporation tax at 35% and receives capital allowances of 25% on a reducing balance basis. You are required to :

- a) Recommend whether, from an economic viewpoint, R.S. Ltd should invest in the machine from BC Ltd. **20**
- b) Calculate which of the following options R.S. Ltd would be financially better off to adopt : **20**

Option 1 : Buy the machine and borrow Rs. 60,000 from the bank and repaying at the end of each year, a standard annual amount that would comprise of the principal and interest at 20% per annum; or

Option 2 : Lease the machine for 4 years at an annual lease payment equal to the annual amount it would need to pay the bank under the option above.

Show your calculations.

---

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

1. What is meant by mutual funds? What are the advantages of a professionally managed portfolio? **15**
2. Explain the Arbitrage pricing theory in detail with an example. **15**
3. Explain the steps in a traditional approach. **15**
4. Explain in detail, how you would minimize various risk exposures. **15**
5. Explain the following :
  - a) Concept of bond risk **7**
  - b) Concept of time value **8**
6. Explain the objectives of investment in detail. **15**

## SECTION II

7. a) The stock growth rate of 'Z' company is 15% and its dividend payout ratio is 40%. Its standard deviation in the growth rate is 5%. The value of P/E ratio is 22.5%. 10

Request for an advice based on Whitbeck Kisor's model.

- b) The following are the data of Amul Products, (Rs. in lakh) for the year end 1998. 20

Asset	6,000	Revenues	6,600
Short term liabilities	450	Operating expenses	5,950
EBIT	650	Interest	150
8% debentures	1,250	EBT	500
10% bonds	500	Taxes	200
Common stock (Rs.10 at par)	3,500	Dividend	50
Surplus	300		

- i) Find the following ratios :

- a) Asset turnover
- b) Effective interest rate
- c) Effective tax rate
- d) Debt/equity ratio
- e) Dividend payout rate

- ii) What growth rate of EBIT can be expected?

- c) Mr. A is considering the purchase of a bond currently selling at Rs. 880. The bond has four years of maturity, face value of Rs. 1,000 and coupon rate is 10%. The next annual interest payment is due after one year from today. The required rate of return is 10%. 10

Calculate the intrinsic value of the bond. Should Mr. A buy the bond? Please comment.

**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

- |   |    |
|---|----|
| 1. Write short notes on :   | 15 |
| a) Technical analysis   |    |
| b) Environmental analysis   |    |
| c) Managerial analysis  |    |
| 2. What are the factors considered while selecting a location for a factory?  | 15 |
| 3. a) Explain the difference between cash flow and fund flow.   | 7  |
| b) Discuss the objectives of a cash flow statement.   | 8  |
| 4. Explain the terms, PAD and PIB and give advantages and limitations thereof.  | 15 |
| 5. Explain the concept of a project review required during development and implementation of the project. Explain abandonment analysis. | 15 |
| 6. Discuss the various limitations that compels a project analyst to examine a project before selecting one for an organization.        | 15 |

## SECTION II

### Case Study

7. Read the case and answer the question given below :

A company wants to install a small project. There are three alternatives, amongst which one is to be selected. The necessary information about the project is given below.

Particulars	Projects		
	A	B	C
Initial outlay in rupees	10,000	10,000	10,000
Estimated life in years	10	10	10
Salvage value in rupees	Nil	Nil	4,000
Annual cash inflow	1,750	-	1,750
First 5 years in rupees	-	2,000	-
Second 5 years in rupees	-	1,500	-

Evaluate the projects by the following :

- a) Payback method 6
- b) Average rate of return method. Assume the straight line method of depreciation. 6
- c) Net present value method. The rate of discounting is 10%. The present value factors are : 9
  - for 1 to 5 years Rs. 3.791
  - for 6 to 10 years Rs. 2.354
  - for 1 to 10 years Rs. 6.145
  - for the 10<sup>th</sup> year Rs. 0.386



d) IRR method.

12

Period and necessary P.V. factors are given below.

Period in years	PV factors at		
	12%	14%	16%
1 to 5	3.605	3.433	3.274
1 to 9	5.328	4.946	4.607
6 to 10	2.045	1.783	1.559
10 <sup>th</sup> year	0.322	0.270	0.227

e) Rank of the project

2

f) Which project you will recommend?

2

g) What are the other factors that should be considered while selecting a project other than the financial analysis?

3



**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
- 

**SECTION I**

1. Explain in detail, the various sources of short-term financing. **15**
2. Briefly explain the flexibility of a multinational firm. **15**
3. Describe the origin and formation of the Economic and Monetary Union. **15**
4. Explain the various types of transactions in the foreign exchange market. **15**
5. What are the changes in financial policies in the context of operating exposure during recent times? **15**
6. Write notes on : **15**
  - a) Market-based forecasting
  - b) Determinants of exchange rate
  - c) Causes of southeast Asian crisis

## SECTION II

7. Read the following case study and answer the question at the end.

### **FDI and development : Tanzania**

The United Republic of Tanzania is a new entrant in the FDI field. Its efforts to harness FDI to its development process date back nominally to 1885, when the country decided to initiate the process of transition from a centrally planned economy to a market-based economy. However, in the second half of 1990s, economic situations improved. During 1995-2000, the United Republic of Tanzania received a total of \$ 1 billion in FDI. This is a remarkable performance for a country that was receiving hardly any FDI just 10 years ago.

The acceleration of inflows between 1992 and 1996 considerably improved the country's FDI performance relative to other LDCs which have also worked hard to receive more FDI, but with a few exceptions, have not been very successful. The United Republic of Tanzania has improved its position vis-a-vis neighbouring countries. Overall, during 1995-2000, it received inflows comparable to those of Uganda (\$ 1.1 billion) and Mozambique (\$ 0.9 billion). After 1996, although growing in absolute terms, annual inflows into the United Republic of Tanzania did not keep pace with the inflows into LDCs, sub-Saharan Africa or the neighbouring countries and Tanzania lost some of the gains of the mid-1990s.

The largest sector of FDI in Tanzania is mining. It was estimated to be \$370 million. This suggests a share of mining in cumulative FDI inflows of above 50 percent. Judging in 1997-2000, the sectoral composition of the largest projects is mining (65%), services (19%), and manufacturing (16%). The largest source of FDI in the country is the UK, US, Ghana and South Africa.

As FDI inflows have increased, the qualitative impact of FDI on the economy has also become noticeable in the industries in which FDI is concentrated. In mining, FDI has served as an engine of growth and has helped increase gold exports. In banking, it has contributed to the modernization of the industry. Foreign investors have restructured privatized enterprises, boosting their competitiveness. They have typically contributed to the transfer of technology and skills.

Although the impact is the strongest in the industries in which FDI is concentrated, it has implications for the entire economy. Noticeable overall impacts of FDI include a contribution to the inflow of external resources (15 percent in 1988), a change from a negative to a positive contribution to the BOP, the contribution of foreign affiliates to overall exports and inflow of hard currency from tourism, an increased share of FDI in capital formation, and thus growth and the diversification of the economy away from agriculture towards mining and services.

These positive impacts, which hardly existed until mid 1990s, go some way towards achieving the country's FDI objectives.

The objectives are, among others, 'to increase the share of FDI in total external resource inflows' and 'to invest in export areas in which Tanzania has a comparative advantage.' However, the scale of these impacts is still small and a number of desired impacts are not occurring (such as linkage to the local economy or the encouragement of local science and technology capacities.) Thus, after initial successes with FDI, the challenges for Tanzania is now to push FDI to new frontiers, to attract higher levels of FDI inflows than those received in the second half of 90's and to increase the scale and scope of the benefits of these inflows to its economy.

**Questions :**

- 1) Did FDI into Tanzania increase during 1990s? Did it fare better than that in the neighbouring countries? **10**
  - 2) What were the sectors attracting large Foreign Direct Investment (FDI)? **10**
  - 3) In what way did FDI contribute to the economic development in Tanzania? **10**
  - 4) Give your views of FDI and its advantages and disadvantages. **10**
-



**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
- 

**SECTION I**

1. Explain the role of financial intermediaries. **15**
2. What do you understand by the asset pricing model? Explain briefly, the three types of pricing models. **15**
3. What is leasing? Give the advantages and disadvantages of leasing. **15**
4. Write a short note on : **15**
  - a) Venture capital
  - b) Securitization
  - c) Leasing
5. List the various principles of global finance and explain in detail. **15**
6. Explain the floating exchange rate system with emphasis on pure float and dirty float. **15**

## **SECTION II**

7. CHOCobyTES Pvt. Ltd. is into manufacturing confectionery. It has one plant in Maharashtra and the second in Hyderabad.

The Board of Directors proposed to extend their business to the Middle East and Oriental countries.

Questions :

- 1) As a management consultant, you are required to prepare a report on the feasibility and profitability of the export plan. 20
  - 2) Discuss globalization and the Indian industry. 20
-



**Time : Three Hours**

**Marks : 100**

---

**Instructions to Candidates :**

- 1) There are **two** sections.
  - 2) Section I carries **60** marks and Section II carries **40** marks.
  - 3) There are 6 questions in Section I out of which **any four** are to be attempted.
  - 4) The case study question in Section **II** is **compulsory**.
  - 5) Figures to the right indicate full marks.
  - 6) Answers to the two sections should be written in **one** and the **same** answer book.
  - 7) Use of a nonscientific calculator is allowed.
- 

**SECTION I**

1. What do you understand by customer profitability analysis? **15**
2. What do you understand by cost management? Explain the various methods of cost estimation. **15**
3. Define 'Activity Based Costing.' Explain the implementation process of ABC. **15**
4. What do you understand by 'strategic positioning.'? Explain its competitive strategies. **15**
5. What do you understand by mentoring? Discuss its various advantages. **15**
6. Discuss the various types of decision making. **15**

## SECTION II

7. Read following case study and answer the questions asked at the end.

XYZ Ltd. operates a chain of shoe stores. The stores sell ten different styles of men's shoes with identical purchase costs and selling prices. The company is trying to determine the desirability of opening another store which would have the following expense and revenue relationship per pair.

Variable data :

Selling price	Rs. 30.00
Cost of shoes	19.50
Salesmen's commission	1.50
Total variable expenses	<u>21.00</u>

Annual fixed expenses :

Rent	60,000
Salaries	2,00,000
Advertising	80,000
Other fixed expenses	20,000
Total fixed expenses	<u>3,60,000</u>

Questions :

- 1) What is the annual breakeven point in sales amount and in unit sales? 10
- 2) If 35,000 pairs of shoes are sold, what would be the store's net income? 10
- 3) If the manager wants to compute breakeven points for gents and ladies shoes, what additional assumption will you make and what information would you need? 10
- 4) If the store wants to build up stocks by the end of the accounting period, will your analysis still hold good? 10