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(1st Semester)

COMMERCE

(Honours)

Paper No. : BCAF-01/BCM-01

(Financial Management)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. (a) Discuss the scope and objectives of financial management. Outline the functional areas of financial management. 4+4+6=14

Or

- (b) What is the need of capital budgeting? Calculate the net present value of the two projects and suggest which of the two projects should be accepted assuming a discount rate of 10% from the following information : 4+10

	<i>Project—X</i>	<i>Project—Y</i>
Initial Investment	₹ 80,000	₹ 1,20,000
Estimated Life	5 years	5 years
Scrap Value	₹ 4,000	₹ 8,000

The profits before depreciation and after taxes (cash flows) are as follows :

	Year—1 (₹)	Year—2 (₹)	Year—3 (₹)	Year—4 (₹)	Year—5 (₹)
Project X	20,000	40,000	40,000	12,000	8,000
Project Y	80,000	40,000	20,000	12,000	8,000

2. (a) What is weighted average cost of capital? A firm has the following capital structure and after-tax costs for the different sources of fund used :

Sources of Fund :	Amount (₹)	Proportion	After-tax cost (%)
Debt	30,00,000	25	5
Preference Shares	24,00,000	20	10
Equity Shares	36,00,000	30	12
Retained Earnings	30,00,000	25	11
Total	<u>1,20,00,000</u>	<u>100</u>	

You are required to compute the weighted average cost of capital. $4+10=14$

Or

- (b) What is the cost of retained earnings? What are the different approaches for computing the cost of equity? $4+10=14$

3. (a) Define financial leverage. Explain the significance and limitation of financial leverage. $2+6+6=14$

Or

(b) Aman Ltd. has currently an equity share capital of ₹ 40 lakhs consisting of 40000 equity shares of ₹ 100 each. The management is planning to raise another ₹ 30 lakhs to finance a major programme of expansion through one of the four possible financing plans. The options are :

- (i) Entirely through equity shares
- (ii) ₹ 10 lakhs in equity shares of ₹ 100 each and the balance through long-term borrowing at 9% interest p.a.
- (iii) ₹ 15 lakhs in equity shares of ₹ 100 each and the balance in 8% debentures
- (iv) ₹ 15 lakhs in equity shares and the balance through preference shares with 5% dividend

The company's expected earning before interest and taxes (EBIT) will be ₹ 15 lakhs. Assuming corporate tax rate of 50%, you are required to determine the EPS and comment on the financial leverage that will be authorised under each of the schemes of financing.

4. (a) Define capital structure. What should generally be the features of an appropriate capital structure? State the importance of capital structure. $2+6+6=14$

Or

- (b) What do you understand by a stable dividend policy? Explain the factors that influence the dividend policy of a firm.

$2+12=14$

5. (a) Define the gross and net working capital. What is the importance of working capital in a business? What are the advantages of adequate working capital? $4+5+5=14$

Or

- (b) Estimate the net working capital from the following information :

	Cost per unit (₹)
Raw Material	400
Direct Labour	150
Overhead (excluding depreciation)	300
Total cost	<u>850</u>

Additional Information :

Selling price—₹ 1,000 per unit

Output—52000 units per annum

Raw material in stock—average 2 weeks

Work-in-progress :

(assume 50% completion stage with

full material consumption)—average 2 weeks

Finished goods in stock—average 4 weeks

Credit allowed by suppliers—average 4 weeks

Credit allowed by debtors—average 8 weeks

Cash at bank is expected to be—₹ 50,000

Assume that production is sustained at an even pace during the 52 weeks of the year. All sales are on credit basis. State any other assumption that you might have made while computing.

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(1st Semester)

COMMERCE

Paper No. : BC-102

(**Principles of Management**)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(**PART : B—DESCRIPTIVE**)

(*Marks : 45*)

*The figures in the margin indicate full marks
for the questions*

1. (a) Define management. Explain in brief the functional areas of management. 2+7=9

Or

- (b) Describe the bureaucratic model of Max Weber. 9

2. (a) Define planning. Explain the steps involved in planning process. 2+7=9

Or

- (b) Explain the nature and process of corporate planning. 2+7=9

3. (a) Explain the concept of the term 'organization'. Discuss the various steps in organization process. 2+7=9

Or

- (b) Explain the meaning and principles of delegation of authority. 2+7=9

4. (a) Explain the concept of motivation. Discuss in brief McGregor's theory X and theory Y. 2+7=9

Or

- (b) What is meant by leadership? Discuss Rensis Likert's systems of leadership style. 2+7=9

5. (a) Explain the nature of control. Discuss the requirements of an effective control system. 2+7=9

Or

- (b) What is meant by budgetary control? Explain its advantages. 2+7=9

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(1st Semester)

COMMERCE

Paper No. : BC-102

(Principles of Management)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Choose the correct answer and place its code in the brackets provided : 1×10=10

(a) Getting things done through and with people is

(i) planning

(ii) organizing

(iii) management

(iv) MBO

[]

(b) In India, management is regarded as a/an

- (i) art
- (ii) science
- (iii) profession
- (iv) None of the above

[]

(c) The hierarchy of authority from the highest level to the lowest is

- (i) order
- (ii) equity
- (iii) scalar chain
- (iv) All of the above

[]

(d) The primary function of a manager is

- (i) planning
- (ii) organizing
- (iii) directing
- (iv) controlling

[]

(e) The process of predicting future uncertainties is

- (i) decision making
- (ii) forecasting
- (iii) control
- (iv) None of the above

[]

(f) An employee receiving orders from a superior only is

- (i) span of control
- (ii) unity of command
- (iii) delegation
- (iv) None of the above

[]

(g) The power to make decisions for guiding the action of others is

- (i) authority
- (ii) responsibility
- (iii) autonomy
- (iv) None of the above

[]

(h) The process of attempting to influence others is

- (i) request
- (ii) authority
- (iii) motivation
- (iv) None of the above

[]

(i) Blueprint of a desired plan of action is

- (i) budget
- (ii) plan
- (iii) control
- (iv) None of the above

[]

(j) Checking the current performance with pre-determined standards of a plan is

- (i) investigation
- (ii) control
- (iii) budget
- (iv) None of the above

[]

2. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) Division of work leads to specialization.

(T / F)

(b) A good plan should be reasonable.

(T / F)

(c) Departmentation and decentralization is the same.

(T / F)

(d) Democratic style of leaders is elected through general elections.

(T / F)

(e) A good control system provides timely information to management.

(T / F)

3. Write short notes on the following : 2×5=10

(a) Centralization of power

(b) Levels of management

(c) Accountability

(d) Laissez-faire style of leadership

(e) Management audit

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(1st Semester)

COMMERCE

Paper No. : BC-103

(Indian Banking System)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) Explain different types of banking system. 9

Or

- (b) Give an account on the history of the development of Indian banking system. 9

2. (a) Briefly explain the objectives of the SBI. How can these objectives be achieved through different functions? 4+5=9

Or

- (b) Discuss the organizational structure of the State Bank of India. 9

3. (a) Explain how the Banking Regulation Act is applicable to the public sector banks. 9

Or

- (b) Discuss, in brief, the banking legislation in India. 9

4. (a) Examine the structure of cooperative banks in India. 9

Or

- (b) What is the Apex Bank for cooperative banks? How does the Apex Bank channelize the funds to the rural areas? 2+7=9

5. (a) State the instruments of credit control by the RBI. 9

Or

- (b) What are the functions of the RBI? Explain. 9

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(1st Semester)

COMMERCE

Paper No. : BC-103

(Indian Banking System)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

Answer **all** questions

1. Choose the correct answer by putting a Tick (✓) mark in the brackets provided : 1×5=5

(a) The first development bank was established in India in

(i) 1938 ()

(ii) 1948 ()

(iii) 1949 ()

(iv) 1969 ()

- (b) The Imperial Bank of India was renamed as the
- (i) Reserve Bank of India ()
 - (ii) Punjab National Bank ()
 - (iii) State Bank of India ()
 - (iv) Bank of India ()
- (c) The Apex Bank that provides finance for agricultural and rural development is
- (i) RBI ()
 - (ii) EXIM Bank ()
 - (iii) Regional Rural Bank ()
 - (iv) NABARD ()
- (d) The Banking Regulation Act is applicable on
- (i) public sector banks only ()
 - (ii) private sector banks only ()
 - (iii) cooperative banks only ()
 - (iv) All of the above ()
- (e) Open market operations deal with
- (i) purchase of securities ()
 - (ii) sales of securities ()
 - (iii) both purchase and sales of securities ()
 - (iv) neither purchase nor sale of securities ()

2. Fill in the blanks :

1×5=5

(a) The facility of withdrawing more money from a current account than what is deposited

is called

(b) Monetary Policy of India is formulated and

administered by

(c) Seven banks were nationalized as subsidiaries

of SBI in

(d) According to the Indian Banking Act, 1949, a bank which is legally bound to keep a certain ratio of deposits with themselves in the form of liquid assets is known as

.....

(e) The main sponsors of regional rural banks are

.....

3. State whether the following statements are *True (T)* or *False (F)* by putting a Tick (✓) mark : 1×5=5

(a) SBI and its subsidiaries are known as SBI group.

(T / F)

(b) There should be three directors to represent the farmers, workers and artisans in the Board of Director of a bank.

(T / F)

(c) No company can carry on business of banking in India unless it holds a license issued by RBI.

(T / F)

(d) Regional rural banks are private sector banks.

(T / F)

(e) Monetary Policy of India is issued by SBI.

(T / F)

(5)

4. Write short notes on the following : $2 \times 5 = 10$

(a) Foreign banks

(b) Bankers bank

(c) SLR

(d) Functions of Regional Rural Banks (RRB)

(e) Open market operation

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(1st Semester)

COMMERCE

Paper No. : BC-104

(Financial Accounting—I)

Full Marks : 70

Pass Marks : 45%

Time : 3 hours

(PART : B—DESCRIPTIVE)

(Marks : 45)

*The figures in the margin indicate full marks
for the questions*

1. (a) Define accounting. Explain the nature and characteristics of accounting. 2+7=9

Or

- (b) Explain the accounting concepts and conventions. 9

2. (a) Explain the accounting concept of income. 9

Or

- (b) From the following particulars of M/s Dipak & Co. you are required to prepare Trading, Profit & Loss Account

and Balance Sheet for the year ended
31st December, 2014 :

2+3+4=9

	₹
Sales	65,000
Sales return	500
Stock at the beginning	8,000
Purchases	29,000
Purchases return	300
Direct wages	5,000
Direct expenses	5,000
Carriage inwards	4,000
Capital at the beginning	30,000
Drawings	5,000
Sundry debtors	10,000
Sundry creditors	12,000
Discount allowed	100
Discount received	500
Salaries	3,000
Interest paid	400
Furniture	3,000
Buildings	20,000
Plant and machinery	20,000
Cash in hand	1,000
Bills payable	6,200
Reserve for bad and doubtful debts	500
Bad debts	300
Closing stock at the end	8,000

Additional Information :

- (i) Outstanding salaries—₹ 500
- (ii) Interest on capital at 10% p.a.
- (iii) Depreciation on plant and
machinery at 10% p.a. and
buildings at 5% p.a.

(iv) Prepaid of interest—₹ 100

(v) Provision for bad and doubtful debts at 10% on debtors

3. (a) Write the features of hire-purchase system. Also explain the advantages and disadvantages of hire-purchase.

3+3+3=9

Or

- (b) Van Supplier Ltd. sold a tempo to motor purchasing company on hire-purchase system on 1st January, 2008. The agreed cash price was ₹ 8,400 which has to bear interest at 6% p.a. The payments were to be made as follows :

₹ 2,000 on delivery; ₹ 2,400 on 31st December, 2008; ₹ 2,400 on 31st December, 2009 and ₹ 2,400 on 31st December, 2010

The motor purchasing company provides depreciation at 10% p.a. under reducing balance method.

Prepare Machinery Account, Interest Account and Depreciation Account.

5+2+2=9

4. (a) Explain in brief the different types of royalties. Distinguish between rent and royalty.

4+5=9

Or

- (b) Mohan took a mine on lease for 20 years. Rate of royalty is ₹ 1 per ton. Minimum rent is ₹ 8,000 per year. Next year shortworkings of that year will not be recouped in which yield will be less than 4000 tons and the year in which royalty will be more than minimum rent, only 50% of excess will be used for recoupment of shortworkings. Prepare Royalty Account, Shortworkings Account and Landlord Account in the books of lessee when the yield for first four years respectively is 3500 tons, 7000 tons and 7500 tons and 9000 tons.

3+3+3=9

5. (a) Define dissolution. Also explain the modes of dissolution of a firm. 3+6=9

Or

- (b) Minu and Sudeep are partners sharing profit and losses in the ratio of 3 : 2 respectively. Their Balance Sheet as on December 31, 2014 was as under :

Balance Sheet as at 31st December, 2014

Liabilities	₹	Assets	₹
Creditors	28,000	Cash in hand	3,000
Capitals :		Cash at bank	23,000
Minu	70,000	Debtors	19,000
Sudeep	70,000	Buildings	65,000

<i>Liabilities</i>	₹	<i>Assets</i>	₹
		Furniture	15,000
		Machinery	13,000
		Stock	30,000
	<u>1,68,000</u>		<u>1,68,000</u>

On that date, they admit Rajib into partnership for $\frac{1}{3}$ rd share in future profit on the following terms :

- (i) Furniture and stock are to be depreciated by 10%
- (ii) Building is appreciated by ₹ 20,000
- (iii) 5% provision is to be created on debtors for doubtful debts
- (iv) Rajib is to bring in ₹ 50,000 as his capital and ₹ 30,000 as goodwill

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

4+3+2=9

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(1st Semester)

COMMERCE

Paper No. : BC-104

(Financial Accounting—I)

(PART : A—OBJECTIVE)

(Marks : 25)

The figures in the margin indicate full marks for the questions

1. Indicate whether the following statements are True (T) or False (F) by putting a Tick (✓) mark : 1×5=5

(a) Under going concern concept, the assets are always valued at cost price.

(T / F)

(b) Measurement of accounting income is influenced by various accounting concepts.

(T / F)

(c) The Hire Purchase Act came into force on 1st September, 1973.

(T / F)

(d) Minimum rent - Royalty = Shortworking.

(T / F)

(e) Retiring partner's share of goodwill is debited to his/her Capital Account at the time of retirement.

(T / F)

2. Fill in the blanks :

1×5=5

(a) The system of recording transaction based on dual aspect concept is called

.....

(b) Income increases the of the business.

(c) Under purchase system, the ownership passes from the seller to the buyer immediately on entering the agreement and down payment.

(d) Royalty is calculated on the basis of

(e) In absence of partnership deed, profits will be distributed among the partner

3. Match the items of List—A with those of List—B by placing the codes from List—B in the brackets provided : 1×5=5

List—A	List—B
(a) Accounting Standard in India is issued by ()	(i) 1933
(b) Outstanding Expenses ()	(ii) 1932
(c) Hire-Purchase Act ()	(iii) 1st September, 1973
(d) Dead Rent ()	(iv) 31st December, 1972
(e) Indian Partnership Act ()	(v) Instalment Purchase System
	(vi) Royalty Account
	(vii) Assets
	(viii) Liabilities
	(ix) IICWA
	(x) ICAI

4. Write short notes on the following not exceeding more than 5 sentences each : $2 \times 5 = 10$

(a) Generally Accepted Accounting Principles (GAAP)

(b) Accounting Income

(c) Repossession

(d) Recoupment of Shortworking

(e) Dissolution of Partnership Firm
