0904N0038   Candidate's Seat No :_____

PGDIFA (Sem.-1) Examination
Financial Management

Time : 2-30 Hours]   April 2019   [Max. Marks : 70

Q.1 (A) Attempt any Two   (Marks 10)
1. Financial management is the integral part of any organisation- Discuss.
2. What is Risk and Return? Explain in detail.
3. Explain the Agency cost with respect to Wealth Maximisation objective of firm

Q.1 (B) Attempt any One   (Marks 6)
1. Asha Limited issued 12 percent bonds with a par value of Rs.300. The bond currently selling for Rs.285 matures after 8 years. Determine the Current Yield and YTM
2. The current dividend on an equity share of Maxim Limited is Rs.4.00. Assume that Maxim's dividend will grow at the rate of 18 percent per year for the next 5 years. Thereafter, the growth rate is expected to fall and stabilize at 10 percent. Equity investors require a return of 15 percent from Maxim's equity shares. What is the intrinsic value of Maxim's equity share?

Q.2 (A) Attempt any Two   (Marks 10)
1. Mr. Sunil is having PPF account in SBI bank. He plans to invest 5000 every year in PPF account for 15 years. The interest rate is 8% per year. What is the future value of his annuity at the end of 15 years?
2. Sahara Ltd. is considering the introduction of a new product. The anticipated demand, probability demand and profit for each product are given below. Choice made to be between Product 'A' and 'B'.

Product 'A'			Product 'B'		
Product Demand (Units)	Probability of Demand (%)	Profit (Rs.)	Product Demand (Units)	Probability of Demand (%)	Profit (Rs.)
50000	20	-8000	30000	15	-12000
60000	10	-5000	40000	15	-10000
70000	30	11000	50000	40	14000
80000	20	14000	60000	20	16000
90000	20	17000	70000	10	18000

Which product has a higher preference for selection?

3. The company has on its books the following amounts and specific costs of each type of capital.

Type of Capital	Book Value	Market Value	Specific Cost (%)
Debt	30000	30000	5 (Post-tax)
Preference	10000	10000	10
Equity share capital (Rs. 10 each)	45000	90000	14
Retained Earnings	15000	Nil	13

Determine the Weighted Average Cost of Capital using:
(i) Book Value Weights and   (ii) Market Value Weights

Q.2 (B) Attempt any One.   (Marks 6)
1. Discuss the major sources of long term finance available for organisation.
2. What is Right Issue? Explain the process of Right Issue.

Q.3 (A) Attempt any One   (Marks 10)
1. A proforma cost sheet of a Khushi Ltd. provides the following data:

Cost Particular	Amount per unit (Rs.)
Raw materials	80
Direct labour	30
Overhead	60
Total cost	170
Profit	30
Selling price	200

Raw materials in stock = one month;
Materials in process = half a month;
Finished goods in stock = one month.
Credit allowed to debtors = two months;
Credit allowed by suppliers = one month;
Average time-lag in payment of wages = 10 Days;
Overhead expenses = one month;
One-fourth of the output is sold against cash;
Cash in hand and at bank is desired to be maintained at Rs 125,000.
You are required to prepare a statement showing the working capital needed to finance a level of activity of 208,000 units of production.

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2. A company has to choose one of the following two mutually exclusive projects. The firm's cash flows are:

Project	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
X	(20000)	4200	4800	7000	8000	2000
Y	(15000)	4200	4500	4000	5000	1000

Which project should the firm accept if the following criteria are used: (a) net present value (b) benefit cost ratio

Q.3 (B) Multiple Choice Questions   (Marks 6)

(1) Which of the following is not a measure for monitoring receivables?

       a) Collection Matrix   c) Days Sales Outstanding   c) ABC Analysis   d) Ageing Schedule

(2) Miller and Modigliani position is similar to

       a) Net Income approach   b) Traditional approach   c) Net operating approach   d) Trade-off theory

(3) Which of the following model on dividend policy stresses on the investor's preference for the current dividends?

       a) Traditional Model   b) Gordon Model   c) Walter Model d) MM Model

(4) If NPV of the project is negative then.....

       a) IRR> Cost of Capital   b) IRR= Cost of Capital   c) IRR< Cost of Capital   c) IRR=0

(5) The investment decision is known as ....

       a) Cost of capital   b) Capital Budgeting   b) Capital Structure   d) Dividend Policy

(6) According to Gordon's model the optimal dividend payout ratio for a firm whose cost of capital is 15% and return on investment is 12% is

       a) 0%   b) 100%   c)   50%   d) None of the above.

Q.4 (A) Attempt any two   (Marks 12)

1. The following data is given of Barakha Limited.
   Earnings per share = 3 Rs.
   Internal Rate of Return = 15 percent
   Cost of Capital = 12 percent
   Calculate the price per share applying Walter Valuation Model if dividend payout ratio is 50%, 75% and 100%?
   Calculate the price per share applying Gordon Valuation Model if dividend payout ratio is 25%, 50% and 75%?

2. Vatsa Ltd. requires 6000 units of certain items each year. The purchase price per unit is Rs.30.The carrying cost is 25% of inventory value and ordering cost is Rs. 1000 per order. Determine EOQ and calculate the total cost at EOQ level.

3. The present credit terms of Anjum Ltd are 1/10 net 30. Its sales are Rs.25 million, its average collection period is 24 days and its variable cost to sales ratio is 0.80 and its cost of funds is 15%. The proportion of sales in which customers currently take discount is 0.3. The company is considering relaxing its discount terms to 2/10 net 30. Such relaxation is expected to increase the sales by Rs. 2.5 million, reduce the average collection period to 16 days and increase the proportion of discount sales to 0.7.What will be the effect of relaxing the discount policy on residual income. The tax rate of the firm is 50%.

Q.4 (B-I) Attempt any One   (Marks 6)

1. Discuss various Short term sources of finance.
2. Critically examine the assumptions underlying the irrelevance hypothesis of Modigliani and Miller (MM) regarding leverage irrelevance.

Q.4 (B-II) Multiple Choice Questions   (Marks 4)

(1) The Debt Equity ratio of a company.

(a) Affects its financial leverage   (b) Affects the dividend decision of the company.

(c) Does not affect the earnings per share   (d) Both (a) & (b)

(2) Which of the following is not an assumption to EOQ model ?

(a) Cost per order is proportional to the size of the order.   (b) The demand is even throughout the year.

(c) The usage of one year can be anticipated.

(d) Cost of carrying is a fixed proportion of the average value of inventory.

(3) In calculating the costs of the individual components of a firm's financing, the corporate tax rate is important to which of the following component cost formulas?

a) common stock.   b) preferred stock   c)   debt   d) none of the above.

(4) Which of the following evaluation criteria does not consider time value of money?

       (a) NPV   (b)   ARR   (c) PI   (d)   (d) IRR

X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X

1004N0040   Candidate's Seat No :_____

PGDIFA (Sem.-1) Examination

Paper-2

Techniques of Financial Analysis

Time : 2-30 Hours]   April 2019   [Max. Marks : 70

Q-1 From the given data compute gross profit ratio, net profit ratio, stock turnover ratio, debt equity ratio, return on equity capital, return on capital employed.   **(10)**
Sales Rs 5,00,000
Cost of goods sold Rs 3,00,000
administrative and sales and distribution expenses Rs 50,000
Average stock Rs 25,000
5% Debentures of Rs 1,00,000 and each Equity share of Rs 10 total equity capital is of Rs 1,00,000 are total in capital structure

Q-2 **(a) Solve the following:**   **(10)**
(i) Find the maximum and minimum values of $f(x) = 2x^3 - 15x^2 + 36x + 1$
(ii) If the demand function is $x = \sqrt{7500 - 100p}$, find the maximum revenue.

OR

(i) The utility function of a consumer is $u = 4x^3y^3$. The prices of two commodities are Rs.1 and Rs.2 respectively and total budget is Rs.12. Find the values of x and y for maximum utility.
(ii) The total cost function is $C = 5x^3 + 2x^2 + 7x + 1000$. Find the marginal cost when x = 10. Also find average cost function.

(b) Solve any two from the following   **(6)**
(i) If $f(x,y) = 2x^3 + x^2y - 3xy^2 - y^3$
Find $\frac{\partial f}{\partial x}$ and $\frac{\partial f}{\partial y}$,
(ii) $y = 2x^2 - x + s$, Find the equation of tangent line for the curve at x = 1.
(iii) $f(x) = \sqrt[3]{x}$ find $f^{ll}(x)$.
(iv) What is elasticity of demand? Interpret if its value is <1 and when it is >1.

Q-3 **(a) Solve the following:**   **(12)**
(i) A company manufacturing tyres obtained the following results.

Life of Tyre (in'000kms)	20-25	25-30	30-35	35-40	40-45
No. of Tyres	1	22	64	10	3

Find the coefficient of variation.

(ii) Find short term fluctuations by using 3 yearly moving average method.

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales	23	28	32	24	32	37	27	36	38	32

OR

(i) Find the correlation coefficient by Karl-Person and Spearman's method.

x	12	18	20	14	16
y	5	14	17	8	11

(ii) By taking x = 0.4 and initial forecast as 100, find the forecasts for the following years.

Year	2005	2006	2007	2008
Profit	120	135	145	160

(b) Choose the correct alternative from the following.   **(10)**
(1) For a symmetric distribution, $(Q_3 - M)$_____$(M - Q_1)$
(a) =   (b) ≠   (c) >   (d) <
(2) If the sum of observations and its arithmetic mean are 390 and 13 respectively. What is the value of n ?
(a) 30   (b) 377   (c) 10   (d) None
(3) If the mean and variance of a data are 50 and 25. Find C.V.
(a) 10   (b) 200   (c) 25   (d) None
(4) If $\sum(x - \bar{x})(y - \bar{y}) = 120, n = 10, S_x = 5, S_y = 3$ the find r.
(a) 0.8   (b) 8   (c) 80   (d) 0.5
(5) If the regression line of y on x is $y = 10 + 0.3x$ the $b_{yx} =$_____
(a) 0.3   (b) 10.3   (c) 9.7   (d) None

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(6) The equation of a linear trend is
$$y = 150 + 11.5 \left(\frac{x - 2012}{2} \right) \text{ where } x = year.$$
forecast for the year 2014.
(a) 161.5   (b) 23311   (c) 173   (d) None

(7) "The decrease in production due to strike of workers" is an example of _____ variation.
(a) Irregular   (b) Seasonal   (c) Trend   (d) Cyclical

(8) Generally the period of cyclical variation is _____.
(a) more than 1 year   (b) less than 1 year
(c) always more than 5 years   (d) None

(9) Which of the following is a non-linear trend equation ?
(a) $y = a + bx + cx^2$ (b) $y = a + bx$
(c) $y = x - 5$ (d) $y = 2x + 7$

(10) The quarterly average sales are 60, 45, 70 and 25. Find the seasonal Index for the last quarter.
(a) 50   (b) 200   (c) 120   (d) 175

Q-4 ATTEMPT ANY TWO from the following: (12)

i. Which ratios focus on the credit policy of the company? Discuss in detail, also writes factors to be considered while determining credit policy.

ii. Current ratio of the company is 2, liquid ratio of the company is 1, net working capital is Rs 1,00,000 and if value of bank overdraft is Rs 20,000 what will be the value of stock? Also comment on standard liquid and current ratio.

iii. Which ratio discusses capital structure of the company? Discuss the degree of risk to the company with reference to the debt decisions.

Q-5 ATTEMPT ANY TWO from the following: (10)

i. Scope of fund flow statement is more wider as compared to cash flow statement explain the significance of the statement in the light of differences between both.

ii. Write in detail factors to be taken in to consideration for taking decision with respect to make or buy decisions by taking practical example.

iii. "Companies and manufacturing firms are preferring to have outsourcing the job or work in 21st century" explain how outsourcing is advantageous to them by considering factors for taking decision of In sourcing and Outsourcing.

X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X

1104N0042   Candidate's Seat No :_____

PGDIFA (Sem.-1) Examination
Paper-3
Managerial Economics

Time : 2-30 Hours]   April 2019   [Max. Marks : 70

Q.1 (A) Define Managerial Economics? Discuss its characteristics.   (10)

OR

Q.1 (A) Write a detailed note on contribution analysis.   (10)

Q.1 (B) Write notes on   (06)
i. Marginalism
ii. Opportunity Cost

OR

Q.1 (B) Write notes on   (06)
i. Time Perspective
ii. Incremental Principle.

Q.2. (A) Define cross elasticity of demand and examine its types with the help of diagrams.   (10)

OR

Q.2. (A) Explain the factors affecting price elasticity of demand.   (10)

Q.2. (B) Define income elasticity of demand. Show its various types through diagrams.   (06)

OR

Q.2. (B) Discuss the importance of price elasticity in business decision making. (06)

Q.3. (A) Explain the law of diminishing marginal returns (variable proportions). Show it's three stages with the diagram.   (10)

OR

Q.3. (A) Define average and marginal cost. Explain the relationship between AC and MC with the help of diagram.   (10)

Q.3. (B) Explain various internal diseconomies.   (06)

OR

Q.3. (B) Explain various external diseconomies.   (06)

Q.4. (A) Explain the differences between a perfectly competitive market and a monopolistically competitive market.   (12)

OR

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Q.4. (A) Examine various pricing practices adopted by modern companies. (12)

Q.4. (B)
(i) State True OR False. (05)
1. 'Identical-Products' is a characteristic of monopoly.
2. There are many sellers in monopoly.
3. Predatory pricing aims at eliminating competition.
4. Fixed cost curve is horizontal
5. Indian Railway is an example of oligopoly.

(ii) Chose the correct answer. (5)
i. Which cost decreases continuously with increase in output?
  a. AFC
  b. AC
  c. FC
  d. AVC
ii. When total output is increasing at a decreasing rate
  a. Marginal product of the variable factor is increasing
  b. Marginal product of the variable factor is decreasing
  c. Marginal product of the variable factor is zero
  d. Marginal product of the variable factor is negative
iii. Luxury Goods will have
  a. Unitary elastic demand
  b. Elastic demand
  c. Inelastic demand
  d. Perfectly elastic demand
iv. Marginal Cost depends on
  a. Fixed cost
  b. Variable cost
  c. Opportunity cost
  d. All the above
v. Cold-drinks industry in India displays characteristics similar to
  a. Perfect competition
  b. Monopoly
  c. Oligopoly
  d. Monopolistic competition

X-X-X-X-X-X-X-X-X-X-X-X-X-X

1204N043   Candidate's Seat No :_____

PGDIFA (Sem.-1) Examination
Paper-4
Accounting For Managers

Time : 2-30 Hours| April 2019   [Max. Marks : 70

Q.1 (A) Attempt any one question. (Both questions are from below mentioned problem).   (10)
The following trial balance of Mehul Company Ltd. for the year ended 31st March, 2012.

Particulars	Dr. (Rs.)	Cr. (Rs.)
Stock	68,000	
Furniture & Fixtures	50,000	
Discount	4,000	
Loan to Directors	8,000	
Advertisement	2,000	
Bad Debts	3,500	
Commission	12,000	
Purchases	231,900	
Plant and Machinery	86,000	
Rentals	2,500	
Current Account	4,500	
Cash	800	
Interest on Bank Loan	11,600	
Preliminary Expenses	1,000	
Wages	90,000	
Consumables	8,400	
Freehold Land	1,54,600	
Tools and Equipment's	24,500	
Goodwill	26,500	
Debtors	28,700	
Bills Receivables	15,300	
Dealer Aids	2,100	
Transit Insurance	3,000	
Trade Expenses	7,200	
Distribution Freight	5,400	
Debentures Interest	2,000	
Equity Shares Capital (Shares of Rs.10 each)		2,50,000
11% Debentures		50,000
Bank Loans		64,500
Bills Payable		12,500
Creditors		15,600
Sales		4,26,800
Rent Received		4,600
Transfer Fees		1,000
Profit & Loss Appropriation Account		13,900
Provision for Depreciation on Plant & Machinery		14,600
	8,53,500	8,53,500

Additional Information: 1) Closing stock as on 31st march, 2012, Rs.82,300. 2) Depreciation on furniture @5%, Freehold land @2% and Tools and Equipment's @5% to be provided.
1. Prepare vertical format of P&L and relevant notes of account.
2. Prepare vertical format of Balance sheet and relevant notes of account(P&L balance will be the balancing figure of BS)

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Q.1 (B) Attempt ANY TWO questions (07)
1. Explain money measurement concept.
2. What do you mean by financial accounting?
3. Explain meaning and basic assumption of GAAP.

Q.2 (A) Attempt ANY ONE question: (10)
1. The Sales and profit for two years are as below:

	Sales (Rs)	Profit (Rs)
Year 2011	1,50,000	20,000
Year 2012	1,70,000	25,000

Calculate: (a) P/V ratio (b) BEP (c) Sales required to earn a profit of Rs 40,000 (e) Profit made when sales are Rs 1,00,000.

2. For making 10 kg. of Wimco, the standard material requirement is as follows:

A	8	6.00
Material Quantity (kg.)Rate per kg. (Rs.)		
B	4	4.00

During April, 1,000 kg. of Wimco were produced. The actual consumption of materials is as follows:

Material	Quantity (kg.)	Rate per kg. (Rs.)
A	750	7.00
B	500	5.00

Calculate: (1) Material Cost Variance   (2) Material Price Variance   (3) Material Usage Variance

Q.2 (B) Attempt any one questions (07)
1. Explain fixed and variable cost with appropriate example
2. Explain non-financial performance indicators in detail

Q-3 (A) ATTEMPT ANY FOUR: (24)
1) What do you mean by the word international accounting? Write the present scenario of international accounting.
2) Accounting standards, GAAP, and regulatory authorities are quite significant in recording of international accounts, explain significance of the statement
3) Write detail note with example on forward exchange transaction
4) In case of multinational companies maintaining international accounts is not easy. Explain significance of the statement.
5) In case of mergers and acquisition by foreign companies maintaining international accounting requires lot of knowledge and skills explain significance of the statement.

Q.4 (B.1) ATTEMPT ANY ONE. (06)
1. Explain the HR Accounting and scope of the same.
2. Write a note on need of Forensic Accounting.

Q.4 (B.2) EACH QUESTION IS OF ONE MARKS (06)
1. Accounting standard- 26 deals with?
   a) Revenue recognition   b) Accounting for Fixed assets
   c) Intangible assets   d) Depreciation Accounting
2. Marginal cost stands for
   a) The amount at any given volume of output by which aggregate cost are changed if the volume of output is increased or decreased by one unit
   b) The amount at any given volume of output by which fixed cost are changed if the volume of output is increased or decreased by one unit
   c) The amount at any given volume of output by which are changed if the volume of output is increased or decreased by one unit
3. Labour Efficiency variance is
   a) (Std Labour hr- Actual Labour hr)* Actual Wage rate
   b) (Std Labour hr- Actual Labour hr)* Standard Wage rate
   c) (Actual Labour hr- Std Labour hr)* Actual Wage rate
   d) None of the above
4. From the following which is not the objective of Social Accounting
   a) Help to society   b) Help to customers
   c) Calculation of Profit   d) Effective utilization of natural resources
5. BEP means
   a) Total fixed cost equal to contribution
   b) Total fixed cost more than contribution
   c) Total fixed cost less than contribution

6. From the following which is not the objective of Inflation Accounting
   a) Disclose the current value of the business
   b) Reflect the price level changes
   c) To report transactions at current cost
   d) To prepare financial accounts on historical cost basis

****ALL THE BEST****