

M.Com - I
Sem - II

19/6/2023

(2 Hours)

[Total Marks: 60]

Instructions:

- All questions are compulsory and subject to internal choice.
- Figures to the right indicate full marks.
- Make suitable assumptions whenever required and state them.
- Use of simple calculator is allowed.

Q1.

A) Prepare a projected Balance Sheet based on the following information: [15 Marks]

Estimated sales	Rs. 4,50,000	Current liabilities to net worth	25%
Sales to Net worth	2.5 times	Sales to inventory	5 times
Total debt to net worth	65%	Average collection period	36 days out of 360 days
Current ratio	3.6	Fixed assets to net worth	75%

Note: Assume all sales as credit sales.

OR

B) The ratios relating to Sterling Ltd. are given below:

Gross profit ratio 15%

Stock velocity 6 month

Debtors velocity 3 month

Creditors velocity 3 month

Gross profit for the year ending 31st March, 2022 amount to Rs. 60,000. Closing stock is equal to opening stock.

Find out:

- Sales
- Closing Stock & Opening Stock
- Sundry Debtors
- Sundry Creditors

[08 Marks]

C) Let us assume you want to obtain an Annuity Policy that will give you a guaranteed sum of Rs.10,000 per annum for the next three years. If the company pays its customers 12% per annum, how much do you have to put into the policy immediately so that you would have nothing in the policy at the end of the third year?

[07 Marks]

Q2.

A) The Mehak Chemicals Ltd. requires Rs.1,00,00,000 for a new plant. This plant is expected to yield earnings before interest and taxes of Rs.20,00,000. While deciding about the financial plan, the company considers the objective of maximising earnings per share. It has three alternatives to finance the project-by raising debt of Rs.20,00,000 or Rs.30,00,000 or Rs.40,00,000 and the balance, in each case, by issuing equity shares. The company's share is currently selling at Rs. 200, but it is expected to decline to Rs.125 in case the funds

are borrowed in excess of Rs. 30,00,000. The funds can be borrowed at the rate of 15% upto Rs.25,00,000, at 18% over Rs.25,00,000 and up to Rs.30,00,000 and at 22% over Rs.30,00,000. The tax rate applicable to the company is 30%. Which form of financing should the company choose? **[15 Marks]**

OR

B) Following is the capital structure of Manju Company Ltd.

Equity share capital	Rs. 1,00,00,000 (Face Value Rs.10)
10% Preference share capital	Rs. 25,00,000 (Face Value Rs.100)
8% Debentures	Rs. 50,00,000 (Face Value Rs.100)

Equity share of the company sells for Rs. 100 each.

Expected dividend is Rs. 1 per share. Tax rate is 20 %. Growth rate is 10 %.

- Calculate weighted average cost of capital (WACC) in the above situation.
- Calculate WACC if the company wants to raise additional capital of Rs. 25,00,000 through the debentures at 15%. In this situation, expected dividend would be Rs. 1.5 per share. Market price would be Rs. 80 per share. Growth rate is now expected to be 12%.

[15 Marks]

Q3.

A) The data relating to the following Companies and their details are as follows:

Particulars	A Ltd.	B Ltd.
Equity Share Capital	Rs.5,25,000	Rs.7,80,000
10% Debentures	Rs.9,00,000	Rs.11,00,000
Output (units) p.a.	1,01,000	1,20,000
Selling price per unit	Rs.40	Rs.50
Fixed Cost p.a.	Rs.5,10,000	Rs.6,54,000
Variable Cost per unit	Rs.20	Rs.35

You are required to calculate the operating leverage, financial leverage and combined leverage. **[15 Marks]**

OR

- B) Kirit Engineering Ltd. belongs to a risk class for which the capitalization rate is 15%. It currently has outstanding 25,000 shares selling at Rs. 100 each. The firm is contemplating the declaration of a dividend of Rs. 10 per share at the end of the current financial year. It expects to have a net income of Rs. 20,00,000 and has a proposal for making new investments of Rs.40,00,000. Calculate the value of the firms when dividends are paid using Modigliani Miller Approach. **[15 Marks]**

Q4.

A) Multiple Choice Questions:

[8 Marks]

- Liquidity and profitability are _____ goals.
 - Competing
 - Different
 - Separate
 - Finance

2. The source of capital used to get the financial leverage is _____
 - a. Retained Earnings
 - b. Equity Share Capital
 - c. Debt Capital
 - d. Preference Share Capital
3. Short term creditors _____
 - a. Debt equity ratio
 - b. Operating ratios
 - c. Current ratios
 - d. Return on proprietors funds
4. Standard Liquid Ratio _____
 - a. 2:1
 - b. 1:1
 - c. 3:1
 - d. 5:1
5. If a man is promised the sum of Rs.10,000 per annum indefinitely at an interest rate of 12% per annum, what will be the present value of this perpetual annuity?
 - a. Rs.83,333
 - b. Rs.93,333
 - c. Rs.88,888
 - d. Rs.92,111
6. What would be the present value (PV) of an annuity of Rs. 2,00,000 paid at the end of every year for 5 years @ 8% rate of return. If PV factor for 5 Years @8% is 3.993.
 - a. Rs. 7,98,600
 - b. Rs. 7,88,600
 - c. Rs. 7,98,400
 - d. Rs. 50,088
7. In Net Operating Income Approach, which one of the following is constant?
 - a. Cost of Equity
 - b. Cost of Debt
 - c. WACC & Kd
 - d. Ke & Kd
8. Which of the following is not a relevant factor in EPS Analysis of capital structure?
 - a. Rate of interest on debt
 - b. Tax rate
 - c. Amount of preference share capital
 - d. Dividend paid last year

B) True or False:

[7 Marks]

1. The wealth of corporate owners is measured by the share price of the stock.
2. Shareholders handle the financial management of a company as they are the owners of the company.
3. When a company records a credit sale, the acid-test ratio will increase.
4. A business with a higher working capital will also have a higher current ratio.
5. Compounding techniques shows present value.
6. Cash flows accruing to the firms at different time periods are directly comparable.
7. Financial leverage depends upon the operating leverage.

OR

C) Write short notes: (Any Three)

[15 Marks]

1. Composite Ratios
2. Objectives of financial management
3. Perpetuity
4. Cost of debt
5. Modigliani – Miller Theory

Time: 2 Hours

Total Marks: 60

- N.B:** 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q 1. (a) What are the main activities of E-Commerce? (15)
(b) Explain the various business strategies for marketing.

OR

- (c) Elucidate the various business models of E-Commerce.
(d) Discuss on the Business to Consumers E-Commerce Process

Q 2. (a) Elaborate the benefits of websites in the E-Commerce. (15)
(b) Explain the pros of Electronic Data Interchange.

OR

- (c) Describe the various functional components of E-CRM
(d) How Conventional organisation is different from E-Organisation?

Q 3. (a) Explain the various techniques of E-Marketing. (15)
(b) What are the cons of online shopping?

OR

- (c) Elaborate the various types of E-Payment system.
(d) What are the principles for E-Payment?

Q.4. A) Fill in the blanks with appropriate option. (05)

1. In 1969 two computers were connected to a network on -----

- (a) ARPANET (b) MILNET (c) MTNL (d) VSNL

2. Amazon sold its first item a -----

- (a) Coffee (b) Science textbook (c) Film (d) Lux soap

3. ----- is that where e-businesses are creating a demand for their product.

- (a) Push Marketing (b) Alfa Marketing (c) Pull marketing (d) Sigma Marketing

4. Bing Advertisements service, formerly known as -----

- (a) Mobile Ad (b) Multimedia Center (c) Host Marketing (d) Microsoft Ad Center.

5. _____ professionals hack to check their own security systems to make it more hack-proof.

- (a) Black-hat (b) Gray-hat (c) Blue-hat (d) White-hat

Q. 4. B) State whether the following statements are True or False. (05)

- 1) A blog is important online store marketing strategy.
- 2) The person or business that registers domain name is called the domain name registrant.
- 3) Article marketing refers to writing articles and submitting them to web article directories.
- 4) AdMob Advertisements are advertisements that appear within film apps.
- 5) Cyber law is the law governing crime in education.

Q. 4. C) Match the Column. (05)

Group A	Group B
1) Social Network	a) Little Robots
2) Droid Delivery	b) Illegal intrusion
3) Giffin and Riddings	c) Google+
4) Merchant Software	d) Three Types of E-CRM
5) Hacking	e) Decrypts

OR

Q4. Write Short notes on (Any Three) (15)

- 1) E-Mail abuse
- 2) Protection of cyber consumers in India
- 3) Protecting E-Commerce Assets
- 4) Sources of threats
- 5) Encryption

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

1. (a) Define Aggregate Demand Function and explain the determinants of Aggregate Demand Function. 08
(b) Explain the concept of inflationary gap. 07
OR
(c) Discuss how intersection between ADF and ASF determines the effective demand with suitable diagram. 08
(d) Discuss the trade-off between inflation and unemployment in the short run. 07
 2. (a) Explain how the IS curve is derived. 08
(b) Explain the transmission mechanism and crowding out effect. 07
OR
(c) Explain the derivation of LM curve with suitable diagram. 08
(d) Bring out the effects of monetary policy on income and interest rate in IS-LM model. 07
 3. (a) Explain the concept of disequilibrium in balance of payments. 08
(b) Discuss expenditure switching policies to reduce deficit in the balance of payments. 07
OR
(c) Discuss Mundell - Fleming model. 08
(d) Write a note on J- curve effect. 07
- Q.4 A) Choose the right option from the following.** 07

1. methods are used for measuring national income
a) Two b) Three
c) Four d) Five
2. Under method of measuring national income, consumption is taken into consideration
a) Income b) Dividend
c) Expenditure d) Interest
3. is the total value of the goods and services produced by the nationals during given period.
a) GDP b) GNI
c) NDP d) GII

4. GDP in open economy consists of.....
- a) $C+I+G+(X-M)$
 - b) $C+I+G$
 - c) $C+I+G+(X-M) + (R-P)$
 - d) $C+I+G+(X-M) + (R+P)$
5. GDP deflator tells us the
- a) Nominal progress
 - b) Real Progress
 - c) Rate of deflation in developed country
 - d) Rate of deflation in developing country
6. Human Development takes into account.....
- a) Per capita income
 - b) Life expectation
 - c) Level of literacy
 - d) All of the above
7. Purchasing Power Parity theory is related with.....
- a) Interest rate
 - b) Bank rate
 - c) Wage rate
 - d) Exchange rate

Q.4 B) Give the precise meaning of the following.

- a) National income
- b) PPP exchange rate
- c) Net Domestic Product
- d) Value added method

08

OR

4. Write short note on any three of the following

15

- a) GDP deflator.
- b) Causes of disequilibrium in balance of payments
- c) Long run Phillips curve
- d) BOP adjustment and fiscal policy
- e) Internal and external balance

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13/08/23

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- Note: i. All questions are compulsory.
ii. Figures to the right indicate full marks.

Q.1. Define Research? Explain the features and importance of Research in Business. (15)

OR

Q.1a. Explain the significance of research design. (8)

Q.1b. Discuss the sources and types of Hypothesis. (7)

Q.2. Explain the various stages in the research process. (15)

OR

Q.2a. Discuss the steps in Questionnaire Designing. (8)

Q.2b. Describe the limitations of secondary data Collection. (7)

Q.3. Explain in brief the significance of Data Processing. (15)

OR

Q.3a. What is Research Report? Explain the structure of Research Report Writing. (8)

Q.3b. Discuss the tools and techniques of statistical analysis. (7)

Q.4) A) Fill in the blanks with appropriate option (5)

1. Execution of research depends on availability of _____

- | | |
|-------------------|----------------|
| a) Bibliography | b) Information |
| c) Project Report | d) Area |

2. _____ research is also called as basic research.

- | | |
|----------------|---------------|
| a) Applied | b) Pure |
| c) Exploratory | d) Diagnostic |

3. Identifying problems and finding solutions thereupon is one of the objectives of _____.

- | | |
|-------------|-------------|
| a) Action | b) Research |
| c) Business | d) None |

4. _____ question offers choice.

- | | |
|----------------|----------------|
| a) Multiple | b) Dichotomous |
| c) Alternative | d) Hyper |

5. Informants should be treated _____.

- | | |
|------------------|-----------------------------|
| a) Casual manner | b) Like unwanted customer |
| c) Not important | d) with dignity and decency |

Q.4) B) State whether the following statements are True or False

1. Research Methodology is based on ethical neutrality.
2. Questionnaires is used to collect secondary Data in research work.
3. Tabulation helps to arrange to classified Data into statistical tables.
4. Z test is used to test Hypothesis when sample size is less than 30.
5. Technical report is primarily meant for non-academic or non-professional people.

(5)

Q.4) C) Match the column

(5)

Group A	Group B
1) Research Methodology	1) Superscripted numbers
2) Hypotheses	2) Primary Data
3) Foot Notes	3) Chi-square test
4) Bibliography	4) Multipurpose activity
5) Mail Survey	5) Data Source

OR

Q.4) Write short notes (Any Three)

- i. Literature review.
- ii. Types of Questionnaires
- iii. Primary Data
- iv. Ethical norms in research
- v. Interpretation of Data.

(15)