

END TERM EXAMINATION

SIXTH SEMESTER [B.COM] MAY-JUNE 2017

Paper Code: BCOM-302

Subject: Financial Management

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.
Calculator is allowed.

- Q1 "The prominent areas of financial decision-making today are considerably different from what they were few decades ago." Discuss.
- Q2 The balance sheets of X Ltd. as on 31-12-2010 and 31-12-2011 were as under:

	31-12-2010	31-12-2011
Liabilities:		
Share Capital	5,00,000	6,50,000
Securities Premium	50,000	—
Profit & Loss A/c	—	25,000
8% Debenture	2,00,000	1,10,000
Bank Overdraft	80,000	1,00,000
Creditors	80,000	75,000
Proposed Dividend	10,000	15,000
Provision for Tax	20,000	25,000
Total	<u>9,40,000</u>	<u>10,00,000</u>
Assets:		
Goodwill	1,00,000	75,000
Investment	1,50,000	2,00,000
Fixed Assets	5,50,000	5,50,000
Debtors	60,000	90,000
Stock	60,000	80,000
Cash	12,000	5,000
Prepaid Expenses	8,000	—
Total	<u>9,40,000</u>	<u>10,00,000</u>

Additional Information:

- (a) Net profit for the year 2011 before tax and dividend was Rs. 63,000.
- (b) Provision for tax made during the year 2011 was Rs. 23,000.
- (c) Depreciation charged for 2011 was Rs. 80,000.
- (d) Bonus shares of Rs. 50,000 were issued out of securities premium.
- (e) Debentures amounting to Rs. 90,000 were redeemed on 1st April, 2011. Interest on debentures was paid regularly in cash.
- Prepare Cash Flow statement.

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Q3 Sonu Ltd. has the following capital structure:

Equity shares (2,00,000)	Rs. 40,00,000
10% Preference Shares	10,00,000
9% Debenture	30,00,000
	<u>80,00,000</u>

The share of the company sells for Rs. 20. It is expected that the company will pay next year a dividend of Rs. 2 per share which will grow at 7% for ever. Assume a 35% tax rate.

- (a) Compute the weighted average cost of capital based on the existing capital structure.
 (b) Compute the new weighted average cost of capital if the company raises an additional Rs. 30,00,000 debt by issuing 10% debentures. This would increase the expected dividend to Rs. 3 and leave the growth rate unchanged, but the price of share will fall to Rs. 15 per share.

Q4 (a) Two firms 'U' and 'V' are identical in every respect, except that 'U' is unlevered and 'V' is levered. 'U' has Rs. 20 lakh of 8% debt outstanding. The net operating income of both firms is identical, i.e. Rs. 6 Lakh. The corporate tax rate is 35% and equity capitalisation rate for 'U' is 10%. Find out the value of each firm according to the MM approach.
 (c) What do you understand by Leverage? Discuss the benefits and risks of financial leverage with the help of an example.

Q5 A firm whose cost of capital is 10%, is considering two mutually exclusive projects X and Y, the details of which are:

	Project 'X' Rs.	Project 'Y' Rs.
Investment	43,500	36,000
Cash inflow year 1	10,000	15,000
Cash inflow year 2	12,000	13,000
Cash inflow year 3	13,000	12,000
Cash inflow year 4	14,000	10,000
Cash inflow year 5	16,000	10,000

- Compute for both the projects:
 (a) The Net Present Value at 10% discount rate.
 (b) Profitability index at 10% discount rate.
 (c) Internal rate of return

Following tables may be used to solve the question:

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$$N \times \frac{1}{(1+r)^n} = \frac{600 \times 10^3}{35}$$

Discount Factor Table

Year	10%	15%	20%	25%	30%
1	.909	.870	.833	.800	.769
2	.826	.756	.694	.640	.592
3	.751	.658	.579	.512	.455
4	.683	.572	.482	.410	.350
5	.621	.497	.402	.328	.269

Annuity Table

Year	10%	15%	20%	25%	30%
5	3.791	3.352	2.991	2.689	2.436

Q6 Write short notes on the following (attempt any three):

- (a) Risk adjusted discounting rate
 (b) Decision Tree
 (c) Sensitivity Analysis
 (d) Replacement decisions

Q7 (a) MM Foam Company currently has 50,000 outstanding shares selling at Rs. 100 each. The firm expected to have a net earning of Rs. 4,00,000 and contemplating dividend of Rs. 5 per share at the end of the current financial year. There is a proposal for making new investments of Rs. 12,00,000. Assuming 10% cost of capital show that under the MM hypothesis, the payment of dividend does not affect the value of the firm.

(b) What do you understand by dividend? Discuss the various factors influencing the corporate dividend policy.

Q8 Calculate the working capital requirement from the following particulars:

	Per annum (Rs.)
Raw Material Cost	6,24,000
Wages	3,12,000
Overheads (including depreciation of Rs. 20,000)	1,44,800
Total:	10,80,800
Add: Profit	1,19,200
Sales	12,00,000

Additional Information:

- (a) Inventory norms:
 Raw Material 6 weeks
 Work in progress 2 weeks
 Finished goods 4 weeks
 (b) 60% of the sales is for cash, for the remaining one month credit is allowed.
 (c) Creditors allow 1.5 months credit on 1/3rd of the purchase
 (d) Lag in payment of overhead is half month.
 (e) Wages are paid on the first day of the next month.
 (f) Cash is to be held to the extent of 50% of current liabilities.

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END TERM EXAMINATION

SIXTH SEMESTER [B.COM(HONS.)) MAY - 2017

Paper Code: B.COM-320

Subject: Advertising and Brand Management

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

Q1 What economic, social and legal aspects should be kept in consideration while copy writing for advertising? Illustrate your answer with suitable examples.

Q2 Trace and analyze the changes over the years in the marketing world and throw light on their implication for Indian advertising industry.

Q3 What are the different parameters to be taken into consideration for media planning? Take an example of your choice and explain the process of media planning.

Q4 Describe the effectiveness of internet as an advertising medium. Illustrate your answer by focussing on the interactive quality of medium.

Q5 Explain by giving suitable examples Strategic Brand Management Process.

Q6 "Brand revitalization does not always lead to success". Comment.

Q7 Explain the 3 Cs of positioning. Why is it difficult to position B2B products without having complete knowledge of the 3Cs.

Q8 Answer **any three** out of the following:-

- (a) Umbrella branding
- (b) 3Cs of positioning
- (c) Brand reinforcement
- (d) Brand Equity

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SIXTH SEMESTER [B.COM(HONS.)] MAY 2017

Paper Code: B.COM-306

Subject: International Business

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

*Q1 Discuss the nature and scope of international business? What are the challenges and opportunities faced by manager in International business? Explain it with suitable examples.

*Q2 What are the various causes of uncompetitiveness in Indian Organizations? Explain various strategic options for building competitiveness.

*Q3 Discuss various theories of International trade? Explain tariff and non tariff barriers in detail with suitable examples.

*Q4 Explain, how International Economic Institutions like IMF and World Bank have led to the current economic order?

*Q5 Explain the role of FDI in the economic development of the host country. Illustrate your answer with suitable Indian examples.

Q6 Pay for Performance is an effective motivational tool in global HR" - Discuss.

Q7 What are strategic alliances? What are the advantages of strategic alliances? Enumerate the parameters of a successful alliance.

*Q8 Write short notes on the following:-
(a) Multicultural Management
(b) Impact of globalisation on Indian Companies
(c) Role of IT in international business

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Exam Roll No. 041.....

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SIXTH SEMESTER [B.COM(HONS.)] MAY 2017

Paper Code: B.COM-304

Subject: Indirect Taxes

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions. All questions carry equal marks.

- Q1 How the valuation of a taxable service is arrived at? What are the valid exclusions from service tax valuation? *
- Q2 (a) What are the principles of interpretation of bundled services?
(b) Discuss the penalty provisions for non-payment or delayed payment of service tax.
- Q3 What is CENVAT? Who are eligible to avail for CENVAT? State the conditions for availing of credit under CENVAT.
- Q4 What is Excise Duty? State its features. What are the different types of excise Duty? Explain. *
- Q5 Discuss the nature and main features of customs Duty in India. What are the good and bad effects of customs Duty? *
- Q6 From the following particulars calculate the customs Duty Payable: *
- (i) Assessable value of imported goods Rs 5, 00,000.
(ii) Basic customs Duty Payable @ 10%.
(iii) The imported goods are also produced in India. On such goods excise duty is leviable @ 10%.
(iv) SAD @ 4% and Education Cess @ 3% is leviable.
- Q7 What is value Added Tax? Discuss the principles on which it is based. *
- Q8 Explain the following:- *
- (a) VAT Procedure
(b) Input Tax Credit
(c) How does VAT help in reducing 'Cascading effect of tax'?
