

(GI-1, GI-2, GI-3, GI-4, VI-1 & SI-1)

DATE: 13.09.2019

MAXIMUM MARKS : 100

TIMING: 3¼ Hours

PAPER: FM + ECO

SECTION - A

Q. No. 1 is compulsory.

Candidates are also required to answer any four questions from the remaining five questions.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions top answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Working Notes should form part of the respective answer.

Question 1:

- (a) From the following data related to a company, you are required to prepare Balance Sheet as at 31st March, 2017:

Current ratio	1.75
Liquid ratio	1.25
Stock turnover ratio (closing stock)	6 times
Gross profit ratio	20%
Debt Collection period	2 months
Reserve to capital ratio	0.6
Fixed assets turnover ratio (on cost of goods sold)	1.2
Capital gearing ratio	0.625
Fixed assets to net worth	1.26
Sales for the year	Rs. 15 lakhs

(7 Marks)

- (b) Determine the market price of equity shares of ZEROX Ltd. from the following information:

Earnings of the Company	Rs. 10,00,000
Dividend paid	Rs. 6,00,000
Number of shares outstanding	2,00,000
Price earning ratio	8
Rate of Return on Investment	15%

Are you satisfied with the current dividend policy of the firm? If not, what should be the optimal dividend payout ratio? Use Walter's Model.

(6 Marks)

- (c) M/s. Navya Corporation has a capital structure of 40% debt and 60% equity. The company is presently considering several alternative investment proposals costing less than Rs. 20 lakhs. The corporation always raises the required funds without disturbing its present debt equity ratio.

The cost of raising the debt and equity are as under:

Project cost	Cost of debt (before tax)	Cost of equity
Upto Rs. 2 lakhs	10%	12%
Above Rs. 2 lakhs & upto to Rs. 5 lakhs	11%	13%
Above Rs. 5 lakhs & upto Rs. 10 lakhs	12%	14%
Above Rs. 10 lakhs & upto Rs. 20 lakhs	13%	14.5%

Assuming the tax rate at 50%, CALCULATE:

- (i) Cost of capital of two projects X and Y whose fund requirements are Rs. 6.5 lakhs and Rs. 14 lakhs respectively.
 (ii) If a project is expected to give after tax return of 10%, DETERMINE under what conditions it would be acceptable?

(7 Marks)

Question 2:

Meena Limited plans to manufacture and sell 400 units of a domestic appliance per month at a price of Rs. 600 each. The ratio of costs to selling price are as follows:

	% of Selling Price
Raw Materials	30%
Packing Materials	10%
Direct Labour	15%
Direct Expense	5%

Fixed overheads are estimated at Rs. 4,32,000 per annum.

The following norms are maintained for inventory management:

Raw Materials	30 days
Packing Materials	15 days
Finished Goods	200 units
Work-in-Progress	7 days

Additional Informations:

- (1) Credit sales represent 80% of total sales and the dealers enjoy 30 working days credit. Balance 20% are cash sales.
 - (2) Creditors for all kind materials allow 21 working days credit for payment.
 - (3) Lag in payment of overheads and expenses is 15 working days.
 - (4) Contingency reserve requirements to be 12% of net working capital.
 - (5) Working days in a year are taken as 300 for budgeting purpose.
 - (6) Packing material is incurred on completion of goods and part of cost of goods sold.
 - (7) Material put in beginning and wages and overhead accrue evenly.
- Prepare a working capital requirement forecast for the budget year.

(10 Marks)

Question 3:

ABC Limited is considering an investment proposed to install a new machine. The project will cost Rs. 50,000 and will have a life of 5 years and no salvage value. The company's tax rate is 50% and no investment allowance is allowed. The firm uses straight line method of depreciation. The estimated net Income before depreciation and tax from the proposed investment proposal are as follows:

Year	Net Income before Depreciation & Tax Rs.
1	10,000
2	11,000
3	14,000
4	15,000
5	25,000

Compute the following:

1. Pay-back period
2. Average rate of return
3. Net Present Value at 10% discount rate.
4. Profitability index at 10% discount rate.

Year	PV Factors at 10%	Year	PV Factors at 10%
1	0.909	3	0.751
2	0.826	4	0.683
		5	0.621

(10 Marks)

Question 4:

Sundaram Ltd. discounts its cash flows at 16% and is in the tax bracket of 35%. For the acquisition of a machinery worth Rs. 10,00,000, it has two options – either to acquire the asset by taking a bank loan @ 15% p.a. repayable in 5 yearly installments of Rs. 2,00,000 each plus interest or to lease the asset at yearly rentals of Rs. 3,34,000 for five

(5) years. In both the cases, the installment is payable at the end of the year. Depreciation is to be applied at the rate of 15% using 'written down value' (WDV) method. You are required to advise which of the financing options is to be exercised and why. Ignore Capital Gain Tax.

Year	1	2	3	4	5
P.V factor @16%	0.862	0.743	0.641	0.552	0.476

(10 Marks)

Question 5:

A firm has sales of Rs. 75,00,000 variable cost is 56% and fixed cost is Rs. 6,00,000. It has a debt of Rs. 45,00,000 at 9% and equity of Rs. 55,00,000.

- What is the firm's ROI?
- Does it have favourable finance?
- If the firm belongs to an industry whose capital turnover is 3, does it have a high or low capital turnover?
- What are the operating, financial and combined leverages of the firm?
- If the sales is increased by 10% by what percentage EBIT will increase?
- At what level of sales the EBT of the firm will be equal to zero?
- If EBIT increases by 20%, by what percentage EBT will increase?

(10 Marks)

Question 6.

(a) DESCRIBE Bridge Finance.

(3 Marks)

(b) STATE Virtual Banking? DISCUSS its advantages.

(4 Marks)

(c) EXPLAIN Concentration Banking.

(3 Marks)

SECTION - B**Q. No. 7 is compulsory.****Answer any three from the rest.**

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions top answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Working Notes should form part of the respective answer.

Question 7:

(a) निम्न सारणी में दी गयी सूचना का उपयोग कर गणना करें:

- फर्म A तथा फर्म B द्वारा मूल्य संवर्द्धन
- बाजार कीमत पर सकल घरेलू उत्पाद
- फेक्टर लागत पर शुद्ध घरेलू उत्पाद

	विवरण	करोड रु. में
(i)	सामान्य सरकार को फर्म B द्वारा बिक्री	300
(ii)	फर्म A द्वारा बिक्री	1500
(iii)	परिवार को फर्म B द्वारा बिक्री	1350
(iv)	फर्म A का स्टॉक में बदलाव	200
(v)	फर्म B का अंतिम स्टॉक	140
(vi)	फर्म B का आरंभिक स्टॉक	130
(vii)	फर्म A द्वारा क्रय	270
(viii)	दोनों फर्म द्वारा भुगतान अप्रत्यक्ष कर	375
(ix)	स्थिर पूंजी का उपयोग	720
(x)	फर्म A से B को बिक्री	300

(5 Marks)

- (b) उनकी विशेषता पर आधारित निम्न वस्तु में प्रत्येक को वर्गीकृत करें युक्ति को वर्णित करें।
 (i) खुली पहुंच Wi-Fi नटवर्क
 (ii) टोल बूथ के साथ सड़क
 (iii) पार्क (3 Marks)
- (c) 'सामान्य की दुर्घटना' शब्द को वर्णित करें। (2 Marks)

Question 8:

- (a) प्रतिकूल चयन की अवधारणा को स्पष्ट करें। प्रतिकूल चयन का संभव परिणाम क्या है? (3 Marks)
- (b) प्रवाहित विनिमय दर प्रशासन के अन्तर्गत किस प्रकार विनिमय दर निर्धारित किया जाता है? (2 Marks)
- (c) व्यापार विसंगति से क्या अर्थ है? (3 Marks)
- (d) सूचना विफलता को परिभाषित करें। (2 Marks)

Question 9:

- (a) रिजर्व मनी क्या है? भारतीय रिजर्व बैंक द्वारा प्रकाशित डाटा से रिजर्व धन की गणना करें।

घटक	(रु. बिलियन में) 7 जुलाई 2018 को
परिचालन में करेंसी	15428.40
RBI के साथ बैंकर्स जमा	4596.18
RBI के साथ अन्य जमा	183.30

- (3 Marks)
- (b) हमारी अर्थव्यवस्था में बाजार स्थायीकरण योजना की क्या भूमिका है? (3 Marks)
- (c) आप राष्ट्रीय सुरक्षा को सार्वजनिक अच्छाई के रूप में क्यों विचार करते हैं। (2 Marks)
- (d) धन का कार्य को खाता की एक यूनिट के रूप में स्पष्ट करें। (2 Marks)

Question 10:

- (a) आपकी स्थानीय कंटेंट आवश्यकता क्या है? यह किस प्रकार व्यापार को प्रभावित करेगी? (3 Marks)
- (b) 'डम्पिंग' को परिभाषित करें। 'एंटी डम्पिंग' माप से आप क्या समझते हैं? (3 Mark)
- (c) शब्द अर्द्ध-जन वस्तु को स्पष्ट करें। (2 Mark)
- (d) स्पष्ट करें कि किस प्रकार नकद को धारित करने का सट्टा मंतव्य बाजार ब्याज दर से संबंधित है? (2 Mark)

Question 11:

- (a) विश्व व्यापार संस्था (WTO) का प्रमुख कार्य क्या है? आप शब्द 'सर्वाधिक सहायुक्त राष्ट्र' (MFN) से क्या समझते हैं?
(3 Mark)
- (b) विदेश सीधा निवेश (FDI) को परिभाषित करें। भारत जैसी विकासशील अर्थव्यवस्था में विदेश सीधा निवेश (FDI) के पक्ष में दो तर्क दें।
(3 Mark)
- (c) मंदी तथा अवसाद के दौरान क्या कर नीति होनी चाहिए? परीक्षण करें।
(2 Mark)
- (d) परीक्षण करें धन गुणक का क्या प्रभाव होगा यदि बैंक आधिक्य नकद को धारित करते हैं?
(2 Mark)
