

(GI-2, GI-6, GI-7, VI-1, VDI-1, DRIVE & FMT)

DATE: 13.09.2023

MAXIMUM MARKS : 100

TIMING: 3¼ Hours

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) Using the following information, complete the Balance Sheet given below:
- | | | |
|---------------------------------------------------------------------------------|---|---------|
| (i) Total debt to net worth | : | 1 : 2 |
| (ii) Total assets turnover | : | 2 |
| (iii) Gross profit on sales | : | 30% |
| (iv) Average collection period
(Assume 360 days in a year) | : | 40 days |
| (v) Inventory turnover ratio based on cost of goods sold and year-end inventory | : | 3 |
| (vi) Acid test ratio (Based on CL) | : | 0.75 |

**Balance Sheet
as on March 31, 2019**

Liabilities	Rs.	Assets	Rs.
Equity Shares Capital	4,00,000	Plant and Machinery	—
Reserves and Surplus	6,00,000	and other Fixed Assets	
Total Debt:		Current Assets:	
Current Liabilities		Inventory	—
		Debtors	—
		Cash	—
	--		--

(5 Marks)

- (b) Delta Ltd. currently has an equity share capital of Rs. 10,00,000 consisting of 1,00,000 Equity share of Rs. 10 each. The company is going through a major expansion plan requiring to raise funds to the tune of Rs. 6,00,000. To finance the expansion the management has following plans:
- Plan-I : Issue 60,000 Equity shares of Rs. 10 each.
 Plan-II : Issue 40,000 Equity shares of Rs. 10 each and the balance through long-term borrowing at 12% interest p.a.
 Plan-III : Issue 30,000 Equity shares of Rs. 10 each and 3,000, 9% Debentures of Rs. 100 each.
 Plan-IV : Issue 30,000 Equity shares of Rs. 10 each and the balance through 6% preference shares.

The EBIT of the company is expected to be Rs. 4,00,000 p.a. assume corporate tax rate of 40%.

Required:

- (i) Calculate EPS in each of the above plans.
 (ii) Ascertain financial leverage in each plan.
 (iii) Comment which plane is better.

(5 Marks)

- (c) Company X is forced to choose between two machines A and B. The two machines are designed differently, but have identical capacity and do exactly the same job. Machine A costs Rs. 1,50,000 and will last for 3 years. It costs Rs. 40,000 per year to run. Machine B is an 'economy' model costing only Rs. 1,00,000, but will last only for 2 years, and costs Rs. 60,000 per year to run. These are real cash flows. The costs are forecasted in rupees of constant purchasing power. Ignore tax. Opportunity cost of capital is 10 per cent. Which machine company X should buy?

(8 Marks)

- (d) Define Modified Internal Rate of Return method.

(2 Marks)

Question 2:

A proforma cost sheet of a Company provides the following data:

	Rs.
Raw material cost per unit	117
Direct Labour cost per unit	49
Factory overheads cost per unit (includes depreciation of Rs. 18 per unit at budgeted level of activity)	98
Total cost per unit	264
Profit	36
Selling price per unit	300

Following additional information is available:

Average raw material in stock	:	4 weeks
Average work-in-process stock (% completion with	:	2 weeks
Respect to Materials	: 80%	
Labour and Overheads	: 60%	
Finished goods in stock	:	3 weeks
Credit period allowed to debtors	:	6 weeks
Credit period availed from suppliers	:	8 weeks
Time lag in payment of wages	:	1 week
Time lag in payment of overheads	:	2 weeks

The company sells one-fifth of the output against cash and maintains cash balance of 2,50,000.

Required:

Prepare a statement showing estimate of working capital needed to finance a budgeted activity level of 78,000 units of production. You may assume that production is carried on evenly throughout the year and wages and overheads accrue similarly.

(10 Marks)

Question 3:

- (a) Amita Ltd's operating income is Rs. 5,00,000. The firm's cost of debt is 10% and currently the firm employs Rs. 15,00,000 of debt. The overall cost of capital of the firm is 15%.

You are required to determine:

- (i) Total value of the firm.
(ii) Cost of equity.

(5 Mark)

- (b) The following figures are collected from the annual report of XYZ Ltd.:

	Rs.
Net Profit	30 lakhs
Outstanding 12% preference shares	100 lakhs
No. of equity shares	3 lakhs
Return on Investment	20%
Cost of capital i.e. (k_e)	16%

What should be the approximate dividend pay-out ratio so as to keep the share price at Rs. 42 by using Walter model?

(5 Marks)

Question 4:

(a) Determine the risk adjusted net present value of the following projects:

	X	Y	Z
Net cash outlays (Rs.)	2,10,000	1,20,000	1,00,000
Project life	5 years	5 years	5 years
Annual Cash inflow (Rs.)	70,000	42,000	30,000
Coefficient of variation	1.2	0.8	0.4

The Company selects the risk-adjusted rate of discount on the basis of the coefficient of variation:

Coefficient of Variation	Risk-Adjusted Rate of Return	P.V. Factor 1 to 5 years At risk adjusted rate of discount
0.0	10%	3.791
0.4	12%	3.605
0.8	14%	3.433
1.2	16%	3.274
1.6	18%	3.127
2.0	22%	2.864
More than 2.0	25%	2.689

(5 Marks)

(b) The following information is available in respect of Sai trading company:

- (i) On an average, debtors are collected after 45 days; inventories have an average holding period of 75 days and creditor's payment period on an average is 30 days.
 - (ii) The firm spends a total of Rs. 120 lakhs annually at a constant rate.
 - (iii) It can earn 10 per cent on investments.
- From the above information, you are required to calculate:
- (a) The cash cycle and cash turnover,
 - (b) Minimum amounts of cash to be maintained to meet payments as they become due,
 - (c) Savings by reducing the average inventory holding period by 30 days.

(5 Marks)

Question 5:

A company is presently having credit sales of Rs. 12 lakh. The existing credit terms are 1/10, net 45 days and average collection period is 30 days. The current bad debts loss is 1.5%. In order to accelerate the collection process further as also to increase sales, the company is contemplating liberalization of its existing credit terms to 2/10, net 45 days. It is expected that sales are likely to increase by 1/3 of existing sales, bad debts increase to 2% of sales and average collection period to decline to 20 days. The contribution to sales ratio of the company is 22% and opportunity cost of investment in receivables is 15 percent (pre-tax). 50 per cent and 80 percent of customers in terms of sales revenue are expected to avail cash discount under existing and liberalization scheme respectively. The tax rate is 30%.

Should the company change its credit terms? (Assume 360 days in a year).

(10 Marks)

Question 6:

(a) State the main features of deep discount bonds.

(5 Marks)

(b) Explain in brief the features of Commercial Paper.

(5 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:

- (i) फर्म A तथा फर्म B द्वारा मूल्य संवर्द्धन
- (ii) बाजार कीमत पर सकल घरेलू उत्पाद
- (iii) फेक्टर लागत पर शुद्ध घरेलू उत्पाद

	विवरण	करोड़ 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 Marks)

(c) शब्द अर्द्ध-जन वस्तु को स्पष्ट करें।

(2 Marks)

(d) स्पष्ट करें कि किस प्रकार नकद को धारित करने का सट्टा मंतव्य बाजार ब्याज दर से संबंधित है?

(2 Marks)

Question 11:

(a) विश्व व्यापार संस्था (WTO) का प्रमुख कार्य क्या है? आप शब्द 'सर्वाधिक सहायुक्त राष्ट्र' (MFN) से क्या समझते हैं?

(3 Marks)

(b) विदेश सीधा निवेश (FDI) को परिभाषित करें। भारत जैसी विकासशील अर्थव्यवस्था में विदेश सीधा निवेश (FDI) के पक्ष में दो तर्क दें।

(3 Marks)

(c) मंदी तथा अवसाद के दौरान क्या कर नीति होनी चाहिए? परीक्षण करें।

(2 Marks)

(d) परीक्षण करें धन गुणक का क्या प्रभाव होगा यदि बैंक आधिक्य नकद को धारित करते हैं?

(2 Marks)

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