

**MBFM 3001/MBLF 3002**

M.B.A. DEGREE EXAMINATION,  
DECEMBER 2015/JANUARY 2016.

Third Semester

Finance

**STRATEGIC FINANCIAL MANAGEMENT**

Time : Three hours

Maximum : 100 marks

**PART A — (5 × 6 = 30 marks)**

Answer any FIVE questions.

1. Discuss the difference between goals and objectives.
2. What are the processes of corporate planning?
3. Discuss various factors determining investment decisions.
4. Explain the various types of mergers.
5. What motivates executives to initiate mergers and acquisitions?
6. What are the services rendered by a lessor?

7. Discuss the different methods of evaluating venture capital investment.
8. What do you mean by convertible preference shares?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. Discuss the steps involved in the process of financial planning.
10. Explain the application of financial models.
11. Explain the techniques of investment decisions.
12. Discuss briefly the legal-regulatory conditions governing business takeovers and amalgamations in India.
13. How are lease classified? Explain.
14. Discuss the different exit methods available to venture capital financing companies.
15. Explain the various kinds of Hybrid securities.
16. Discuss the reasons for slow growth of venture capital companies in India.

PART C — (1 × 20 = 20 marks)

Case Study

(Compulsory)

17. Shajaz International, a premier Five Star Hotel based at Kolkatta has started facing decline in its corporate customer inventory. Corporate clients who had constant relationship for a long period with SHAJAZ have moved over to other competing star hotels. The CEO, expressed concern over this trend and worried that the same trend is likely to happen with their other client segments of both national and international individual customers. On this background if you are consulted :

Question :

What could be the strategy you would recommend to overcome the situation?

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**MBFM 3002**

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Third Semester

Finance

**BANKING AND INDIAN FINANCIAL SYSTEM**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

1. What is Crossing of a Cheque? Explain the types of Crossing.
2. Explain the functions of Central Bank.
3. Enumerate the Services of IBRD.
4. Explain the objectives of Monetary Policy in India.
5. What are the advantages of Foreign Capital?
6. What are the objectives of National Housing Banks?



7. Define Financial Intermediaries. What are the types of Financial Intermediaries?

8. Briefly discuss the issues and challenges of Indian Capital Market.

**PART B — (5 × 10 = 50 marks)**

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

9. Outline the structure of Banking System in India.

10. Explain the role of NABARD in the development of the economy.

11. Briefly explain the various methods of Credit Control.

12. Explain the role of Money Market in context to growth of Indian Economy.

13. What is a listing agreement? Explain in brief the clauses under listing agreement.

14. What is a Mutual Fund? What are the types of Mutual Funds?

15. Discuss the salient features of Foreign Institutional Investors.

16. What is FDI? Bring out the significance of FDI.

**PART C — (1 × 20 = 20 marks)**

**Case Study – Compulsory**

17. The economic reform process began in 1991, in response to a fiscal and balance of payments crisis in 1991, India launched a program of economic policy reforms.

The main objectives of the financial sector reform process initiated in India have been to remove financial repression that existed earlier, create an efficient, productive and profitable financial sector. Also to provide operational and functional autonomy to the institutions, promote financial stability and preparing the financial system for increasing international competition.

(a) Bring out the reasons behind the Indian financial reforms.

(b) Explain various issues in Indian financial markets.

(c) Highlight the reforms brought in banking sector, debt market, foreign exchange market and capital market.



started to focus more on emerging markets as the developed markets were getting saturated. But despite all the initiatives to expand its business, the share price of Facebook began to continuously under perform after the company came out with its IPO.

- (a) Discuss and debate how facebook can use the funds it raised through the IPO to fuel its future expansion.
- (b) Discuss the new strategies that Facebook should follow to expand its reach in Emerging markets.
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**GN 3003/MBLG 3001**

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Finance

**MERCHANT BANKING AND FINANCIAL SERVICES**

Time : Three hours

Maximum : 100 marks

**PART A — (5 × 6 = 30 marks)**

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

1. What do you mean by Fund based Financial Services? How does it differ from Non-fund based activities?
2. What are the characteristics of Venture Capital?
3. Explain the various methods of Underwriting. Bring out the benefits of Underwriting.
4. Write short notes on Book-Building and Green Shoe Option.



5. Define Factoring. Explain the types of Factoring.
6. What are the facilities offered to Credit Card Holders?
7. Distinguish factoring from Forfeiting.
8. Outline the process of Credit Rating in India.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

9. Enumerate various Innovative Financial Instruments.
10. Define Merchant Banking. Discuss in detail the various services rendered by Merchant Bankers.
11. What is Credit Rating? How is Credit Rating done in India? Which are the Credit Rating Agencies?
12. Briefly explain the eligibility norms of the companies issuing securities through an offer document.
13. Explain the factors to be considered before selecting Mutual Fund.

14. Discuss the main features of National Housing Bank.
15. Define Insurance. Explain different types of Insurance Policies.
16. What are the methods of Venture Capital Financing in India? Explain the importance of Venture capital for the development of a Country.

PART C — (1 × 20 = 20 marks)

Case Study — Compulsory

17. In 2012, Facebook embarked on an IPO to meet regulatory requirements as well as raise the funds needed for future expansion. Facebook hoped to use the funds raised from the IPO to expand further by acquiring smaller companies, developing new technologies, and recruiting talented people. It was facing stiffer competition in the market as established rivals such as Google had launched their own social networks like 'Google +'. As Facebook's attempts to expand into other internet services like 'Email' were not fruitful, it decided to focus more on social networking to expand its business. It started to concentrate more on mobile advertising and introduced a new initiative called "Sponsored stories" to effectively tap the mobile channel. In order to further expand its reach, Facebook also



**MBFM 3004/MBLF 4001**

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**PROJECT MANAGEMENT**

Time : Three hours

Maximum : 100 marks

PART A — ( $5 \times 6 = 30$  marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

1. Define a Project. How will you classify a Project?
2. Briefly explain the steps in defining the Project.
3. Define Project Constraints. Explain the possible constraints.
4. Explain the components of Project Feasibility studies.
5. Explain the merits and demerits of Payback Period.
6. Distinguish between PERT and CPM.



7. Explain the ways to prevent cost overruns.

8. Write a short note on the Five Stage Team Development Model.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

9. Bring out the significance of Project Management.
10. What are the different stages in the life cycle of a Project? Highlight the major decisions to be taken at each of these stages.
11. Describe the methods of dealing with uncertainty in project evaluations.
12. Explain the steps in Project Audit Process.
13. Enumerate the steps in Project Appraisal Process.
14. Give a brief account on Social Cost Benefit Analysis.
15. Discuss the qualities of an effective Project Manager.
16. Discuss briefly on Social Network Building.

PART C — (1 × 20 = 20 marks)

#### Case Study — Compulsory

17. The expected cash flows of a project, which involves an investment outlay of Rs. 1,00,000 are as follows :

| Year: | 1 | 2 | 3 | 4 | 5 |
|-------|---|---|---|---|---|
|-------|---|---|---|---|---|

|                |          |          |          |          |          |
|----------------|----------|----------|----------|----------|----------|
| Cash flow Rs.: | 2,00,000 | 3,00,000 | 4,00,000 | 3,00,000 | 2,00,000 |
|----------------|----------|----------|----------|----------|----------|

The risk adjusted discount rate for this project is 18%. Is the project worthwhile?

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**MBFM 3005/MBLF 4002**

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Third Semester

Finance

**MANAGEMENT ACCOUNTING**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Discuss in detail the functions of management accounting.
2. "Marginal costing is a valuable aid for managerial decisions". Discuss.
3. What are the major steps in a decision tree process?
4. What do you mean by value chain analysis? What are its activities?



5. The expenses for budgeted production of 10,000 units in a factory are furnished below :

|                                   | Per Unit<br>Rs. |
|-----------------------------------|-----------------|
| Material                          | 70              |
| Labour                            | 25              |
| Variable overheads                | 20              |
| Fixed overheads (Rs. 1,00,000)    | 10              |
| Variable expenses (direct)        | 5               |
| Selling expenses (10% fixed)      | 13              |
| Distribution expenses (20% fixed) | 7               |
| Administration expenses           | 5               |
| Total cost per unit               | <u>155</u>      |

Prepare a budget for production of :

- (a) 8,000 units  
(b) 6,000 units.  
(c) Indicate cost per unit at both the levels assumes that administration expenses are fixed for all level of production.

6. Product X requires 20kgs. of material at Rs. 4 per kg. The actual consumption of material for the manufacturing of product x came to 24 kgs. of material at s. 4.50 per kg. Calculate. (a) Material Cost Variance (b) material Price Variance and (c) Material Usage variance.

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Give a suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs. 9 to Rs. 8.

The cost information is as follows :

|                         | Rs.          |
|-------------------------|--------------|
| Material                | 3.50         |
| Direct Labour           | 4.00         |
| Other Variable expenses | 1.00         |
| Fixed expenses          | <u>1.50</u>  |
| Total                   | <u>10.00</u> |

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16. From the following balance sheets of B, Ltd., prepare a sources and uses of funds statement for 2014.

|                       | 31 <sup>st</sup> December<br>2014<br>Rs. | 31 <sup>st</sup> December<br>2013<br>Rs. |
|-----------------------|------------------------------------------|------------------------------------------|
| <b>Assets</b>         |                                          |                                          |
| Cash                  | 75,000                                   | 35,000                                   |
| Accounts Receivable   | 90,000                                   | 98,000                                   |
| Merchandise Inventory | 1,20,000                                 | 87,000                                   |
| Long-term investments | 10,000                                   | 15,000                                   |
| Land                  | 30,000                                   | 20,000                                   |
|                       | <u>3,25,000</u>                          | <u>2,55,000</u>                          |
| <b>Liabilities</b>    |                                          |                                          |
| Accounts payable      | 45,000                                   | 50,000                                   |
| Bills payable         | 55,000                                   | 20,000                                   |
| Capital stock         | 1,50,000                                 | 1,25,000                                 |
| Retained earnings     | 75,000                                   | 60,000                                   |
|                       | <u>3,25,000</u>                          | <u>2,55,000</u>                          |

PART C — (1 × 20 = 20 marks)

Case Study.  
(Compulsory)

17. The management of a company finds that while the cost of making a component part is Rs. 10, the same is available in the market at Rs. 9 with an assurance of continuous supply.

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7. Calculate Break-Even Point from the following particulars.

|                        | Rs.      |
|------------------------|----------|
| Fixed expenses         | 1,50,000 |
| Variable cost per unit | 10       |
| Selling price per unit | 15       |

8. Calculate Cash from Operations from the following :

|                                   | I Year | II year |
|-----------------------------------|--------|---------|
|                                   | Rs.    | Rs.     |
| Profit and Loss appropriation a/c | 10,000 | 20,000  |
| Bills receivable                  | 18,000 | 22,000  |
| Provision for depreciation        | 40,000 | 42,000  |
| Outstanding rent                  | 1,600  | 4,000   |
| Prepaid insurance                 | 2,000  | 1,800   |
| Goodwill                          | 24,000 | 20,000  |
| Stock                             | 12,000 | 16,000  |

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**PART B — (5 × 10 = 50 marks)**

Answer any FIVE questions.

9. How does management accounting differ from financial accounting?
10. What is Zero-Base Budgeting (ZBB)? Explain the process of ZBB and its advantages.
11. Explain the managerial applications of marginal costing.
12. State the fundamental principles of management reports.
13. (a) XYZ Ltd. wishes to arrange overdraft facilities with its bankers during the period April to June 2014 when it will be manufacturing mostly for stock. Prepare a cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month :

|           | Credit sales | Purchases | Wages  |
|-----------|--------------|-----------|--------|
|           | Rs.          | Rs.       | Rs.    |
| Feb. 2014 | 1,80,000     | 1,24,000  | 12,000 |
| March     | 1,92,000     | 1,44,000  | 14,000 |
| April     | 1,08,000     | 2,43,000  | 11,000 |
| May       | 1,74,000     | 2,46,000  | 10,000 |
| June      | 1,26,000     | 2,68,000  | 15,000 |

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- (b) 50% percent of credit sales are realized in the month following the sales and the remaining 50 per cent in the month following. Creditors are paid in the month following the month of purchase.

- (c) Cash at bank on 1.4.2014 (estimated) Rs. 25,000.

14. The information regarding the composition and hourly wage rates of labour force engaged on a job scheduled to be completed in 30 hours are as follows :

| Category of workers | Standard No. of workers | Hourly wage rate per worker | Actual No. of workers | Hourly wage rate per worker |
|---------------------|-------------------------|-----------------------------|-----------------------|-----------------------------|
| Skilled             | 75                      | Rs. 6                       | 70                    | Rs. 7                       |
| Semi-skilled        | 45                      | 4                           | 30                    | 5                           |
| Un-skilled          | 60                      | 3                           | 80                    | 2                           |

The work was completed in 32 hours. Calculate labour variance.

15. From the following information relating to Good Standards Ltd., you are required to find out (a) P.V. ratio (b) Break Even point (c) Profit (d) Margin of safety.
- |                     |            |
|---------------------|------------|
| Total fixed costs   | Rs. 4,500  |
| Total variable cost | Rs. 7,500  |
| Total sales         | Rs. 15,000 |
- (e) Also calculate the volume of sales to earn profit of Rs. 6,000.

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