

year after the deal, with Cadbury failing to meet Kraft's top line growth objectives and the company being behind in its debt reduction plans, industry observers were beginning to question whether Kraft's strategy of acquiring Cadbury was a wise one.

- (a) Explain the types of mergers and acquisitions and why Kraft decided to acquire Cadbury.
- (b) Critically analyze Kraft's decision to acquire Cadbury and evaluate its decision of acquiring the company.
- (c) To take stock of the company's performance after one year and suggest remedial action.

MBFM 3001/MBLF 3002

**M.B.A. DEGREE EXAMINATION,
JUNE 2015.**

Third Semester

Finance

STRATEGIC FINANCIAL MANAGEMENT

(2012 – 2013 Batch onwards)

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 Financial Planning? What are its components?
2. Briefly describe the procedure of Sensitivity Analysis.
3. Write short notes on
 - (a) Buy Back of Shares
 - (b) Demergers

4. Define Merger. What are the principal reasons for a Merger?
5. What is an Option? What are the factors that determine Option Values?
6. What is a Warrant? How does it differ from Convertible Debentures?
7. Define Leasing. What are the types of Leasing?
8. Explain the types of Financial Models.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight questions.

All questions carry equal marks.

9. Define Strategic Planning. Elucidate the steps for strategic planning.
10. Define Financial Restructuring. Explain the components of Financial Restructuring.
11. Explain the different measures of risk. Critically comment on the methods of risk analysis in practice.
12. Discuss the evaluation of Lease from the point of view of Lessor and Lessee.

13. What is Simulation analysis? Bring out the steps for Simulation Analysis. Also write its advantages.
14. Elucidate the stages in Acquisition Process.
15. What do you mean by Venture Capital financing? Enumerate the methods of Venture Capital financing.
16. Write short notes on
 - (a) Deep Discount Bonds
 - (b) Secured Premium Notes
 - (c) Zero interest fully convertible debentures.

PART C — (1 × 20 = 20 marks)

Case Study – Compulsory.

17. UK-based Cadbury PLC (Cadbury) was taken over by the US-based Kraft Foods (Kraft). The final takeover price was £11.9 billion (US\$19.7 billion). Cadbury was the world's second largest confectionery company. It had established a strong presence in emerging markets and globally held the sixth position in the chocolates market. Cadbury had been facing a financial crisis over the previous few years and the revenue of the company had declined. In early 2010, Cadbury was finally acquired by Kraft which felt that there were a lot of synergies in this acquisition. But one

(iii) His own Life Insurance Policy for Rs. 60,000 maturing In December 2015.

Which of the, following securities would you accept and why? What precautions would you take and what documents would you obtain for the advance?

MBFM 3002

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Third Semester

Finance

BANKING AND INDIAN FINANCIAL SYSTEM

(2012 – 2013 batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the structure of Indian Banking system.
2. Discuss the objects of Monetary Policy.
3. Examine the working of NABARD.
4. Enumerate the regulations for listing of securities.
5. Bring out the Pros and Cons of PDI.
6. Analyse the reforms made in Indian Capital Market.
7. Explain the consequences of wrongful dishonour of cheques. Illustrate your answer with a case study.
8. Critically examine the working of mutual fund companies in India.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. What are the precautions to be taken by a banker while granting loans against documents of title goods?
10. Explain the precautions to be taken by a paying banker before making payment of cheques?
11. Examine the functions and working of IBRD.
12. Explain the functions of Industrial Financial Corporation of India.
13. Discuss the functions of stock exchange.
14. Enumerate the role of different financial institutions in rural financing.
15. Explain the relationship between banker and customer.
16. Explain the merits and demerits of different forms of foreign investment.

PART C — (1 × 20 = 20 marks)

Case Study – compulsory question

17. (a) Mr. A opens a well introduced savings account with you. He deposits a cheque crossed' account payee' in the account and withdraws the amount. A few days later, the paying banker informs you that the drawer of the cheque has learnt that the real Mr. A has not received the cheque and it was stolen in transit. On further inquiry it appears that the man who opened the account with you is not traceable at the address given. Paying banker calls upon you to pay back the amount as the cheque was wrongly collected by you. As branch manager how would you deal with the above.

(b) Mr. Desai, your valued customer, approaches you to grant an overdraft facility upto Rs. 25,000 in his current account. He offers the following securities:
 - (i) 100 shares of Century Spinning and Weaving Co. Ltd, standing in the name of his wife.
 - (ii) A Fixed Deposit Receipt for Rs. 50,000 standing in the name of his wife jointly with his son issued by another branch of your bank.

MBFM 3003/GN 3003/
MBLG 3001

M.B.A. DEGREE EXAMINATION,
JUNE 2015.

Third Semester

Finance / General

MERCHANT BANKING AND FINANCIAL SERVICES

(2012 – 2013 Batch onwards)

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions out of Eight.

1. Explain New Financial Products and Services.
2. Examine Issue of Debt Instruments in India.
3. Explain RML
4. Describe the types of Mutual Funds.
5. Explain the Importance of Venture Capital.
6. Explain the role of credit cards in India.
7. What is Factoring and Forfeiting?
8. Write a note on Preferential Issues.

to purchase material but his customers would not pay until the job was done. Since he was relatively new in the business, he did not feel that he could compete if he had to require a sizeable deposit or payment in advance. Instead, he could quote for higher profits if he were willing to wait until completion of the job for payment. To show that his operation was sound, he included a list of customers and projects with his loan application. He also included a list of current receivables.

Cooper told the loan officer that he had monitored his firm's financial status closely and that he had financial reports prepared every six months. He said that he would send a copy to the bank. In addition, he was willing to file a personal financial statement with the bank.

Question :

Prepare your recommendations on Arther Cast Company.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of Eight.

9. Examine Innovative Financial Instruments and Challenges ahead in our Country.
10. Explain the functions of Factoring in India.
11. Examine the Issues Management Intermediaries in Merchant Banking.
12. Comment on Indian Housing Finance System Players.
13. Discuss the Importance of Mutual Funds Industry in India.
14. Examine the role of Credit Rating Agencies in India.
15. Explain various types of Insurance Industry in India.
16. Analyse fund based and non-fund based Activities of Financial Services Industry.

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MBLG 3001

PART C — (1 × 20 = 20 marks)

Case Study (Compulsory)

ARTHER CAST CASE: CREDIT DECISION

17. on August 30, 1998, the Arther Cast Company, Inc., applied for a \$200,000 loan from the main office of the National Bank of New York. The application was forwarded to the bank's commercial loan department.

Cooper the president and principal stockholder of Arther Cast, applied for the loan in person. He told the loan officer that he had been in business since February 1976, but that he considerable prior experience in flooring and carpets since he had worked as an individual contractor for the past 20 year. Most of this time, he had worked in Frankfert and Michigan. He finally decided to "work for himself" and he formed the company with Berry Hook, a former co-worker. This information seemed to be consistent with the Dun and Bradstreet report obtained by the bank.

According to Cooper, the purpose of the loan was to assist him in carrying his receivables until they could be collected. He explained that the flooring business required him to expend considerable case

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MBLG 3001

(a) Draw a network for the problem using only time for the regular programme activities. Trace the critical path and state how long will it take to complete the project? What would be the cost of completing this project in this fashion?

(b) Find the time-cost tradeoff points that are possible. What is the minimum time in which the project can be completed? What is the cost of the programmes?

PART C — (1 × 20 = 20 marks)

Case Study
(Compulsory)

17. Calculate the average rate of return for project 'A' and 'B' from the following information.

	Project A		Project B	
Investment (Rs)		25,000		37,000
Expected life (in years)		4		5
Net earnings (after depreciation and taxes)	Years	2,500	3,750	
	1	1,875	3,750	
	2	1,875	2,500	
	3	1,250	1,250	
	4	—	1,250	
	5	7,500	12,500	

If the desired rate of return is 12%, which project should be selected?

MBFM 3004/MBLF 4001

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Third Semester

Finance

PROJECT MANAGEMENT

(2012 – 2013 Batch onwards)

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain the essential requirements of project objectives.
2. What is feasibility analysis? Describe the main phase.
3. Explain the need project formulation.
4. State the various project appraisal methods.
5. What are the various types of network techniques?
6. Distinguish between PERT and CPM.
7. What do you mean by managing project stakeholders?

8. Calculate the pay back period for a project which requires a cash outlay of Rs. 2,00,000 and generates cash inflows of Rs. 80,000, Rs. 40,000, Rs. 30,000 and Rs. 10,000 in the first, second, third, fourth and fifth year respectively.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. How will you classify the projects? Which criterion seems to be more rational and acceptable for classification of projects?
10. Briefly narrate the constraints for project identification.
11. Explain the general format on scope of feasibility report.
12. Discuss various phases of project life cycle.

13. Analyze the significance of managerial competence and commercial viability of the project in a project evaluation study.

14. State the qualities of an effective project manager.

15. A project has begun on 1st April 2014 and was expected to be completed by 31st December 2014. The project is being reviewed on 30th September 2014 when the following information has been developed :

	Rs.
Budgeted cost for work scheduled (BCWS)	15,00,000
Budgeted cost for work performed (BCWP)	14,00,000
Actual cost of work performed (ACWP)	16,00,000
Budgeted cost for total work (BCTW)	25,00,000
Additional cost for completion (ACC)	12,00,000

Determine the following : (a) Cost variance; (b) Schedule variance in cost terms; (c) Cost performance index; (d) Schedule performance index; and (e) Estimated cost performance.

16. A project is characterized by activities A to G and the times required and costs for both a regular and a crash programme for each activity are as follows:

Activity Event→	Name of Event	Activity	Time (weeks)		Cost (Rs.)	
			Regular	Crash	Regular	Crash
1→	2	A	5	3	200	260
1→	3	B	2	1	50	70
2→	4	C	3	2	180	220
3→	4	D	4	2	300	450
2→	5	E	4	3	420	550
4→	6	F	3	1	100	150
5→	6	G	5	4	600	700

MBFM 3005/MBLF 4002

M.B.A. DEGREE EXAMINATION, JUNE 2015.

Third Semester

Finance

MANAGEMENT ACCOUNTING

(2012 – 2013 Batch Onwards)

Time : Three hours Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of the following.

1. What are the advantages of Management Accounting?
2. What are the essential features of Responsibility Accounting?
3. From the following Trading and Profit and Loss Account of Kaveri Ltd., you are required to ascertain cash from operations.

Trading and Profit and Loss A/c for the year ending
31-3-1999

Particulars	Rs.	Particulars	Rs.
To cost of goods sold	2,40,000	By sales	4,00,000
To Gross profit c/d	1,60,000		
	<u>4,00,000</u>		<u>4,00,000</u>
To Stationery	6,000	By Gross Profit b/d	1,60,000

Particulars	Rs.	Particulars	Rs.
To Depreciation	14,000		
To Salaries	20,000		
To Loss on sale of investments	2,000		
To Rent & Taxes	8,000		
To Discount on issue of Debentures	4,000		
To Postage	3,000		
To Provision for Tax	20,000		
To Proposed dividend	10,000		
To Net profit	73,000		
	<u>1,60,000</u>		<u>1,60,000</u>

4. Vasanth Ltd. presents the following results for one year. Calculate the P/V Ratio, BEP and Margin of Safety.

	Rs.
Sales	2,00,000
Variable costs	1,20,000
Fixed cost	50,000
Net profit	30,000

14. Explain briefly the Contemporary Issues in Management Accounting.
15. What is Value Chain Analysis? Explain briefly its value creating activities.
16. Define Management Reporting. State the objectives of Reporting.

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. The following are the operating details of two plants operating under the same management.

Particulars	Plant A	Plant B
	(Rs.)	(Rs.)
Sales	10,00,000	8,00,000
Variable cost	6,00,000	5,00,000
Fixed cost	2,00,000	1,00,000
Capacity of operation	100%	50%

It is proposed to merge both the plants.

You are required to ascertain :

- (a) Break even sales and break even capacity of the merged plant;
- (b) Profit and Profitability of operating the merged plant at 90% of the capacity.
- (c) Capacity level of operation, if profit of Rs. 4,00,000 (the profit made by both plants before merger) has to be made by the merged plant.

Liabilities	1989 (Rs.)	1990 (Rs.)	Assets	1989 (Rs.)	1990 (Rs.)
Current liabilities :			Prepaid expenses	300	500
Creditors	12,000	11,000	Cash	1,200	3,500
Provision for tax	3,000	4,200			
Proposed dividend	5,000	5,800			
Bank overdraft	12,500	6,800			
	<u>81,500</u>	<u>88,000</u>		<u>81,500</u>	<u>88,000</u>

Prepare :

(a) Statement showing changes in the working capital.

(b) A Statement of sources and applications of funds.

12. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit (Rs.)
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present Production (50% activity)	1,000 units

13. What are the methods of Transfer Pricing?

5. From the following details, calculate variable overhead variances :

	Rs.
Budgeted variable overhead	1,20,000
Budgeted output in units	20,000
Budgeted hours	60,000
Actual variable overhead	1,70,000
Actual hours	50,000
Actual output in units	22,000

6. Martin Ltd. plans to sell for the next year 50,000 units of a particular product. Two kinds of raw materials 'A' and 'B' are required for manufacturing the product. Each unit of the product requires 2 units of 'A' and 3 units of 'B'. The estimated opening balances at the commencement of the next year are :

Finished product	8,000 units
Raw materials 'A' -	12,000 units
'B' -	15,000 units

The desired closing balances at the end of the next year are :

Finished product	6,000 units
Raw materials 'A' -	13,000 units
'B' -	16,000 units

Draw up a raw materials purchase budget for the next year.

7. A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 1999. The following were the budgeted expenses and revenue.

Material		Rs. 15 per unit
Wages		Rs. 10 per unit
Works expenses	(Fixed)	Rs. 40,000
	(Variable)	Rs. 4 per unit
General expenses	(all fixed)	Rs. 60,000

Profit is 20% on sale price. Prepare the budget for 1999 showing the costs and profit.

8. What is Zero base budgeting?

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of the following.

9. From the following particulars Calculate
- Material price variance
 - Material usage variance and
 - Material cost variance
- Material purchased 3,000 kgs at Rs.6 per kg
 Standard quantity of material fixed
 For one unit of finished product 25 kgs at Rs.4 per kg
 Opening stock of material Nil
 Closing stock of material 500 kgs
 Actual output during the period 80 units

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MBLF 4002

10. The sales turnover and profit during two years were as follows:

Year	Sales Rs.	Profit Rs.
2007	1,40,000	15,000
2008	1,60,000	20,000

Calculate :

- P/V Ratio
- Break - even point
- Sales required to earn a profit of Rs. 40,000
- Fixed expenses and
- Profit when sales are Rs. 1,20,000.

11. The following are the summarized balance sheets of Malar industries Ltd., as on 31st December, 1989 and 1990 :

Balance Sheet			
Liabilities	1989 (Rs.)	1990 (Rs.)	Assets (Rs.)
Capital :			Fixed assets
7% Redeemable preference shares	—	10,000	Less : Depreciation
Equity shares	40,000	40,000	
General reserve	2,000	2,000	Current assets :
Profit and loss a/c	1,000	1,200	Debtors
Debentures	6,000	7,000	Stock
			30,000
			25,000

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