

	Rs. (lakhs)	Rs. (lakhs)
Variable expenses (at 50% capacity)		
Material	48.0	
Labour	51.2	
Other expenses	7.6	106.8

Assume that fixed expenses remain constant at all levels, semi-variable expenses remain constant between 40% and 65%, 10% increase between 65% and 85% and 20% increase between 85% and 100%. Sales at various levels are as under.

	Rs. (lakhs)
60% capacity	200
75% capacity	240
90% capacity	300
100% capacity	340

Prepare a flexible budget for the half year and forecast profits at 60%, 75%, 90% and 100% capacity.

15. The following information is obtained from Gopu & Co., for the year ending 31st March 2012.

Sales Rs. 2,00,000, Variable cost Rs. 1,50,000, Fixed cost Rs. 30,000.

You are required to calculate the following.

- Present p/v ratio, Break even point and margin of safety.
- Revised p/v ratio, BEP and margin of safety in each of the following cases :
 - 25% increase in selling price.
 - 10% decrease in selling price.
 - 20% increase in fixed cost.
 - 10% decrease in fixed cost.

16. S.V. Ltd manufactures a simple products, the standard mix of which is :

Material A : 60% at Rs. 20 per kg.

Material B : 40% at Rs. 10 per kg.

Normal loss in production is 20% of input. Due to shortage of material A, the standard mix was changed. Actual results for March, 2010 were ;

Material A : 105 kg. at Rs. 20 per kg

Material B : 95 kg. at Rs. 9 per kg.

Input : 200 kg

Loss : 35 kg

Output : 165 kg.

Calculate :

- (a) Material price variance
- (b) Material usage variance
- (c) Material mix variance and
- (d) Material yield variance.

PART C — (1 × 20 = 20 marks)

Compulsory question.

17. A manufacturing business produces its product at a total cost of Rs. 17 per unit and sells it at Rs. 20 per unit. It has a normal production capacity of 50,000 units per annum and budgeted costs at this level are :

	Rs.
Direct materials	3,00,000
Direct labour	2,00,000
Expenses :	
Fixed	2,50,000
Variable	1,00,000

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MBFM 3005/
MBLF 4002

12. What is meant by activity based costing? What are the steps involved in the installation of activity based costing system?

13. Write a note on :

- (a) Performance budgeting.
- (b) Over head variances.
- (c) Cash flow statement.
- (d) Life cycle costing.

14.	Fixed expenses	Rs. (lakhs)	Rs. (lakhs)
	Wages	16.8	
	Rent, taxes, etc.,	11.2	
	Depreciation	14.0	
	Administration expenses	17.8	59.8
	Semi variable expenses (at 50% capacity)		
	Repair and maintenance	5.0	
	Indirect labour	19.8	
	Sales department salaries	5.8	
	Sundry administration expenses	5.2	35.8

3

MBFM 3005/
MBLF 4002

7. Malar Ltd. sells two products A and B which are produced in its special products division. Sales for the year 2010 were planned as follows ;

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
	Units	Units	Units	Units
Product A	10,000	12,000	13,000	15,000
Product B	5,000	4,500	4,000	3,800

The selling prices were Rs. 20 per unit and Rs. 50 per unit respectively for A and B. Average sales returns are 5% of sales and the discounts and bad debts amount to 4% of the total sales. Prepare sales budget for the year 2010.

8. What is social cost benefit analysis? Why is it needed in an enterprise?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. What is transfer pricing? Explain the different methods of transfer pricing.
10. What are the essentials of a successful budgetary control system? What are the steps involved in the installation of a budgetary control system?
11. 'Cost volume profit analysis is a valuable aid for managerial decision making' - Elaborate.

Calculate the break-even sales volume.

There is a fall in the demand in local market and orders are expected for 35,000 units only. The sales manager has established that an export order for an additional 10,000 units could be negotiated at a special price of Rs. 14 per unit. He has also established that a second order of 4,000 modified units could be obtained at a special price of Rs. 13 per unit. The modifications would reduce the cost of direct materials by Rs. 1 per unit but would increase the direct labour and variable expenses cost by 25%. Make necessary calculations and prepare a statement showing the effect of sales manager's proposals.

MBFM 3005/
MBLF 4002

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Third Semester

Financial Management

MANAGEMENT ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. How does management accounting differ from cost accounting?
2. What are the determinants of responsibility centres?
3. What are the objectives of budgetary control?
4. What are the features of marginal costing?
5. What are the assumptions of break even analysis?
6. What are the different sources of funds in the context of fund flow statement?

7. Write a note on American Depository Receipts (ADR).
8. Write a detailed note on strategic alliance by companies.

PART B – (5 × 10 = 50 marks)

Answer any FIVE questions

9. Explain significance of corporate planning?
10. Define commercial papers and what are its significance?
11. Why the companies going for merger and Acquisition (M&A)?
12. Discuss the role of venture capital organisation in the industrial development of India.
13. Explain different types of innovative external sources of finance
14. Critically examine the advantages and disadvantages of leasing.
15. Briefly describe different techniques of financial modeling.
16. Frame a corporate investment strategy to invest in High Technology.

PART C – (1 × 20 = 20 marks)

Case study (Compulsory)

17. The price of a bond just before a year of maturity is \$ 5000. Its redemption value is \$ 5250 at the end of the said period. Interest is \$ 350 p.a. The Dollar appreciates by 2% during the said period. Calculate the rate of return by taking into consideration of investor as:
 - (a) USA Investor and
 - (b) As Indian investor.

MBFM 3001/MBLF 3002

M.B.A. DEGREE EXAMINATION,
JUNE 2017.

Third Semester

Finance

STRATEGIC FINANCIAL MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A – (5 × 6 = 30 marks)

Answer any FIVE questions

1. What are the results of corporate level strategy brings to the organisation?
2. What are the main components of financial planning?
3. Discuss the steps involved in acquisition process.
4. Explain briefly how financial policy linked to strategic management?
5. Briefly explain the objective of portfolio investment.
6. Differentiate leasing with higher purchase?

6. Briefly explain components of project feasibility study.
7. What do you mean by Social Cost Benefit analysis? Mention its advantages.
8. Define Project Audit. What is the necessity of carrying out "Project Audit"?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Discuss the concept of Project Life cycle with the help of a diagram.
10. Elucidate five stage team development model.
11. Explain the various steps in Project Appraisal process.
12. What are the various steps in defining the project?
13. Elucidate various feasibility studies performed for a project.
14. Discuss the issues faced in project control.
15. What are the advantages of Social Network Building?

2.

MBFM 3004/
MBLF 4001

16. The management of Fine Electronics Company is considering purchasing an equipment to be attached with the main manufacturing machine. The equipment will cost \$6,000 and will increase annual cash inflow by \$2,200. The useful life of the equipment is 6 years. After 6 years it will have no salvage value. The management wants a 20% return on all investments.

Required:

- (a) Compute net present value (NPV) of this investment project.
- (b) Should the equipment be purchased according to NPV analysis?

PART C — (1 × 20 = 20 marks)

17. Details of a project with 11 Activities.

Activity	Predecessor(s)	Duration (weeks)		
		a	m	b
A	-	6	7	8
B	-	1	2	9
C	-	1	4	7
D	A	1	2	3
E	A,B	1	2	9
F	C	1	5	9
G	C	2	2	8
H	E,F	4	4	4
I	E,F	4	4	8
J	D,H	2	5	14
K	I,G	2	2	8

3

MBFM 3004/
MBLF 4001

- (a) Construct the project network.
- (b) Find the expected duration and variance of each activity.
- (c) Find the critical path and the expected project completion
- (d) What is the probability the project on or before 25 weeks?
- (e) If the probability of completing the project is 0.84, find the expected project completion time.

MBFM 3004/MBLF 4001

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Third Semester

Finance/Later Entry

PROJECT MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain various classifications of project.
2. Write short note on following:
 - (a) Cost benefit ratio
 - (b) Internal rate of return
 - (c) Average rate of return.
3. Describe project portfolio management.
4. How do you differentiate between leading and managing the project?
5. Distinguish between CPM and PERT.

6. How does competition shape the growth of institutions pursuing real estate finance schemes in India?

7. What are the benefits of mutual funds?

8. Discuss various types of Insurance policies.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

9. What are factors affecting the financial services?

10. Explain the function of merchant banking.

11. What are the new financial products and services offered by financial institution?

12. "Initial public offer through stock exchange through online system" – Discuss.

13. Explain the modus operandi involved in factoring.

14. Explain the concept of Mutual Funds and various types of Mutual fund products offered in India.

15. What are the functions of Credit rating? Explain the benefits of credit rating to rated companies and investors.

16. Explain the Insurance Industry in India.

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MBGN 3003/
MBFM 3003/
MBLG 3001

PART C — (1 × 20 = 20 marks)

17. Case Study : Compulsory

Mr. and Mrs. T engaged a building firm to construct their home. They entered into a loan contract with the bank to finance the construction whereby progress payments to the builder were made at five defined stages. Mid-way through the construction the builders went into liquidation. Mr. and Mrs. T disputed the payment made by the bank to the provisional liquidators at the "lockup" stage because they said the construction was not at that stage and in fact, the house had to be demolished due to defective workmanship. Mr. and Mrs. T acknowledged signing the authorization to pay the provisional liquidators at "lock-up" stage but argued that the bank owed a duty to them and should not have paid the invoice without inspecting the property.

Business Challenge – The case manager issued a Finding on the merits of the dispute after considering the bank's policy for progress payment inspections, the bank's building payment practice and the Ombudsman's legal counsel's review of the relevant terms and conditions of the loan contract.

3

MBGN 3003/
MBFM 3003/
MBLG 3001

The Finding concluded that the bank's policy did not require it to make inspections of the building of a residential home where the contract price was less than \$ 1 million and that it was not the bank's practice to inspect constructions prior to releasing a payment authorized by the owner. In this case the first two progress payments had been released without a bank inspection of the construction.

What is the proper solution of the above case?

MBGN 3003/MBFM 3003/MBLG 3001

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Third Semester

Finance/General

MERCHANT BANKING AND FINANCIAL SERVICES

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain the components of financial Services.
2. Discuss the scope of financial activities.
3. What do you mean by underwriter and what are the obligations and responsibility of underwriter?
4. Define the term Issue advertisement and its features.
5. Write short notes of :
 - (a) Portfolio Manager (2)
 - (b) Banker to an issue (2)
 - (c) Green Shoe option. (2)

- (a) Construct the project network.
- (b) Find the expected duration and variance of each activity.
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- (d) What is the probability the project on or before 25 weeks?
- (e) If the probability of completing the project is 0.84, find the expected project completion time.

MBFM 3004/MBLF 4001

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Third Semester

Finance/Later Entry

PROJECT MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

1. Explain various classifications of project.
2. Write short note on following:
 - (a) Cost benefit ratio
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Answer any FIVE questions.

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2

MBGN 3003/
MBFM 3003/
MBLG 3001

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MBGN 3003/
MBFM 3003/
MBLG 3001