



SINDHU EDUCATION SOCIETY'S
(S.E.S.) SWAMI HANSMUNI MAHARAJ
DEGREE COLLEGE OF COMMERCE

Netaji Chowk, Opp. Dena Bank, Ulhasnagar-421 004, Dist. Thane (Maharashtra), Ph-0251-2527973

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CRITERION II

KEY INDICATOR 2.3 Teaching Learning Process

METRIC NO. 2.3.1

Student centric methods, such as experiential learning, participative learning and problem-solving methodologies are used for enhancing learning experiences.

Problem Solving Methodologies

Question Bank



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Question Bank

Subject: Organisational behaviour

Class: FYBI

Semester: 2

Faculty: Mrs. Gitika Bodhwani

1. Define OB. Explain the characteristics of OB
2. Explain the challenges of work life balance
3. "Organisational behaviour is interdisciplinary in nature". Explain.
4. Define organizational behavioral. State the models of organizational Behavioral
5. Discuss the four models of OB.
6. Explain in details the nature and scope of OB.
7. Explain the different models of organizational behavior.
8. Define organizational behavior. Explain the nature and scope of organizational behavior.
9. What are the goals of OB?
10. "Organizational behavior is interdisciplinary in nature". Explain.
11. What are the different challenges that managers face at work today?
12. Elucidate on the limitations of OB.
13. How can various theories of motivation be applied in the modern organization?

19. Make a comparison between the need hierarchy theory and two factor theory of motivation.
20. Describe the ERG theory of motivation.
21. Define motivation and compare Maslow's theory of motivation with that of Alderfer's.
22. Explain the nature of motivation in organization. Compare as contrast the need theories of motivation.
23. Elaborate at the length on the expectancy theory of motivation.
24. What is intelligent quotient? Explain gardener's theory of multiple intelligence.
25. What is emotional intelligence? Explain.
26. Write short on IQ and EQ.
27. Describe the dimensions of emotional intelligence.
28. what are the major areas of individual differences?
29. Describe the nine major findings regarding the nature of human beings.
30. Explain in brief the different approaches to intelligence.
31. Emotional intelligence refers to how well an individual handles himself and others. Explain.
32. Define and explain group. Explain the stages of group development
33. Briefly enumerate the different stages of groups development.
34. Define a group. What are the different types of groups?
35. What are the different stages of group development?
36. Describe in brief the different properties of a group.
37. Why does social loafing occur? How can it be reduced?
38. What is group think and what are its symptoms?
39. Describe how a team can be created?
40. Define team. How to build effective team? What are the skills required to build good team?
41. Explain how a team can be created?

42. What are the characteristics of a team? What are the four stages of creating a team?
43. What are the characteristics of mature team?
44. State the function of a leader.
45. What is meant by cross cultural skills?
46. Write a note on cross cultural skills.
47. How does the skills of assertiveness influence our life?
48. What are the different characteristics and functions of a leader?
49. Describe the different dimensions of personality in the form of Johari window.
50. What can be learnt from Johari window? State the benefits and limitations of self-disclosure.
51. Explain the Johari window with the help of diagram.
52. "Johari window" help us to understand self and others effectively. Do you agree with this statement? Justify.
54. Explain how self-disclosure and feedback play an important role in determining the window which we operate from.
55. Define culture. How culture is created?
56. Explain the various methods of transmitting culture in the organization.
56. What do you mean by organizational culture? State its characteristics.
57. How can organizational culture be created and maintained?
58. Draw and explain the models of conflict.
59. What is conflict? What are the source of conflict?
60. Describe the sources of conflict.
61. Define the conflict. What are the sources of conflict?
62. What are the advantages and disadvantages of a conflict?
63. Describe in the brief the different stages of conflict.
64. Describe the stages of stress.
65. Define stress. What are the effect of stress on an employee?

- State the extreme effect of Stress.
67. Write a note on time management.
 68. Define stress and describe the nature of stress.
 69. What are the different organizational causes of stress?
 70. What are the different strategies for coping with stress?
 71. Explain in brief the importance of good time management.
 72. Describe the how the change can be successfully implemented in the organization?
 73. Explain the reasons for resistance to change.
 74. Discuss the nature of change. Why do people resist change?
 75. How can support be built for change?
 76. Describe the major OD interventions.
 77. State the meaning and characteristics of organizational development.
 78. State the benefits and limitations of organizational development.
 79. Explain the essential aspects of organizational development.
 80. Explain the characteristics of organizational development.
 81. Write down the importance of organizational development.
 82. Explain the meaning the nature of organizational development.
 83. What are the major techniques of organizational development?
 84. What is OD? What are the concepts of OD?
 85. What are the essential aspects of an OD programmer?
 86. What are the different steps involved in an OD process?





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BUSINESS ETHICS AND CORPORATE GOVERNANCE –Question Bank

Unit 1:

1. Define business ethics. What are the salient features?
2. Highlight the importance of business ethics
3. Explain the principles of business ethics in detail
4. Describe the scope of business ethics
5. Explain the different types of ethics
6. Explain the relation between ethics and morality
7. Explain the difference between ethics and law
8. State the objectives of ethics
9. Write a brief note on ethics in Foreign trade or International business
10. Briefly explain the Ethics relating to copyrights
11. State the Ethical issues in free and perfect competitive market

Unit 2:

1. Briefly explain various approaches to ethics
2. Explain Mill's and Bentham's utilitarianism theory in detail
3. Describe Kant's Deontology theory in detail
4. Explain the difference between Utilitarianism and Deontology
5. Explain the concept of Ethical Dilemma
6. What are the sources of Ethical Dilemma
7. Explain the various types of Ethical Dilemma
8. Mention the rules for solving Ethical Dilemma
9. Explain the concept of Trusteeship
10. Highlight the Gandhi's principle of trusteeship
11. State the limitations of principle of trusteeship
12. Enumerate the importance of trusteeship principle in modern business
13. What are the ethical issues in marketing
14. Briefly explain the Ethics in HRM
15. State the ethics in IT
16. Highlight the Ten commandments of computer ethics
17. Explain the information technology Act,2000
18. Explain the concept of ethics in advertising
19. Elaborate all the ethical issues in advertising
20. Enumerate ethical and moral principles of advertising to be followed by corporate
21. Explain the ethical issues involved in finance
22. Evaluate the traits / dimensions of an ethical financial manager





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Question Bank

Subject: Marketing in Banking and Insurance

Class: TYBBI

Semester: V

Faculty: Mrs. Gitika Bodhwani

1. Define marketing and explain its nature and scope.
2. Explain the importance of marketing.
3. What do you mean by marketing mix? Explain the different elements of marketing mix.
4. What are the factors influencing marketing mix?
5. What do you mean by market segmentation? Explain the factors influencing market segmentation.
6. How you can segmentation made more effective?
7. What we meant by marketing strategy? How you can create marketing strategy?
8. Define marketing channels. What is the role of marketing channels?
9. Explain the different direct and indirect marketing channels
10. What are the factors affecting channels decision?
11. What are the marketing strategies used by banking sector?
12. Explain the marketing of banking services in the globalized scenario.
13. Explain privatization of insurance sector.
14. Define marketing research and explain its features.

5. Explain the different types of marketing research.
16. Explain the different types in the process of marketing research.
17. Write short notes on:
 - A. Market segmentation.
 - B. Marketing strategy.
 - C. Marketing research.
 - D. Marketing channels
 - E. Banking services
 - F. Insurance services
18. Define services and explain its evolution.
19. What are the characteristic of services marketing?
20. State and explain the need and importance of services marketing?
21. Explain the 7P's of services marketing mix.
22. Explain the services marketing mix strategies for banking and insurance
23. What we mean by marketing logistics? State its significance.
24. Explain the functions of marketing logistics.
25. Write short notes on:
 - A. Evolution of services.
 - B. 7'Ps of marketing logistics.
 - C. Promotion mix.
 - D. Price mix.
 - E. Marketing logistics
 - F. Marketing mix strategies for banking product.
26. Define consumer behaviour. Explain the factors influencing buyer behaviour.
27. Explain the different types of buying behaviour.
28. Explain the different stages in the buying process.

29. What are the different types of services expectations?
30. How you can manage customers' expectation?
31. What is the role of consumers in services delivery?
32. What is the role of consumer delight? State its importance.
33. Define integrated marketing communication. State the reasons for his growth.
34. Explain the marketing communication process.
35. What you mean by persuasive communication? Explain its types.
36. Write short notes on:
 - A. Consumer Behaviour.
 - B. Consumer Expectation
 - C. Consumer Delight.
 - D. Interpersonal Communication.
 - E. Persuasive Communication.
 - F. Communication Process.
37. Define rural marketing and explain its scope.
38. Explain the feature of rural market.
39. What are the various factors which have made them market more viable and attractive?
40. Distinguish between rural and urban marketing.
41. What are the characteristic of rural consumer.
42. Explain the different bias characteristic.
43. Explain the buying decision process.
44. What we mean by pricing strategy? Explain some of pricing strategies used in rural market.
45. Explain the different pricing methods for rural markets.
46. Explain the different promotional tools used in rural marketing.
47. Explain the different promotion strategies used in rural marketing.

8. Define logistics and state its feature.
49. What are the problems of physical distribution in rural context.
50. State the measure to solve these problems.
51. What are the possible approaches for effective channels management in the rural context?
52. Explain electronic Chou pal applications.
53. Write short notes on:
- A. Buying Decision Process
 - B. Pricing Strategy.
 - C. Appropriate Media.
 - D. Promotion Strategy.
 - E. Promotion Campaign
 - F. Innovative Pricing Methods.





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Question Bank

Subject: Financial Management

Class: SYBI

Semester: 4

Faculty: Mrs. Anisha Madhwani

Practical Problem Sheet

Chapter 1: Working Capital Management

1

The cost sheet of PQR Ltd. gives the following data:

Particulars	Cost Per Unit Rs.
Raw Material	50
Direct Labour	20
Overhead (including depreciation of Rs. 10)	40
Total Cost	110
Profit	20
Selling Price	130

Average raw material in stock is for one month. Average material in work in progress is for half month. Credit allowed by suppliers is one month. Debtors are allowed credit of one month. Average time lag in payment of wages is 10 days. Average time lag in payment of overheads is 30 days. 25% of the sales are on cash basis. Cash balance is expected to be Rs. 1,00,000. Finished goods lie in the warehouse for one month.

Prepare a statement of working capital needed to finance a level of activity of 54,000 units of output. Production is carried on evenly throughout the year and wages and overhead accrue similarly.

State clearly any assumptions you make.

The management of Gemini Enterprises has called for a statement showing the working capital required to finance a level of activity of 1,80,000 units of output for the year. The cost structure for the company's product for the above-mentioned level of activity is detailed below.

Particulars	Cost per Unit Rs.
Raw Material	20
Direct Labour	5
Overheads (including depreciation of Rs. 5 per unit)	15
Total Cost	40
Profit	10
Selling Price	50

Additional Information:

- (i) Minimum cash balance desired Rs. 20,000.
- (ii) Raw materials are held, in stock, on an average, for two months.
- (iii) Work in progress (assume 50% completion stage) will approximate to half a month's production.
- (iv) Finished goods remain in warehouse, on an average, for one month.
- (v) Suppliers of raw materials extend one month's credit and debtors are given two month's credit. Cash sales are 25% of total sales.
- (vi) There is a time lag in payment of wages of one month and of half a month in the case of overheads.

Prepare an Estimate of Working Capital requirements.

3

Details of A Ltd.	Cost Per Unit
Materials	40
Labour	20
Variable selling Expenses	4

Fixed Expenses:

- (i) Manufacturing = Rs. 6,000 p.m.
- (ii) Administration = Rs. 48,000 p.a.
- (iii) Selling = 20% of Administration is Selling Fixed Costs.
- (iv) Depreciation = 10% p.a. on Cost of Machine of Rs. 12 lacs. Selling Price = Rs. 96 per unit.

	Output Units	Sales Units
Year 1	8,000	5,000
Year 2	9,000	8,500

Additional Information:

- (a) Stock of raw materials = 2.25 months' consumption.
- (b) Debtors and creditors time lag = 1 month.
- (c) Creditors for expenses = 1 month.
- (d) Cash balance of one month's administration and selling expenses will be maintained.
- (e) Finished goods will be valued on weighted average office cost basis.

Find the amount of working capital required for both the years.

4

Given below are the summarised income statements of ACE Ltd. for the year ended 31st March 2001 and the projected year ended 31st March, 2002:

Particulars	31-3-2001 (Rs. lakhs)	31-3-2002 (Rs. lakhs)
Sales	600	720
Less: Consumption of Raw Materials	180	240
Depreciation	12	15
Other Manufacturing Expenses	174	186
Adjustment for Opening and Closing Stock	(6)	(9)
Cost of Goods Sold	360	432
Gross Profit	240	288
Less: Interest	30	40
General Selling Expenses	150	200
Profit Before Tax	60	48

The company's average inventory, debtors and creditors levels for the year 2000-2001 were as follows:

Particulars	Rs. in lakhs
Raw Materials	15
Semi-finished Goods	15
Finished Goods	30
Debtors	100
Creditors	15

Based on the projected income statement estimate the working capital requirement for the

5

M/s Jayam Ltd. sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for year ended 31st March, 2002.

	Rs.
Sales at three months credit	40,00,000
Raw material	12,00,000
Wages paid (average time lag 15 days)	9,60,000
Manufacturing Expenses paid (One month in arrears)	12,00,000
Administrative Expenses paid (one month in arrears)	4,80,000
Sales Promotion Expenses (Payable half-yearly in advance)	2,00,000

Ram Ltd. furnishes the following details and requests you to prepare a statement showing the requirements of working capital for the year 2006.

Particulars	Budget for 2006
Production Capacity	30,000 units
Production	80%
Cost Structure:	
Raw Material	Rs. 40 p.u.
Other direct material	Rs. 30 p.u.
Wages	Rs. 20 p.u.
Overheads:	
Fixed	Rs. 10,000 p.m.
Variable	Rs. 10 p.u.
Profit	20% on sales

- (a) Fixed overheads payable quarterly in advance.
- (b) Raw material remains in stock for two months.
- (c) Other Direct Material in stock for one month.
- (d) The production process takes one month. WIP valuation to be made raw material and other direct material at cost and 50% of wages and overheads (variable).
- (e) Finished goods remain in stock for two months (to be valued at direct cost).
- (f) Raw Material purchased from suppliers against advance payment of three months and other direct material suppliers allow credit of two months.
- (g) Time lag in payment of wages two months.
- (h) Cash Balance to be maintained at Rs. 75,000.
- (i) Credit allowed to customers as under (valued at selling price)
 - (I) 50% of invoice price against acceptance of Bill for three months.
 - (II) 25% of invoice price time lag three months.

7

Forecast the requirement of working capital of a Trading Company from the following particulars:

- | | |
|--|---------------|
| (1) Projected Annual Sales (48 weeks) | Rs. 120 Lakhs |
| (2) Percentage of Net Profit to Sales | 20% |
| (3) Average stock holding in terms of sales requirements | 8 weeks |
| (4) Average credit period allowed to debtors | 10 weeks |
| (5) Average credit period allowed by creditors | 4 weeks |

[Ans.: AWCR Rs. 33,00,000]

M/s Shailesh Enterprise manufactures and sells household goods to retailers. The following are the budgeted figures, for the year 2001-02.

Sales		Rs.	Rs.
Less: Raw Materials			9,42,480
Labour	3,77,040		
Overheads	1,85,160		
Profit	<u>1,38,000</u>		<u>7,00,200</u>
			<u>2,42,280</u>

Additional Information:

- Raw materials are carried in stock on an average for 2 months.
 - Process period is $\frac{1}{2}$ a month.
 - Finished goods are carried in stock on an average for 1 month.
 - Normal credit period allowed to customers is 3 months.
 - Suppliers of raw materials allow 2 months time.
 - Time lag in payment of labour and overheads is 1 month.
 - Cash on hand and at bank is estimated at Rs. 20,000 throughout the year.
 - The activity is spread over evenly during the year.
 - The working capital is to be increased by 10% for contingencies.
- [Ans.: AWCR Rs. 3,40,431.00]

9

Electronic Company Pvt. Ltd. manufactures and sells radio components. From the following particulars you are required to estimate the working capital requirement for the next year (50 weeks).

- The selling price per unit will be Rs. 15.
- The estimated sales are Rs. 1,50,000 for the year.
- The cost per unit is estimated to be:

Materials	Rs. 5
Labour	Rs. 3
Overheads	Rs. 2

(iv) Other information:

- Raw materials remain in stock for 3 weeks.
- Materials remain in process for 2 weeks.
- Finished goods remain in warehouse on an average for 2 weeks.
- Credit available from the suppliers of materials is 2 weeks.
- Credit allowed to customers is 4 weeks.
- Time lag in payment of labour and overheads is 2 weeks.
- Cash on hand and at bank is estimated at Rs. 20,000.
- Operations are expected to be distributed evenly throughout the year.

Chapter 2: Working Capital Financing

1

From the details of E Co. Ltd. calculate MPBF.

Balance Sheet		(Rs. In lakhs)	
Liabilities	Rs.	Assets	Rs.
Share Capital	600	Fixed Assets	800
Reserves and Surplus	200	Current Assets	600
Debentures	400		
Creditors and Other Current Liabilities	360		
	<u>1,560</u>		<u>1,560</u>

Note: Of the current assets Rs. 80 lakhs is Core Current Assets.

Calculate the Maximum Permissible Bank Finance as per Tandon Committee Norms with the help of following information. (All three methods)

- (a) Current Assets Rs. 23,85,385
 (b) Current Liabilities Rs. 5,58,461
 (c) Core Current Assets 25% of current assets

3

The Board of Directors of Century Ltd. requests you to prepare a statement showing the requirements of working capital for a forecast level of 52,000 units. Following information is made available.

Raw material	400
Labour	150
Overheads manufacturing	200
Overheads selling and distribution	100

Additional Information:

- (a) Selling price Rs. 1,000 per unit.
 (b) Raw material in stock Average 4 weeks.
 (c) W. I. P. average 4 weeks.
 (d) Finished goods in stock average 4 weeks.
 (e) Credit allowed to debtors average 8 weeks.
 (f) Credit allowed by suppliers average 4 weeks.
 (g) Cash at Bank is expected to be Rs. 50,000.
 (h) Core current assets Rs. 4,00,000.

Find out MPBF under all method suggested by Tandon committee.

4

Particulars	₹ in lakhs
Liabilities :	
Creditors	120
Other Current Liabilities	40
Bank Borrowing	250
Total	410
Current Assets :	
Raw Material	180
Work-in-Progress	60
Finished Goods	100
Receivables	150
Other Current Assets	20
Total Current Assets	510

The total Core Current Assets (CCA) are ₹ 200 lakhs.

5

A newly formed company has applied to the Commercial Bank for the first time for financing its working capital requirements. The following information is available about the projections for the current year :

Particulars	Per unit (₹)
Elements of Cost :	
Raw Material	40
Direct Labour	15
Overhead	30
Total Cost	85
Profit	15
Sales	100

Other Information :

- Raw material in stock : Average 4 weeks consumption, work-in-progress (completion stage, 50 percent), on an average half a month. Finished goods in stock : on an average, one month.
- Credit allowed by suppliers is one month.
- Credit allowed to debtors is two months.
- Average time lag in payment of wages is 1½ weeks and 4 weeks in overhead expenses.
- Cash in hand and at bank is desired to be maintained at ₹ 50,000.
- All sales are on credit basis only.

Chapter 3: Cash and Marketable securities Management

1

ZED Ltd. wishes to arrange for overdraft facilities with its bankers during the period April to June of a particular year when it will be manufacturing mainly for stock. Prepare a Cash budget for the above period from the following data, indicating the extent of bank facilities the company will require at the end of each month.

(a)

Month	Sales Rs.	Purchases Rs.	Wages Rs.
February	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

- (b) 50 per cent of the credit sales are realised in the month following the sales and the remaining sales in the second month following.
- (c) Cash in bank on April 1 is estimated at Rs. 25,000. Creditors are paid in the month following the purchases.

2

From the following prepare Cash Budget for the period from 1st March to 31st August when the opening Cash Balance was Rs. 40,000.

Month	Sales	Selling Expenses	Purchases	Wages	Factory Expenses	Administration Expenses
January	3,40,000	14,000	1,60,000	30,000	20,000	10,000
February	3,20,000	15,000	1,68,000	32,000	22,000	11,000
March	5,64,000	13,000	1,66,000	3,36,000	16,000	9,000
April	3,10,000	13,600	1,66,000	24,000	21,000	9,400
May	3,30,000	14,800	1,52,000	36,000	24,000	10,800
June	4,00,000	14,000	1,36,000	32,000	19,200	11,400
July	3,60,000	12,000	34,000	34,000	16,000	10,000
August	4,40,000	11,000	1,16,000	33,000	19,200	10,000

- (a) Period of credit allowed by suppliers and to customers 1 month.
- (b) Lag in Payment of:
- (i) Wages : 1 month
 - (ii) Factory Expenses : 1 month
 - (iii) Administration Expenses : 1 month
 - (iv) Selling Expenses : 1 month
- (c) Machinery purchased for Rs. 1,00,000 in March payable on delivery in April.
- (d) Building purchased in April Rs. 3,00,000 payable in two equal instalments in May and July.
- (e) Commission of 3% on sales payable two months after sales.

Prepare cash budget from the following information: (Amount in Rupees)

Month	Sales	Purchase	Wages	Expenses	Other Expenses
December 2005	58,000	38,000	11,000	9,000	7,000
January 2006	97,000	27,000	14,000	8,000	6,000
February 2006	82,000	26,000	11,000	7,000	3,000
March 2006	98,000	24,000	21,000	5,000	4,000

Other Information:

- (a) Cash in hand on 1.12.2005 was Rs. 11,034 and any short fall is to be met with through temporary loans.
- (b) 30% sales are for cash and debtors get realised in 2 months period equally.
- (c) One month credit is available from creditors for purchases.
- (d) All other expenses are incurred on 1st of next month.
- (e) Expenses includes depreciation of Rs. 1,000 per month.

Prepare Cash Budget of Sunil Gavaskar Ltd. for the months of April, May and June, 2002:

Month	Sale	Purchases	Wages	Expenses
January	1,60,000	80,000	40,000	10,000
February	1,60,000	80,000	36,000	12,000
March	1,50,000	84,000	44,000	12,000
April	1,80,000	1,00,000	48,000	14,000
May	1,70,000	80,000	40,000	12,000
June	1,60,000	70,000	36,000	10,000

You are informed that:

- 50% of the purchases and sales are on cash.
- The average collection period of the company is $\frac{1}{2}$ month and credit purchases are paid off regularly after 1 month.
- Time lag in payment of wages is 1 month.
- Rent of Rs. 1,000 is payable every month.
- Cash and Bank Balance as on 31st March, 2002 was Rs. 3,00,000
- Dividend received in May Rs. 36,000.
- Professional fees to be paid in June Rs. 1,500.
- Expenses are paid in the same month.

5

Prepare Cash Budget for the month of January to April, 2008 based on the following:

(a) Sales:	October	2007	Rs. 25,000
	November	2007	Rs. 20,000
	December	2007	Rs. 20,000
	January	2008	Rs. 25,000
	February	2008	Rs. 25,000
	March	2008	Rs. 20,000
	April	2008	Rs. 20,000
	May	2008	Rs. 25,000

(b) Sales Collection is as under:

- In the month of Sale 50%
- Next Month 30%
- Following Month 20%

(c) Cost of Goods sold is 70% of Sales.

(d) Suppliers are to be paid 40% in the month of Purchases and 60% in the following month.

(e) Other Expenses are:

- Salaries : Rs. 2,500 p.m
- Commission : 10% of Sales (Payable one month after sale)
- Rent : Rs. 500 p.m Payable one month in advance
- General Exps. : Rs. 2,000 p.m

(f) Company Maintains Cash Balance of Rs. 20,000 on 1st Jan., 2008.

6

Following details are available from the records of a firm. Prepare a cash budget for the 3 months ending 30.06.2017:

Month	Sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Overheads (Rs.)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

Additional information:

- (a) 10% sales are on cash.
- (b) 50% of the credit sales are collected next month and the balance in the following month.
- (c) Period of credit allowed by suppliers 2 months.
- (d) Delay in payment of wages ¼th month.
- (e) Delay in payment of overheads ½ month.
- (f) Cash and Bank Balance on 1.04.2017 is expected to be Rs. 6,000.
- (g) Plant and Machinery will be installed in February 2017 at a cost of Rs. 96,000. The monthly installment of Rs. 2,000 are payable from April 2017 onwards.
- (h) Advance to be received for sale of vehicle Rs. 9,000 in June.
- (i) Dividend from investments Rs. 1,000 is expected to be received in June 2017.
- (j) Advance Income Tax to be paid in June 2017 Rs. 2,000.

Chapter 4: Receivables Management

1

Present Situation:
 Sales = Rs. 50 Lakhs
 Variable Costs = Rs. 40 Lakhs
 Fixed Costs = Rs. 6 Lakhs
 Credit to Debtors = 30 days

Proposed Credit Policy	Proposed Credit Period	Sales (Rs. in Lakhs)
I	45 days	56
II	60 days	60
III	75 days	62
IV	90 days	63

Determine the credit period that should be allowed by the company. Present your answer in a tabular form. Assume 360 days a year. Calculations should be made upto two digits after decimal. The company expects pre-tax return on investment @ 25%.

2

ABC Ltd. which sells on credit basis has ranked its customers in categories 1-5 in the order of credit risk.

Category	% Bad Debts	Anticipated Credit Period (ACP)
1	0.0	20 days
2	1.5	30 days
3	3.0	45 days
4	7.5	90 days
5	9.0	180 days

The company's current policy is to allow unlimited Credit to firms in categories 1 to 3, limited Credit to firms in category 4 and no additional Credit to firms in category 5. As a result, orders amounting to Rs. 15 lacs from category 4 and Rs. 40 lacs from category 5 are rejected every year. If ABC Ltd. makes a 15% gross profit on sales and has an opportunity cost on investment in receivables of 18%, what would be the effect on profits of allowing full credit to all categories of customers? Should credit be extended to all categories of customers?

A trader whose current sales is Rs. 10 Lakhs per annum and has an average collection period of 30 days wants to place a more liberal Policy to improve sales.

A study made by a management consultant reveals the following information.

Credit Period	Increase in collection Period (Days)	Increase in Sales (Units)	Default Anticipated (Percentage)
A	15	20,000	1.5
B	25	40,000	2.5
C	30	60,000	3.5
D	40	70,000	4.5

Selling price per unit is Rs. 10; average cost per unit is Rs. 6 and variable cost per unit is Rs.

4.

Current bad debt loss is 1%

Required return on additional investment is 25%

Assume 360 days in a year. Which of the above policies would you recommend for adoption?

4

Present Situation

Sales = Rs. 80 Lakhs

Variable Cost = Rs. 50 Lakhs

Fixed Cost = Rs. 10 Lakhs

Credit to Debtors = 20 days

Plan	Proposed Credit Period	Sales (Rs. in Lakhs)
		100
I	30 days	120
II	40 days	135
III	50 days	150
IV	60 days	

Determine the Credit period that should be allowed by the company. Assume Return On Investment (ROI) @ 18%.

5

A firm sells 40,000 units of its product per annum @ Rs. 35 per unit. The average cost per unit is Rs. 31 and the variable cost per unit is Rs. 28. The average collection period is 60 days. Bad debt losses are 3% of the sales and the collection charges amount to Rs. 15,000.

The firm is considering a proposal to follow a strict collection policy which would reduce the bad debts losses to 1% of sales and the average collection period to 45 days. It would however, reduce sales volumes by 1,000 units and increase the collection expenses to Rs. 25,000.

The firm's required rate of return is 20%. Would you recommend the adoption of the new collection policy? Assume 360 days in a year.

From the following data prepare a valued stock card for material EXE for the month of April, 2012 and value the closing stock by:

(a) Weighted average cost method.

(b) First in first out method.

Date	Transaction
01/04/2012	Opening stock 100 units at Rs. 15 per unit
04/04/2012	Received 90 units at Rs. 16 per unit
07/04/2012	Issued 80 units
11/04/2012	Received 200 units at Rs. 17 per unit
14/04/2012	Issued 150 units
21/04/2012	Received 20 units at Rs. 25 per unit
25/04/2012	Issued 100 units
27/04/2012	Received 50 units at Rs. 16 per unit

2

The following is a history of the receipts and issues of materials in a factory during March, 2014.

March	Particulars	
1	Opening Balance	500 Quintal @ 25.00
3	Issue	70 Quintal
4	Issue	100 Quintal
8	Issue	80 Quintal
13	Received from Vendor	200 Quintal @ 24
14	Refund of Surplus from a work order	15 Quintal @ Rs. 24
16	Issue	180 Quintal
20	Received from Vendor	240 Quintal @ Rs. 23
24	Issue	304 Quintal
25	Received from Vendor	320 Quintal @ Rs. 23.50
26	Issue	112 Quintal
27	Refund of Surplus from a Vendor	12 Quintal @ Rs. 25
29	Received from Vendor	100 Quintal @ Rs. 24

The Stock verifier of the factory noted that on 15th he had found a shortage of 5 Quintal, and on the 28th another shortage of 8 Quintal.

Write out the Stores Ledger Account in respect of the above material for the month of March, 2014 by LIFO Method.

3

From the following data you are required to compile a valued stock card in respect of material 'Kikyoya' for the month of April 2014 and value the closing stock by:
 (a) Weighted average method (b) First In First Out method.

April 1	Opening stock 100 units @ Rs. 15 per unit
April 4	Received 90 units under GRN no. 301 @ Rs. 16 per unit
April 7	Issued 80 units under Issue note no. 501
April 11	Received 200 units under GRN no. 302 @ Rs. 17 per unit
April 14	Issued 150 units under Issue note no. 502
April 21	Received 20 units under GRN no. 303 @ Rs. 25 per unit
April 25	Issued 100 units under Issue note no. 503
April 27	Received 50 units under GRN no. 304 Rs. 16 per unit

4

Following data pertains to Raw material 'Timmy' during the month September 2010.

01/09/2010	Opening Balance	100 kg.	@ Rs. 15 per kg.
04/09/2010	GRN 903	90 kg.	@ Rs. 16 per kg.
07/09/2010	M.R. 951	80 kg.	
11/09/2010	GRN 908	200 kg.	@ Rs. 17 per kg.
14/09/2010	M.R. 959	150 kg.	
20/09/2010	GRN 923	20 kg.	@ Rs. 25 per kg.
24/09/2010	M.R. 963	100 kg.	
29/09/2010	GRN 942	50 kg.	@ Rs. 16 per kg.

From the above details. You are required to find out:

- (a) (i) Value of total issues under "weighted average" method.
 (ii) Quantity and value of closing stock under (i) weighted average (ii) FIFO.
 (iii) Average purchase price per unit, during the month.
- (b) If (i) 2 kgs of "Timmy" are required to manufacture 1 unit of 'Tommy' and (ii) Other conversion cost per unit of Tommy are Rs. 6 per unit and Company wants to earn 30% profit on sales.
 What should be selling price per unit of 'Tommy'?

5

Data relating to slotted angles in a steel furniture manufacturing unit is as follows:

(i) Annual consumption	12 tonnes.
(ii) Unit cost	Rs. 100 per kilo.
(iii) Storage/carrying cost	12%.
(iv) Procurement cost	Rs. 20 per order.

Calculate:

- (1) E.O.Q. per order in kilos.
 - (2) Annual procurement cost.
 - (3) Annual carrying cost.
- from the above data.

Data relating to slotted angles in a steel furniture manufacturing unit is as follows:

Half yearly demand	1,000 units
Ordering cost	Rs. 62.50 per order.
Inventory carrying cost	Rs. 2 per unit.

Calculate:

- EOQ per order in units.
 - Annual procurement cost.
 - Annual carrying cost.
- from the above data.

7 From the following information calculate the EOQ of a particular component:

Annual Demand	1,250 units
Ordering Cost	Rs. 40 per order
Inventory Carrying Cost	Rs. 1 per unit

8 From the following information calculate the EOQ of a particular component:

Quarterly demand	2,500 units
Ordering cost	Rs. 200 per order
Inventory carrying cost	Rs 0.50 per unit

9 The following information is available in respect of Zilo Material.

Re-order Quantity	3,000 units
Re-order Period	4 to 6 weeks
Maximum Consumption (per week)	800 units
Normal Consumption (per week)	600 units
Minimum Consumption (per week)	500 units

Calculate:

- Re-order Level
- Minimum Level
- Maximum Level
- Average Stock Level

For the manufacture of Product - "Modem", two Components P and Q are used. The following table gives the particulars about these Components:

Particulars	Component P	Component Q
Normal Usage (per Week)	270 units	270 units
Maximum Usage (per week)	360 units	360 units
Minimum Usage (per week)	135 units	135 units
Re-order Quantity	1,800 units	2,700 units
Re-order Period	5 to 7 weeks	3 to 5 weeks

Calculate for each Component:

- Re-order Level
- Minimum Level
- Maximum Level
- Average Stock Level

Chapter 6 : Budgeting

Maya limited has made the following sales estimates for April, May and June of the year 2005 from which you are required to prepare sales budget by units and rupees for each of the three months for each Sales area and In Total.

Sales Area	April	May	June
A	40%	30%	30%
B	45%	35%	20%
C	40%	35%	25%
D	30%	40%	30%

The area-wise unit sales are expected as follows:

Sales Area	Sales (Units)
A	2,500
B	2,000
C	3,000
D	6,000
Total	13,500

The selling price has been fixed at Rs. 6 per unit in Area A, Rs. 8 per unit in Area B, Rs. 12 per unit in Area D, and Rs. 10 per unit in Area C.

A manufacturer operates three sales divisions X, Y, Z which sell three branded products A, B and C. The budget committee needs a sales budget for the next year from the following information:

Budget sales units for current year:

Product	X	Y	Z
A	8,000	12,000	12,000
B	6,000	16,000	8,000
C	4,000	24,000	10,000

Actual sales units for the current year based on actual sales to the date and estimated sales for the balance of the year are:

Product	X	Y	Z
A	10,000	18,000	14,000
B	4,000	20,000	10,000
C	2,000	20,000	8,000

The selling prices per unit of A, B and C are Rs. 5, Rs. 10, and Rs. 20 respectively applicable for all the divisions.

The discussions with divisional sales managers have product "A" is oversold and if the price is increased by 10%, even then it finds a ready market; product "C" is overpriced and the price of it can be reduced by 5%. By incorporating these changes, the sales will be as follows:

Product	X	Y	Z
A	+ 30%	+ 40%	+ 20%
B	- 10%	+ 30%	- 10%
C	+ 10%	+ 20%	+ 10%

You are required to prepare the budget for the current year as well as budget for the next year.

ACC Ltd. manufactures two products X and Y and sells them through two divisions: North and South. For the submission of Sales budget to the budget committee the following information has been made available:

Budgeted sales for the current year:

Product	North	South
X	4,000 units at Rs. 9	6,000 units at Rs. 9
Y	3,000 units at Rs. 24	5,000 units at Rs. 24

Actual sales for the current year:

Product	North	South
X	5,000 units at Rs. 9	7,000 units at Rs. 9
Y	2,000 units at Rs. 24	4,000 units at Rs. 24

Adequate market studies reveal that product X is popular but under-priced. It is observed that if the price of X is increased by Rs. 1, it will still find a ready market. On the other hand, Y is over-priced and the market could absorb more if sales price of Y be reduced by Rs. 4. The management has agreed to do so.

For the information based on these price changes and reports from salesmen, the following estimates have been prepared by divisional managers.

Percentage increase in sales:

Product	North	South
X	+ 10%	+ 5%
Y	+ 20%	+ 10%

Prepare a sales budget, showing budgeted sales and actual sales of the current year as well as budget for the next year.

A manufacturing company submits the following figures for the first Quarter of 2003.

Sales/Month	Product In Units	
	X	Y
January	25,000	30,000
February	20,000	25,000
March	30,000	35,000

Selling price per unit Product X Rs. 10, Product Y Rs. 20.

Prepare a sales budget based, on the above data for the first Quarter of 2004 assuming,

- Sales quantity increase of X by 20%, Y by 10%.
- Sales price increase of X: nil, Y: 10%.

Prepare an Area-wise and product wise sales budget for the following data:

Product	Jan.	Feb.	March.
X	500 Units	800 Units	200 Units
Y	1,000 Units	1,100 Units	1,500 Units

The sales areas A, B and C account for 20%, 30% and 50% of product x and 30% and 70% of product y respectively. There is no sale of y in area C. The selling price of x is Rs. 5 per unit and that of y is Rs. 10 per unit.

A manufacturer operates three sales divisions X, Y, Z which sell three branded products A, B and C.

The Budget committee needs a sales budget for the next year from the following information:
Budgeted sales units for the current year:

Product	X	Y	Z
A	8,000	12,000	12,000
B	6,000	16,000	8,000
C	4,000	24,000	10,000

Actual sales units for the current year based on actual sales to the date and estimated sales for the balance of the year are:

Product	X	Y	Z
A	10,000	16,000	14,000
B	4,000	20,000	10,000
C	2,000	20,000	8,000

The selling prices per unit of A, B and C are Rs. 5, Rs. 10 and Rs. 20 respectively applicable for all the divisions.

The discussions with divisional sales managers have product "A" is oversold and if the price is increased by 10%, even then it finds a ready market, product "C" is overpriced and the price of it can be reduced by 5%. By incorporating these changes, the sales will be as follows:

Product	X	Y	Z
A	+ 30%	+ 40%	+ 20%
B	- 10%	+ 30%	- 10%
C	+ 10%	+ 20%	+ 10%

Answer in brief:

- (1) What do you understand by the term "Finance Function"?
- (2) Bring out the inter-relationship between finance and marketing.
- (3) Bring out the scholarship between finance function and Advertising.
- (4) State the functions of finance.
- (5) Bring out the inter-relationship of finance with other functional areas.
- (6) "The term 'Finance Function' as used in the modern context does not simply involve allocation of funds." Examine this statement.
- (7) Bring out the relationship between the finance and the purchase functions in a firm.
- (8) What role should a financial manager play in a modern enterprise?
- (9) Bring out the relationship between the finance and the marketing functions in a firm.
- (10) Outline the interrelationship between finance and marketing.
- (11) State the objectives of finance management.
- (12) What are the objectives of financial management? Explain in brief.
- (13) What is the scope of financial management?
- (14) State and explain in brief the qualities of an efficient finance manager.
- (15) Explain the role of a finance manager in a large corporate enterprise.
- (16) What are the objectives of Financial Management?
- (17) What are main objectives of financial management?
- (18) How are the objectives of financial management achieved?
- (19) What are major types of Financial Management Decisions make and describe each of them?
- (20) Evaluate different Financial Management Objectives.
- (21) Explain the role of finance head as conflict manager.
- (22) Express the key determinants of the rate of return on invested capital.
- (23) What is EVA? What is its significance?
- (24) Discuss the various long term sources of financing. (April 18)
- (25) Discuss the scope of strategic financial management. (April 18)
- (26) What are principles of sound financial planning? (April 18)
- (27) Distinguish between debt finance and equity finance. (April 18)

Chapter 8: Leverages

- 1 Find the operating leverage from the following data:
- | | |
|---------------|------------|
| Sales | Rs. 50,000 |
| Variable Cost | 60% |
| Fixed Cost | Rs. 12,000 |

- 2 An analytical statement of Q-Me Company is shown below. It is based on an output sales level of 60,000 units.

	Rs.
Sales	9,60,000
Less: Variable Cost	5,60,000
Contribution	4,00,000
Less: Fixed Cost excluding Interest	2,40,000
Earnings Before Interest and Tax (EBIT)	1,60,000
Less: Interest	60,000
Earnings Before Tax	1,00,000
Less: Taxes @ 50%	50,000
Earnings After Tax	50,000

- Calculate the degree of
- (i) Operating Leverage,
 - (ii) Financial Leverage, and
 - (iii) Combined Leverage.
- from the above data.

(a) Calculate degree of operating leverage, degree of financial leverage and combined leverage from the following data:

Sales 1,00,000 units at Rs. 2 per unit is Rs. 2,00,000.

Variable cost per unit at Re. 0.70.

Fixed Costs: Rs. 1,00,000.

Interest Charges: Rs. 3,668.

(b) Which combinations of operating and financial leverages constitute:

(i) risky situation and

(ii) ideal situation

4

Scorpio Ltd. furnishes the following information:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Capital (Rs. 10 each)	10,00,000	Sundry Assets	31,00,000
10% Preference Share Capital	10,00,000		
8% Debentures	11,00,000		
	31,00,000		

If the return on investment is 18% and the tax rate is 40%.

Calculate:

(a) Financial leverage.

(b) Earnings per share.

(c) If the asset turnover ratio is 0.6, calculate the operating and combined leverage of the firm assuming that the firm's P/V Ratio is 33 1/4%.

5

Calculate Earnings per share (EPS) of Solid Ltd. and Sound Ltd. assuming:

(a) 20% before tax rate of return on assets.

(b) 10% before tax rate of return on assets

based on the following data:

	Solid Ltd. (Rs. In lakhs)	Sound Ltd. (Rs. In lakhs)
Assets	100	100
Debt	-	50 (12% Debenture and Loan)
Equity	100 (Share of Rs. 10 each)	50 (Share of Rs. 10 each)

Assume a 50% income tax rate in both the cases.

Give your comments on the financial leverage.

6

Illustration 12:

A firm has sales of Rs. 150 lakhs, variable cost of Rs. 84 lakhs and fixed cost of Rs. 12 lakhs. It has a debt of Rs. 90 lakhs at 9% and equity of Rs. 110 lakhs.

- What is the firm's ROI?
- Does it have favourable financial leverage?
- If the firm belongs to an industry whose asset turnover is 2, does it have a high or low asset leverage?
- What is the operating, financial and combined leverage of the firm?
- If the sales drop to Rs. 125 lakhs, what will be the new EBIT?
- At what level the EBT of the firm will be equal to zero?

7

The selected financial data for A, B and C companies for the year ended 31st March, 2002 were as follows:

	A	B	C
Variable Cost as a Percentage of Sales	66%	75	50
Interest Expenses (Rs.)	200	300	1,000
Degree of Operating Leverage	5	6	2
Degree of Financial Leverage	3	4	2
Income Tax Rate %	40	40	40

Prepare an income statement for each of the 3 companies.

8

From the following information of S Ltd. and G. Ltd. compute Operating Leverage, Financial Leverage and combined leverage and comment on the impact on the shareholder's wealth.

	S. Ltd (Rs.)		G. Ltd (Rs.)	
Equity Share of Rs. 10 Each		10,000		90,000
10% Debentures		90,000		10,000
Total Capital Employed		1,00,000		1,00,000
Sales	2,00,000	1,80,000	2,00,000	1,80,000
Less: Variable Cost	1,00,000	90,000	1,00,000	90,000
Contribution	1,00,000	90,000	1,00,000	90,000
Less: Fixed Cost	50,000	50,000	50,000	50,000
EBIT	50,000	40,000	50,000	40,000
Less: Interest	9,000	9,000	1,000	1,000
EBT	41,000	31,000	49,000	39,000

9

The following projections are related to company A.

Sales (Units)	80,000
Variable Costs per Unit (Rs.)	4
Fixed Costs (Rs.)	2,40,000
Interest burden on Debt (Rs.)	1,20,000
Selling Price per Unit (Rs.)	10

On the basis of above data compute:

(a) Operating Leverage. (b) Financial Leverage. (c) Combined Leverage.

From the following particulars, prepare income statement of A Ltd. and B Ltd.

	A Ltd.	B Ltd.
Degree of Combined Leverage	6 times	15 times
Degree of Operating Leverage	3 times	5 times
Variable Cost as a % of Sales	40%	50%
Rate of Income Tax	35%	35%
Number of Equity Shares	1,00,000	1,00,000
Earnings Per Share	₹ 1.30	₹ 0.65





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Question Bank

Subject: Financial Management II

Class: SYBBI

Semester: III

Faculty: Mrs. Kajol Rupchandani

FINANCIAL GOAL SETTING

$$\text{EVA} = \text{NOPAT} - \text{Capital charge}$$

Problem no:1

Calculation of EVA of ABC Ltd from the following details :

Particulars	Year 1	Year 2
PBDIT	130	130
Depreciation	50	50
PBIT	80	80
NOPAT	40	40
Cash flow NOPAT + Depreciation	90	90
Capital charge/Cost	30	22.50

PB:2

Particulars	Year 1	Year 2	Year 3
PBDIT	195	195	195
Depreciation	75	75	75
PBIT	120	120	120

NOPAT	60	60	60
Cash flow	135	135	135
NOPAT + Depreciation			
Capital charge/Cost	33.75	22.5	11.25

PB:3

Particulars	Year 1	Year 2	Year 3
NOPAT	42160	42160	42160
Capital	600000	421430	217145
Cost of capital	10%	10%	10%
Capital charge	60000	42143	21715

- Profit before tax ltd with 125000 equity shares outstanding is Rs. 500000. Further, it has 50000, 10% Preference shares of Rs. 10 each as a part of its share capital. The current share price in the stock market is Rs. 18 per share. Calculate the earnings per share and the Price Earning Ratio. Assume tax rate @30%.
- The income statement and balance sheet of Five Star Ltd. is given below

Income Statement

Particulars	Rs. in lakhs	Rs. in lakhs
Sales	500	
Interest on Investment	10	
Profit on sale of old assets	5	
		515
Less		
Manufacturing cost	130	
Administrative cost	60	
Selling and distribution cost	50	
Depreciation	30	
Loss on sale of an old M/C	5	325
EBIT		190

Less : interest		20
EBT		170
Less : Tax 30%		51
PAT		119
EPS (119 lakhs/5 lakhs)		Rs.23.8
P/E ratio		2

Balance sheet

Liabilities	Rs.	Assets	Rs.
Equity capital – Rs. 10 crore	50	Building	80
Retained earnings	40	Machinery	70
Long term loan	60	Stock	10
Creditors	15	Debtors	12
Provision	13	Bank	6
Total	178	Total	178

3. Calculate EVA from the following data for the year ended 31st March 2003

Average debt (Rs.Crs.)	50
Average equity (Rs.Crs.)	2766
Cost of Debt (Post tax)	7.72%
Cost of equity	16.54%
Profit after tax, before exceptional item	15.41
Interest	5

4. Calculate EVA from the following data for the year ended 31st March 2010

Average debt	Rs.25 crores
Average equity	Rs.2500 crores
Cost of Debt	8%
Cost of equity	15%

Profit after tax	Rs. 12 crores
Interest	Rs.4 crores

5. M/S man India Ltd is considering a capital project for which the following is available.

Investments outlay	10000
Project life	5 years
Salvage value	Zero
Annual revenues	8000
Annual cost (excluding depreciation , interest and taxes)	4000
Depreciation	Straight line
Tax rate	40%
Debt equity ratio	3:2
Cost of equity	20%
Cost of debt (Post tax)	8%

Calculate EVA of the project over its life

6. From the following data pertaining to XYZ Ltd . for the year ended 31st March 2016., you are required to calculate the missing figures

Particulars	
Sales value	Rs.2000000
Income	Rs.400000
Average investment	Rs.500000
Sales margin (%)	?
Capital turnover (times)	?
ROI(%)	?
EVA	?
WACC	?
Cost of debt (Post tax)	8%

7. Acme Ltd is considering a capital project for which the following information is available

Investment outlay	1000
-------------------	------

Project life	10 years
Salvage value	0
Annual revenues	2000
Cost of equity	18%
Cost of debt (Post tax)	10%
Debt equity ratio	1:1
Depreciation (for tax purpose)	SLM
Tax rate	40%
Annual cost (excluding depreciation Interest and taxes)	1400

8. The following information is available of Tata Steel Co. Ltd. Calculate EVA

4% debt capital	3000 (Rs. Lakhs)
Equity capital	800 (Rs. Lakhs)
Reserves and surplus	6200 (Rs. Lakhs)
Risk free rate	9%
Beta factor	1.05
Market rate of return	19%
Equity risk premium	10%
Operating profit after tax	2400 (Rs. Lakhs)
Tax rate	35%

9. The capital structure of BHEL Ltd is a under .

- 8000000 Equity shares of Rs.10 each =Rs. 800 lakhs
- 100000 , 12% Preference shares of Rs. 250 each= 250 Lakhs
- 100000, 10% Debentures of Rs.500 each = 500 Lakhs
- 10% term loan from bank = 450 lakhs

The company's profit and loss account for the year showed a balance PAT of Rs. 110 Lakhs after appropriating Equity Dividend at 20%. The company is in the 40% tax bracket .Treasury bonds carry 6.5% interest and beta factor for the company may be taken at 1.5.The long run market rate of return may be taken at 16.5%. Calculate EVA.

10. Calculate EVA from the following information of HDFC Ltd.

Capital employed	Rs.1000 crore
Debt equity ratio	1:4

Cost of equity	18%
Cost of Debt (Pre tax)	15%
Tax rate	35%
EBIT	Rs.300 crores

11. Calculate EVA from the following information of Seagul Ltd.

Financial leverage	1.40 times
Cost of equity	17.50 %
Income tax rate	30%
Cost of depreciation (before tax)	10%

Capital structure	
Equity capital	Rs.340 lakhs
Retained earnings	Rs. 260 lakhs
10% Debentures	Rs. 800 lakhs
Note : Financial leverage =	EBIT/EBT

12. calculate Free cash flow to the firm (FCFF) from the following details of Davanagere Ltd.

Particulars	Amt (Rs. in Lakhs)
EBITDA	1000
400depreciation expenses	400
Interest expenses	150
purchase of Fixed assets	500
change in working capital	40
Net borrowing	80
common dividends	200

Tax rate is @30%

13. The folowing data to three divisions of Sona Chandi Company Ltd. The company's required rate of return on investment capital is 8%

Particulars	Division A	Division B	Division C
Sale value Rs.	?	2 crore	?
Income Rs.	8 lacs	40 lacs	?
Average investment Rs.	?	50 lacs	?

Sales margin (%)	20%	?	25%
Capital turnover (times)	2	?	?
ROI (%)	?	?	20%
Residual income (EVA) Rs.	?	?	240000

Note : Division C profit (Income) = X

14. The following data to three divisions of Jeevan Akshay Company Ltd. The company's required rate of return on investment capital is 8%

Particulars	Division A	Division B	Division C
Sale value Rs.	?	4 crore	?
Income Rs.	16 lacs	80 lacs	?
Average investment Rs.	?	100 lacs	?
Sales margin (%)	20%	?	25%
Capital turnover (times)	2	?	?
ROI (%)	?	?	20%
Residual income (EVA) Rs.	?	?	480000

Note : Division C profit (Income) = X

15. The following data to three divisions of Jeevan Suraksha Company Ltd. The company's required rate of return on investment capital is 8%

Particulars	Division A	Division B	Division C
Sale value Rs.	?	8 crore	?
Income Rs.	32 lacs	160 lacs	?
Average investment Rs.	?	200 lacs	?
Sales margin (%)	20%	?	25%
Capital turnover (times)	2	?	?
ROI (%)	?	?	20%
Residual income (EVA) Rs.	?	?	960000

Note : Division C profit (Income) = X

16. The following data to three divisions of Sona Chandi Company Ltd. The company's required rate of return on investment capital is 8%

Particulars	Division A	Division B	Division C
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Sale value Rs.	?	12 crore	?
Income Rs.	48 lacs	240 lacs	?
Average investment Rs.	?	300 lacs	?
Sales margin (%)	20%	?	25%
Capital turnover (times)	2	?	?
ROI (%)	?	?	20%
Residual income (EVA) Rs.	?	?	1440000

Note : Division C profit (Income) = X

17. The following data to three divisions of Millan Company Ltd. The company's required rate of return on investment capital is 8%

Particulars	Division A	Division B	Division C
Sale value Rs.	?	14 crore	?
Income Rs.	56 lacs	280 lacs	?
Average investment Rs.	?	350 lacs	?
Sales margin (%)	20%	?	25%
Capital turnover (times)	2	?	?
ROI (%)	?	?	20%
Residual income (EVA) Rs.	?	?	1680000

Note : Division C profit (Income) = X

Unit 2: Chapter no. 5: Time value of Money

1. Bonds in Perpetuity:

$$V = I/i$$

Where,

V=Value of Bond

I= Annual Interest in Rupees

i= Required rate of return in %

- a. If the bond pays Rs.60 interest annually on a perpetual bond, the current yield is 8%. Determine the value of the bond
 - b. If the bond pays Rs.80 interest annually on a perpetual bond, the current yield is 9%. Determine the value of the bond
 - c. If the bond pays Rs.80 interest annually on a perpetual bond, the current yield is 5%. Determine the value of the bond
 - d. If the bond pays Rs.80 interest annually on a perpetual bond, the current yield is 8%. Determine the value of the bond
2. Value of Preference shares:

$$V = D/i$$

Where;

V= value of Preference share

D= Annual Dividend Per share

I= Discount rate on preference share

- a. Paradise company Ltd. Sold its preference shares @Rs.60 last year. The discounted rate at that time was 10%. The company pays an annual dividend of Rs.6. this type of preference shares is currently yielding 8%. Determine the value of Paradise Company's preference shares.
 - b. Konark company ltd. Sold its preference shares @ Rs. 75 last year . the discount rate at that time was 8%. The company pays an annual dividend of Rs. 6. This type of preference shares is currently yielding 10%. Determine the value of Konark company's preference shares.
3. Yield on preference shares:
The yield on preference shares will be calculated using the following formulae:

$$I = D/P$$

Where;

I= yield on preference share

D= Annual dividend per preference share

V= Value of preference share

- a. If current price of a preference shares is Rs. 80 and annual dividend is Rs. 4 determine the yield on preference shares
4. Constant growth model: if the dividend model remains constant over the period of time, the equation will be:
- $$P_0 = D/r$$
- Where,
- P₀= price of shares
- D= Dividend per share
- r= Capitalization rate
- a. A company pays a dividend of Rs. 8 annually, if the capitalization rate is 12% determine the price of the share today using Constant Growth Model

b. A company pays a dividend of Rs. 16 annually, if the capitalization rate is 14% determine the price of the share today using Constant Growth Model

Second Type:

1. An investor invests a sum of Rs. 12000 for a period of 3 years at 10% compound interest per annum. How much money would he get back at the end of the three years?
2. Swaraj has invested Rs. 100000 in a scheme @10% p.a. compounded half yearly. Find out what will the amount become at the end of the one year.
3. Sanjana has invested Rs. 25000 in a scheme @12%p. a compounded Quarterly. Find out what will be the amount at the end of two years.
4. A deposit of Rs.10000 is made to earn interest @12% p.a. Find out the future value of the deposit if the compounding period is:
 - a. Annually
 - b. Half yearly
 - c. Quarterly
 - d. Monthly
5. An investor invests Rs.60000 in bank certificate of deposit for 3 years at 8% interest per annum. Calculate the maturity value of the investment.
6. An investor has invested Rs.550000 in a bank FD for 4 Years at 8.5% p.a. How much will be received at maturity.
7. A GOI bond of Rs.1000 each has a coupon rate of 6 percent per annum and maturity period is 16 years. if the current market price is Rs. 1040 find YTM.
8. A GOI bond of Rs.1000 each has a coupon rate of 8 percent per annum and maturity period is 20 years. if the current market price is Rs. 1050 find YTM.
9. A GOI bond of Rs.1000 each has a coupon rate of 7.5 percent per annum and maturity period is 20 years. if the current market price is Rs. 1060 find YTM.
10. A GOI bond of Rs.1000 each has a coupon rate of 10 percent per annum and maturity period is 10 years. if the current market price is Rs. 980 find YTM.
11. A GOI bond of Rs.10000 each has a coupon rate of 15 percent per annum and maturity period is 15 years. if the current market price is Rs. 9900 find YTM.
12. On a contract you have a chance of receiving Rs. 16000, ten years from now or Rs.60000, twelve years from now. At what rate of compound interest
13. Mimosa company limited has invested in a machine at cost of Rs. 900000. Following details are estimated:

Retrenchment staff	4 staff @salary of Rs.20000
Additional staff	1 staff @ salary of Rs. 40000
Saving in wastages	Rs.40000
Saving in Maintenance	Rs.10000
Additional electricity bill	Rs.15000

Calculate :Payback period. Ignore Taxation and Depreciation

14. Calculate Payback period from the following information of safer ltd.

Investment :RS.100000
Estimated life :10 years
Tax rate : 50%

year	Profit before depreciation (Rs.)	Depreciation (Rs.)	Profit after Depreciation (Rs.)	Tax @50%
1	40000	10000	30000	15000
2	60000	10000	50000	25000
3	50000	10000	40000	20000
4	50000	10000	40000	20000

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Question Bank

Subject: An overview of Banking sector

Class: SYBBI

Semester: III

Faculty: Mrs. Reema Gidwani

1. Define Banking and explain the primary functions of Banking?
2. Briefly explain the principles of Banking
3. List out the bank nationalised in 1969 and 1980
4. Explain schedule bank and no schedule bank
5. Explain the different types of banks in India
6. What are the functions of RBI?
7. What is the difference between public sector bank and private sector bank?
8. What is the difference between Indian Bank and Foreign bank?
9. What is the difference between cooperative bank and commercial bank?
10. Briefly explain payment bank
11. What are the functions and objectives of RRBs?
12. Describe the banking system in India
13. Explain pre- Independence history of banking
14. Explain different phases of post – independence history of banking
15. What are the objectives of banking sector reform?
16. List out the content of banking sector reform
17. What are the challenges ahead to banks in today's scenario?
18. Explain the current development in Banking sector

19. what is negotiable instrument
20. what is negotiable instrument
21. what is crossing of cheque?
22. what is Basel III
23. what are the features of Negotiable Instrument?
24. list out the duties of system provider
25. Brief the provision related to opening of new branches
26. List out the business of banking company as per the banking regulation act
27. Explain the provision to get licence from RBI
28. What is the difference between Promissory note and Bills of Exchange?
29. What is commercial bank? Briefly explain the evolution of commercial banking in India?
30. What is Retail Banking?
31. Define Retail Banking. Explain its Significance
32. List out the objectives of banking ombudsman.
33. What are the functions of commercial bank?
34. Explain rural banking in India.
35. List out the powers and duties of Banking Ombudsman.
36. Brief the general utility services provided by commercial bank
37. What do you mean by corporate banking and explain its features?
38. Define universal banking and explain advantages and disadvantages of Universal banking
39. Brief the need for Universal Banking in India
40. What are the products and services offered by universal banking?
41. What are the advantages of bancassurance?
42. What is E – Banking?
43. Explain the features of E – Banking
44. Explain Mobile banking
45. What is the difference between traditional banking and E – Banking
46. List out the advantages of E – Banking
47. What are the constraints of E – Banking?
48. What is RTGS? List out the advantages of RTGS
49. How to open a saving account through online?
50. Explain the norms of KYC
51. Explain the payment and settlement system of banks
52. Explain POS terminal and M- Wallet
53. Explain Microfinance
54. What is the need for Microfinance?
55. List out the characteristics of Microfinance
56. Explain the function of SHG
57. Explain the role of NABARD in Microfinance sector

58. What is Priority sector? Brief its classification.
59. What is Financial Inclusion?
60. Explain the need for Financial Inclusion
61. What are the strategies for Financial Inclusion?
62. Explain FIF
63. Explain FITF
64. List out the recommendation of RBI committee on Medium Term Path on Financial Inclusion
65. What are the advantages of Financial Inclusion?
66. What are the barriers to Financial Inclusion?
67. Explain the various measures taken by RBI and NABARD under Financial inclusion
68. Describe PMJDY
69. Explain stand up India scheme for greenfield in Detail
70. Explain Digital Financial Inclusion
71. Explain Kisan Credit Cards
72. Write a brief note on committee on Financial Inclusion
73. Explain World Findex Report





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Question Bank

Subject: Principles of Management

Class: FYBI

Semester: 1

Faculty: Asst Prof. Ajay Brahmane

1. Discuss the concept of management Explain its features.
2. Define management. Explain its importance.
3. What is meant by the term 'management'? Explain nature of management
4. Define management, Explain the importance of management. (Nov. 16)
5. What are the levels of management? Explain the functions of each level,
6. Do all managers at all levels of management perform all the functions?
7. Distinguish between levels of management,
8. State the main features of management,
9. Explain six Ms of management,
10. Define management. Explain the main characteristics of management,
11. Is management both an art and a science? Give your views.
12. Why management is called an art?
13. Justify that management is a science,
14. What do you understand by the term 'profession'? Bring out its main characteristics.
15. Define profession. Is management a profession?
16. State the need for and importance of management of banking,
17. Discuss the need for professionalism in management
18. Identify the factors emphasizing need for professionalism,
19. Why customer is considered the most important visitor to the bank premises?

20. How can banks contribute in national development?
21. How to manage insurance companies well?
22. Explain the distinctive contributions of FW, Taylor.
23. Explain Henri Fayol's fourteen principles of management
24. State and explain the features of contemporary management.
25. Explain contributions of Peter Drucker.
26. What is meant by traditional management? State its main features
27. Point out advantages and limitations of traditional management
28. What are the advantages of traditional management?
29. What is contemporary management? What are its features?
30. State the advantages and limitations of contemporary management.
31. Distinguish between traditional and contemporary management
32. Why most of the large business is still traditionally run in India? Give
33. your views
34. Why is Henri Fayol regarded as Father of Modern Management?
35. Describe any ten principles of Henri Fayol.
36. Outline the main contributions of Henri Fayol,
37. Why Taylor is called Father of Scientific Management?
38. Explain Taylor's principles of scientific management.
39. Point out the distinctive contributions of Taylor to the Theory
40. Discuss the contributions of scientific management.
41. Bring out the contributions of Peter Drucker in the development of modern management thought,
42. Elaborate strategic intent as provided by C. K Prahalad
43. Why is Vijay Govindarajan regarded as a management guru?
44. Explain budgeting and reporting as functions of management.
45. Define staffing. Discuss the staffing process in banking companies
46. What are the advantages of planning?
47. Define planning. Explain the advantages of planning.
48. What is directing? Explain the principles of direction?
49. Explain budgeting and reporting as a function of management.
50. Discuss the importance of controlling in management.
51. What is staffing? Explain its process.
52. Explain management process and practices with reference to Indian co.s
53. State the role of managers in discharging management practices.

54. What is meant by management process? Explain its features.
55. Explain Luther Conflict's PODSCORB as functions of management.
56. What is meant by planning? Explain its features.
57. Discuss the steps in planning process.
58. Explain the components of planning.
59. Point out the advantages and limitations of planning.
60. What is MBO? Explain MBO process. Mai Define MBO. State its advantages and limitations.
61. What is organizing function of management? State its characteristics.
62. Explain the principles of organisation.
63. Discuss staffing process in banking companies.
64. Which styles of leadership are appropriate in banking and insurance sector?
65. What is meant by coordination? Explain its importance.
66. What are the steps in effective coordination?
67. Explain the importance of communication in business management. How communication helps management to achieve efficiency in business?
68. What do you understand by the term budgeting? Point out its main objectives. Explain the various types of budget.
69. Discuss control process.
70. What are the different types of control?
71. Explain the principles of direction,
72. Bring out the relationship between authority and responsibility.
73. Explain planning function of management in a banking
74. What are the functions of management in insurance?
75. Discuss the functions of management related to insurance.
76. How to motivate employees in the insurance sector?
77. Discuss the need to motivate employees in banking sector.
78. Discuss the main functions of management related to banking.
79. How planning becomes the most important function in banking organizations?
80. Why should banks take care in recruiting right man to the right job?
81. Describe the need to motivate employees in banking sectors.
82. Point out the factors that motivate bank staff
83. Describe CRM programme in banking sector.
84. Outline CRM objectives in banking sector.
85. How HDFC bank has implemented CRM?
86. Explain CRM programme in ICICI Bank.

87. Explain the functions of management related to insurance
88. How insurance companies plan their activities?
89. Describe the basis of motivating insurance employees.
90. State the motivating factors used in insurance companies.
91. Why is communication determinant to the success of insurance company?
92. Explain the different types of risk management practices in banks.
93. Discuss CRM programme in insurance sector.
94. How LIC has successfully used CRM? Give details.
95. Explain how insurance companies adopt CRM programme,
96. Write a note on KYC.
97. Explain risk management in the banking sector.
98. How is risk managed in insurance sector?
99. Explain the merits and demerits of formal organization
100. What is an organization structure? Explain its importance
101. Explain the factors determining organisation structure.
102. Describe the importance of organisation structure.
103. Discuss the steps involved in designing organisation structure.
104. Explain the principles of organisation.
105. Identify the features of a good organisation structure.
106. What is formal organisation? State its features.
107. Why is line and staff organisation needed in a large business?
108. Explain the features of line and staff organisation.
109. Bring out merits and limitation of line and staff organisation.
110. What are the reasons of conflicts between line and staff managers?
111. State the merits and limitations of line and staff organisation.
112. What is committee organisation? State its features.
113. What are the advantages and limitation of committee organisation?
114. What do you understand by matrix organisation
115. Define matrix organisation and state its main features.
116. What are the merits and limitations of matrix organisation?
117. What is meant by departmentation? Explain the bases?
118. Describe the benefits of centralization.
119. Explain the disadvantages of centralization.
120. Describe the organisation structure in banking companies
121. Discuss the types of organisation structure followed by banks.

122. How does functional organisation work in banking?
123. Explain organisation structure of insurance companies is composed?
124. What are advantages and limitations of Decentralization?
125. Distinguish between centralised and decentralized
126. Explain the contribution of Business leaders in business growth.
127. "JRD Tata is the greatest architect of Indian industry" Explain
128. Explain the contributions of JRD Tata in Indian Industries.
129. Explain the leadership qualities of Shri. Ratan Tata.
130. Explain the contribution of the Kumar Mangalam Birla
131. Explain Dhirubhai Ambani as an outstanding industrialist
132. Explain Kiran Mazumdar Shaw as a leading woman business leader
133. Explain the role of Verghese Kurien in white revolution.
134. Explain the contribution of Azim Premji as a known service provider.
135. Throw light on Profile of one of the leaders of Indian Industry.
136. Explain the role of Smt. Naina Lal Kidwai in the success of HSBC.
137. Write about leadership qualities of Mr. Narayana Murthy.
138. Explain the growth of Godrej Group after 1990.
139. Write a note on K. V. Kamath
140. Write a note on RBI and its present Governor.
141. Explain briefly the progress of Hinduja Group
142. Discuss the features of leadership of Anand Mahindra.
143. Explain the role of Deepak Parekh in the progress of HDFC Group.
144. Describe the contribution of Mr. Deepak Parekh
145. Write briefly the contribution of Uday Kotak and Sudhakar Shanbhag.
146. Discuss the contribution of RBI in Indian economy.
147. Explain briefly the challenges before RBI Governor Dr. Urjit Patel.
148. Explain the functions/duties of Federal Reserve System.
149. Write briefly about Federal Reserve Bank and its President.
150. State the objectives and functions of IMF.
151. Throw light on one leader of International Financial Institution.
152. "India has close and cordial relations with IMF, World Bank Development Bank" Explain the statement briefly.
153. Write a note on the President of World Bank
154. Write a note on President of Asian Development Bank.

