

M.Com. (Previous) Degree Examination August / September 2009
Directorate of Correspondence Course
COMMERCE
Paper - I
Principles and Practice of Management
(Freshers)

Time : 3 Hours

Max. Marks : 80

Note:

- 1) **Answer any FIVE of the following questions.**
- 2) **Each question carries 16 marks.**
1. What is Management ? How management evolved over a period of time?
2. Define MBO and explain the process of MBO.
3. What is Planning ? Discuss the importance of forecasting in planning.
4. Define Organising. Explain the factors which influence the organisation structure.
5. Define leadership and discuss the different styles of leadership.
6. What are the common barriers to communication in an organisation ? How can these be overcome?
7. Define decision - making and explain the basic process of rational decision - making.
8. What is Control ? What are the steps involved in Control ?
9. What is meant by departmentalisation ? Explain the different types of departmentalisation.
10. Briefly explain various approaches to analysing motivation?

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COMMERCE
Paper - II
Marketing Management
(Freshers)

Time : 3 Hours

Max. Marks : 80

Note:

- 1) Answer any FIVE of the following questions.
 - 2) Each question carries 16 marks.
1. Define Product mix. Examine the reasons for failure of new products.
 2. Discuss the merits and limitations of various approaches to study of marketing.
 3. Explain the systematized procedure of conduction a marketing research.
 4. Elucidate Maslow's theory contributed to understand consumer behaviour.
 5. What is Product Life Cycle? Discuss the appropriate marketing strategies to be adopted at each stage of the product life cycle.
 6. What are the major channels of distribution ? Which are the factors matter much while choosing a channel?
 7. What is services marketing ? How is it different from product marketing ? What are its main features.
 8. What is marketing research ? What are its objectives ? Distinguish between experimentation and desk research.
 9. Explain the steps involved in the development of a new product?
 10. Input - output model of consumer behaviour symbolizes human psyche - explain.

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Paper - III
Financial Management
(Freshers)

Time : 3 Hours

Max. Marks : 80

Note:

- 1) Answer any FIVE of the following questions.
- 2) Each question carries 16 marks.
1. "The financial objective of the corporation is to maximisation wealth or network". Explain the statement and examine the financial functions performed by a financial manager to achieve this goal.
2. "The total value of a firm remains unchanged regard less of variation in its financing mix." Discuss
3. What are the basic strategies of cash management ? Explain in detail.
4. What are the factors that make optimal capital structure of a company and how cost of capital is one of the major influencing factor?
5. Evaluate the role of Industrial Development Bank of India in developing the industries in India.
6. What do you mean by Working Capital Management ? What are determinants of working capital requirement.
7. Consider the following three capital projects. Find the NPV and IRR of the projects.

Year	Cash Flow		
	Pro X	Pro Y	Pro Z
0	-31597	-31597	-31597
1	15000	39180	0
2	15000	0	0
3	15000	0	51915

Cost of capital 12%.

Rank the projects in the descending order of NPV and IRR. If you find any difference in the ranking. Show with suitable assumptions and numerical calculations how you would resolve the problem.

8. A firm is currently using a machine which was purchased two years ago for Rs. 70,000 & has a remaining useful life of 5 years.

It is considering to replace the machine with a new one which will cost Rs. 1,40,000. The cost of installation will amount to Rs. 10,000.

The expected cash flows before depreciation and taxes for both the machines are as follows:

Year	Existing machine	New machine
1	Rs. 30,000	Rs. 50,000
2	Rs. 30,000	Rs. 60,000
3	Rs. 30,000	Rs. 70,000
4	Rs. 30,000	Rs. 90,000
5	Rs. 30,000	Rs. 1,00,000

The firm use straight line method of depreciation. The average tax on income as well as capital gain or losses is 40%. Calculate the incremental cash flows assuming sale value of existing machine:

(1) Rs. 80,000 (2) Rs. 60,000 (3) Rs. 50,000 & (4) Rs. 30,000

9. A company considering a new machine. The net cash flows have been estimated as follows:

	<u>Year 1</u>	<u>Probability</u>	<u>Year 2</u>	<u>Probability</u>
Net cash flows	Rs. 10,000	0.4	Rs. 8,000 Rs. 12,000	0.5 0.5
Net cash flows	Rs. 12,000	0.6	Rs. 16,000 Rs. 20,000	0.4 0.6

The cost of the machine is Rs. 20,000 with an estimated life of two years and the cost of capital of the firm is 12%. Use a decision free approach to recommend whether the equipment should be purchased or not.

10. Ajay Ltd. has a capital of Rs. 1 million in equity share of Rs. 100 each. The shares are currently quoted at par. The company proposed to declare a dividend of Rs. 10 per share at the end of the current financial year. The capitalisation rate for the risk class to which the company belongs is 12%. What will be the market price of the share at the end of the year. If

- (1) A dividend is declared?
- (2) A dividend is not declared?
- (3) Assuming that the company pays the dividend and has net profit of Rs. 0.5 million and makes new investment of Rs. 1 million during the period. How many new shares must be issued? Use the MM model.

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Paper - IV

Accounting Theory**(Freshers)**

Time : 3 Hours

Max. Marks : 80

Note:

- 1) Answer any FIVE of the following questions.
- 2) Each question carries 16 marks.
1. Briefly explain Accounting Concepts and Conventions in Accounting Literature.
2. What do you understand by "Accounting Theory" ? Explain the foundation of accounting theories.
3. What is the difference between the traditional and the new approaches to accounting theory formulation ? Briefly explain the traditional approaches.
4. Compare and contrast the acquisition cost method and replacement cost method of human resource valuation.
5. What is meant by Accounting standards? State briefly the merits and demerits of issuing accounting standards.
6. From the data below, calculate the gearing adjustments required under CCA method:

	Opening Rs.	Closing Rs.
Convertible debentures	1,00,000	1,20,000
Bank overdraft	60,000	80,000
Cash	10,000	30,000
Paid-up share capital	1,50,000	2,00,000
Reserves	50,000	80,000
Adjustments:		
	Rs.	
COSA	20,000	
MWCA	15,000	
Depreciation	5,000	
Total	40,000	

7. Rising Ltd. a company that was established in 2004. Is in the grip of rising prices. It depreciates its plant and machinery by the reducing balance method charging 25% of the reducing balance each year. All fixed assets can be assumed to have been purchased at the beginning of the year in which they are acquired. Capital employed is taken at the year - end value. Details of the company's capital employed and profit are as follows:-

Plant and Machinery		Working capital at year end	Profit before depreciation
		Rs.	Rs.
Year of purchase	Cost (Rs.)	-	-
2004	3,24,000	-	-
2005	81,000	-	-
2006	54,000	1,30,000	1,42,000

The process of plant and machinery have been rising and price index for plant and machinery costs are as follows:

End of	2003	2004	2005	2006
Price include	244.8	260.1	275.4	306.0

Required

- (a) Return on capital employed costing (i) historical costs and net book values to value fixed assets and (ii) CPP method for fixed assets value and depreciation and
- (b) Comment on the results obtained.
8. The following information has extracted from the books of the company.

<u>Year of purchase</u>	<u>Cost of the assets</u>	<u>Life in years</u>	<u>Rate of depreciation on original cost</u>
1989	50,000	13	5%
1995	80,000	7	10%
2001	1,40,000	1	15%

The general price index in 1989 was 100 : in 1995-2000 and in 2001 it was 300. The replacement cost of the assets on 31.12. is Rs. 80,000 and Rs. 1,50,000 respectively.

You are required:

- (1) To calculate the amount of depreciation upto 2001 on historical cost and current purchasing power basis and
- (2) To make necessary entries for recording the changes in the ledger costing the index numbers and the replacement cost.
9. What do you mean by the term financial reporting ? Briefly explain the unique objectives and benefits of financial reporting.
10. What is Accounting for price level changes ? Briefly explain the various approaches to Accounting for price level changes.