Second year Diploma in Financial Managament

686 : G-m. 15th May 2009.

Con. 2610-09. Paper VIII Management Informatio and Global System BB-8934

(3 Hours) [Total Marks : 100

N.B. (1) Attempt any **five** questions.
(2) **All** questions carry **equal** marks.

1. What are the components of an MIS ? What are the different types of MIS in an organization ?

2. How do you evaluate the effectiveness and efficiency of an Information System in an Organization ?

3. What role does Information Technology have in managing a global business ?

4. What are the limitations of Management Control Systems ? Explain in detail.

5. Design of an Information System depends upon the hierarchical level of Management. Justify and explain the different information systems that an organization would need.

6. Why do some programmers prefer to write a program from scratch rather than modify a program written by someone else ?

7. What is application software ? What are the stages involved in design and implementations of an Application Software ? Explain the stages.

8. What are the different types of computers ? Give an account of the evolution of computer languages.

SYPGDFM
Paper VII
Taxation – II

13th may 2009

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Con. 2229-09. **BB-8932**

(3 Hours) **[Total Marks : 100**

N.B.:(1) **All** questions are **compulsory**.
(2) **Figures** to the **right** indicate **full** marks.
(3) **Working notes** and assumption at **proper** place shall form **part** of answer.

1. Explain the following terms : **16**
   (a) "Customs Station" as per Customs Act.
   (b) "Factory" as per Central Excise Act
   (c) "Inter State Sale" as per Central Sales Tax Act.
   (d) "Customs frontiers" as per Customs Act.

2. Cost of production of a product 'X' calculated as per CAS-4 Standard is Rs. 400. **16**
During a period 1000 pieces of the product were manufactured and following further particulars are available.
   (1) 100 pieces used for own consumption
   (2) 200 pieces were sold to the Government department @ Rs. 650 per piece.
   (3) 200 pieces were sold to Retailers @ Rs. 850 per piece.
   (4) 400 pieces were sold to Wholesaler Rs. 725 per piece.
   (5) 100 pieces were sold to a Marketing Agency @ Rs. 700 per piece of these 25 pieces were rejected which were subsequently sold @ Rs. 200 per piece.

   The rate of duty on the product is 16% plus 3% Education Cess.

What is total duty payable ?

OR

2. Discuss in detail :
   (a) Value based on Retail Sale Price Method.
   (b) Transaction Value Method under Central Excise Act.

3. (a) Mr. X reported Inter State Sales Turnover of 30,00,000 (all inclusive). On Analysis it was ascertained that followings items were included :—
   (1) Excise Duty Rs. 2,80,000
   (2) Deposit for Returnable Containers Rs. 1,20,000.
   (3) Freight Rs. 10,000
   (4) Insurance Rs. 4,200.

   Compute the CST Liability, assuming that rate of tax is 2%.

   (b) Mr. A submit the following information from which, ascertain CST payable :—
   (1) Basic Price of Goods Sold Rs. 1,00,000
   (2) Excise Duty @ 16%
   (3) Freight Rs. 1,520
   (4) Insurance Rs. 480.

   Assume that purchaser is :
   (1) A Registered Dealer and Submit 'C' form. (Tax Rate 2%)
   (2) Not a Registered dealer under CST Act, (Tax Rate 12·5%)

OR

3. (a) Discuss in detail "Sale in the Course of Import".
   (b) Sale in Transit.

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4. An Importer has imported a machine from Germany at FOB Cost 10000 Euro \$. **16**
Other details are as follows :—
   (1) Freight from Germany to India Port was 700 Euro \$
   (2) Transit Insurance paid in India Rs. 5,000.
   (3) Design and Development charges paid in Germany was 2000 Euro \$.
   (4) Rs. 10,000 was spent on transportation from Indian port to factory. Ocean Freight was 10 Euro \$.
   (5) Rate of Exchange as per RBI was 1 Euro \$: Rs. 58.
   (6) Rate of Exchange as per CBE and C Board 1 Euro \$: Rs. 75
   (7) When importer made the payment 1 Euro \$: Rs. 59.

Customs duty payable was 10% plus Education Cess % 3%. Find out Customs duty payable. How much Cenvat can be availed by importer, if he a manufacturer ?

OR

4. (a) What is Baggage ?
   (b) Transit Goods
   (c) Bill of Entry.

5. A manufacturer has supplied a tank on following terms and conditions : **16**
   (1) Price Rs. 5,00,000 (Net of Tax and Duties)
   (2) Erection Expenses Rs. 25,000.
   (3) Packing (Normally done for all Tanks) Rs. 3,000.
   (4) Design and Drawing Rs. 10,000.
   (5) Bought out Optional Accessories Rs. 8,500 (Not charged separately).
   (6) Transport from Gate to Buyer's place Rs. 12,000.
   (7) Transit Insurance Rs. 2,000.

Central Excise Duty is 16%, Education Cess 3%. Find out Assessable Value and calculate Duty Payable.

OR

5. Explain the following terms under Central Excise :—
   (a) Conditions for Levy of Central Excise Duty.
   (b) Excisable Goods.
   (c) Manufacture.

6. Write short notes on (any **two**) :— **16**
   (a) Penultimate sale under Central Sales Tax Act
   (b) Bonded warehouses under Customs Act.
   (c) Personal Ledger Account under Central Excise.

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Paper V
Financial Management - II

5th may 2009.

Con. 2201-09.

BB-8925

(3 Hours)

[Total Marks : 100

N.B. : (1) Answer question No. **1**.
(2) Answer **two** questions from Q. Nos. **2** to **5** and **two** questions from Q. Nos. **6** to **9**.
(3) Working notes and **suitable** assumptions form part of answer.
(4) **Figures** to the **right** in indicates **full** marks.
(5) Use of **simple** calculator is **permitted**.

1. Sudeep Enterprise Ltd. deals in a seasonal products as a trader. It desires to prepare cash budget for six months for January, 2009 to June, 2009. The following information is furnished : 20
   (a) Sales are seasonal as follows
      October to February – 5000 Units p.m. @ Rs. 100/- pu
      March to June – 2000 Units p.m. @ Rs. 75/- pu
      July to September – 3000 Units p.m. @ Rs. 90/- pu
   (b) The cost of goods sold is 40 per unit. Through out year.
   (c) The stock is maintained at level of sale of next month.
   (d) Storage Expenses are Rs. 10,000 pu.
   (e) Commission Expenses are @ 5% of Sales Price.
   (f) Distribution Expenses are @ Rs. 10% per unit
   (g) During March to September past of premises is let out @ Rs. 12000 p.m. in December, 2008.
   (h) Company purchased a delivery van at cost of Rs. 60,000/-. The amount is payable is Rs. 20,000/- is February, April and June together with interest @ 18% p.a. on unpaid balance.
   (i) The company is required to pay income tax in March Rs. 40,000/- June Rs. 30,000/-.
   (j) It is the policy of company to maintain minimum cash balance of Rs. 30,000/-. A end of December Balance was Rs. 36,000/-.

2. LPE Ltd. needs to invest Rs. 40,00,000/- It is ascertain the cost of capital at different capital structure is as follows :

Debt (%)	Equity (%)	Cost of Debt (%)	Cost of Equity (%)
10	90	6·00	12·00
20	80	6·50	12·50
25	75	7·00	12·50
40	60	7·00	13·00
50	50	7·25	13·50
60	40	7·50	14·00
75	25	8·00	15·00

   (a) You are to suggest optimum Debt Equity mix base on weighted average cost of capital.
   (b) The project has expected EBIT @ 25% and tax rate @ 35% for the debt equity mix supported by you, calculate E.P.S., assuming capital is decided in units of Rs. 100% each.

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3. Four companies provide incomplete information for its capital structure and cost of capital. You are requested to ascertain missing details for each company.

	Alba Ltd.	Bebo Ltd.	Kundan Ltd.	Dinoo Ltd.
(a) Debt Ratio Equity	40:60	?	60:40	60:40
(b) Cost of Equity	11%	11%	11%	?
(c) Cost of Debt	7·2%	7·2%	?	7·2%
(d) W.A.C.C.	?	8·72%	8%	8·32%

4. (a) Aurn Ltd. has sales of Rs. 16,00,000, with variable cost @ 60%. Fixed cost Rs. 2,40,000/-. Its 10% Debt is Rs. 20,00,000/- and Equity is Rs. 20,00,000/- in shares of Rs. 100%. Calculate all leverages and E.P.S. 8

(b) The Co. proposes to revise capital structure to 12% Bond of Rs. 12,00,000/- and Equity of Rs. 8,00,000/-. The fixed Expenses are to reduces to Rs. 2,00,000/-. The sales remains same but variable cost reduces to 50% of sales. Calculate all leverages and E.P.S. 8

(c) Offer your comments on the changing position.

5. Ram & Co. is considering investment in project costing Rs. 450 lacs. This is financial by loan of Rs. 300 Lacs on which interest @ 15% p.a. is payable. The estimated useful life is 5 years. The project involves plant costing Rs. 200 Lacs and working capital Rs. 250 Lacs. The plant is subject to be depreciated @ 15% p.a. fixed instalment method. At the end of project life, plant will realise 25% of cost and working capital will realise 90% of cost. The loan will be repaid. The profit before depreciation interest and tax is estimated and p.v. factor @ 10% and 16% are as follows :

Year of	PBD IT Rs. (Lacs)	P. V. Factor @ 10%	P. V. Factor 16%
1	125	0·909	0·862
2	150	0·826	0·743
3	175	0·751	0·641
4	195	0·683	0·552
5	160	0·621	0·476

Income tax applicable is @ 35%. You are required to calculate –

(a) Pay Back Period
(b) A. R. R. (on total investment)
(c) N. P. V. @ 10% and 16%
(d) I. R. R.

6. (a) What are the significant matter inculded in project report ? 10
(b) What are the major components of Published Annual Report of Company ? 10

7. As a Financial controller of growing concern, explain various sources to meet financial needs of different types. 20

8. You are consultant to an enterprise which is evaluating various long term projects requring different amounts of investment. Explain salient features of various methods available for purpose. 20

9. Compare and contrast (any **two**) :–

(a) Future and options
(b) Profits and cash inflow
(c) Financial and operating leverage
(d) Lease and their purchase.

618 : G-m.

SYPGDFM
Paper VI
Management Accounting

7th may 2009

Con. 2210-09.

BB-8928

(3 Hours) [Total Marks : 100

N.B. (1) Question No. **1** is **compulsory**.
(2) Attempt any **three** questions from Question Nos. **2 to 6**.
(3) Attempt any **one** question from Question No. **7** to Question No. **9**.
(4) In all **five** Questions to be attempted. And **all** questions carry **20 marks each**.
(5) Suitable **assumptions**, **working notes**, **cleanliness** shall form **part** of your **answers**.

1. A factory engaged in manufacturing of plastic buckets is working at 40% of its capacity and produces 16000 buckets per year. At this level its cost break up is as under :—
   Materials Rs. 10, Labour Rs. 3, Overhead Rs. 5 (60% fixed)

   The selling price is Rs. 20 per bucket.

   If it is decided to work the factory at 50% capacity, the selling price falls by 3 %, with no change in other prices. At 90% capacity the selling price falls by 5% and it will also lead to fall in price of materials by 5%.

   You are required to calculate the profit at 50% and 90% capacitities and also break even points for the same capacity productions.

2. From the following data for March 2009 of a factory, calculate :—
   (a) Materials cost variance
   (b) Materials price variance
   (c) Materials usage variance
   (d) Materials Mixture variance
   (e) Materials yield variance

Items of Materials	Standard		Actual	
	Quantity (kgs.)	Rate (Rs.)	Quantity (kgs.)	Rate (Rs.)
X	8000	10·50	7500	12
Y	3000	21·50	3300	23
Z	2000	33·00	2400	35

3. For the production of 20000 units the following are the budgeted expenses :—

	Per Unit (Rs.)
Direct Materials	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs. 3,00,000)	15
Variable Expenses (Direct)	5
Selling Expenses (20% fixed)	15
Administration Expenses (Rs. 20,000 fixed)	5
Distribution Expenses (20% fixed)	5
Total Cost of sale per unit	160

   Prepare a budget for the production of 15000 , 17000 and 18000 units giving full details of the cost.

4. A transport service company is running 4 buses between two towns 50 kilometers apart. Seating capacity of each bus is 40 passengers. The following particulars were obtained from their books for the month of March 2009 where the buses ran for 24 days.

Wages of drivers, conductors and cleaners	Rs.	36,000
Salaries of office and supervisory staff	Rs.	18,000
Diesel/Oil/others	Rs.	21,000
Repairs and Maintenance	Rs.	8,000
Taxation and Insurance (half yearly)	Rs.	66,000
Depreciation (yearly)	Rs.	2,40,000
Interest (monthly)	Rs.	12,600

   Actual passengers carried were 75% of the seating capacity.
   Find out the cost per passenger kilometer.

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5. The particulars of two plans producing an identical product with the same selling price are as under :—

	Plant A	**Plant B**
Capacity Utilization	80%	75%
	(Rs. in lakhs)	(Rs. in lakhs)
Sales	150	100
Variable Cost	105	75
Fixed Cost	30	20

It has been decided to merge Plant B with Plant A. The additional fixed expenses involved on the merger amount to Rs. 6 lakhs :—

(a) Find the break even point of Plant A and Plant B before merger.
(b) Find break even point of merged plants.
(c) Find the capacity utilization of the integrated plant required to earn profit of Rs. 24 lakhs.

6. From the following forecasts of income and expenditure prepare cash budget for three months commencing 1st June when the bank balance was Rs. 85,000/-.

(Amount in Rs.)

Month	Sales	Purchases	Wages	Factory Exps.	Admin. Exps.
April	80,000	41,000	5,000	3,500	10,000
May	76,500	40,500	5,000	3,500	10,000
June	78,500	38,500	5,000	3,500	10,000
July	90,000	37,000	5,000	3,500	10,000
August	95,000	35,000	5,000	3,500	10,000

Additional Information :

(1) 50% of the total sales is on cash and remaining 50% of the sales proceeds get realized after two months (i.e. January sales realized in March).
(2) From 1st April the Company has decided to invest cash balance in excess of Rs. 60,000/- in short term Deposits with bank with an understanding that the same may be ploughed back in case of deficit.
(3) Plant costing Rs. 65,000/- will be purchased in July after paying 50% amount as advance in May.
(4) A dividend of Rs. 25,000/- will be paid in August.

7. Discuss in brief the methods of grouping of overheads.

8. Explain the difference between Forecasting and budgeting.

9. Attempt any **two** of the following :—
(a) Importance of Cost Audit
(b) Unit Costing
(c) Process Costing
(d) Abnormal Wastage and Abnormal gains
(e) Integral Accounting.