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Reg. No:.....

Name: .....

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE  
Sixth Semester BCOM /BCOM CA Degree Examination, April 2024  
BCM6B13/BCC6B13 - Auditing & Corporate Governance  
(2019 Admission onwards)

Time: 2 ½ hours

Max. Marks : 80

**PART A**

**All questions can be attended.  
Each question carries 2 marks**

1. Define Vouching.
2. What is social Audit?
3. What is an Efficiency Audit?
4. What is an Error of Omission?
5. Define Auditing.
6. What is Corporate Governance?
7. What is Whistle Blowing?
8. What do you mean by Shareholders Activism?
9. What do you mean by e-governance?
10. What is NCLT?
11. What is a Clean Audit Report?
12. What is an Audit Committee?
13. Define Internal Checks.
14. What is Unearned Income? Give an example?
15. Explain Fictitious Assets.

(15 x 2 = 30 , Maximum ceiling 25 marks)

### **PART B**

**All questions can be attended.  
Each question carries 5 marks**

16. Describe the vouching of Cash book.
17. What are the fundamental principles of internal check?
18. "Auditor as a watch dog and not a blood hound"- Discuss.
19. What is continuous audit? What are its disadvantages?
20. What are the 'Relevant Auditing Assurance Standards'?
21. What are the codes and standards on corporate governance?
22. What are the objectives of internal audit?
23. What are the differences between valuation and verification?

**(8 x 5 = 40, Maximum ceiling 35 marks)**

### **PART C**

**Answer any two questions**

24. What is insider trading? Explain different types of insider trading cases and how it is checked?
25. What are the common governance problems noticed in various corporate failure?
26. What are the steps to be taken for verification and valuation of stock?
27. What are the rights, duties and liabilities of auditors?

**(2 x 10 = 20 marks)**

26. Discuss the provisions related to inspection, search, seizure, and arrest under GST. Analyze the circumstances under which these powers are exercised and their impact on tax enforcement.
27. What are the various returns prescribed under the GST laws? Explore the challenges faced by taxpayers in the process.

(2 x 10 = 20 marks)

19. Who are the participants in the derivative market?
20. Differentiate between hedging and speculation.
21. How are covered call different from 'naked call'?
22. Differentiate between swap contracts and futures contracts.
23. Discuss the economic functions of derivatives .

(8 x 5 = 40, Maximum ceiling 35 marks)

### **PART C**

**Answer any two questions**

24. Explain different types of derivative contracts along with their features.
25. Discuss the risk – return profile of option contracts.
26. What is a currency swap? How it is operationally different from an interest rate swap?
27. Discuss the various strategies of hedging with stock index futures.

(2 x 10 = 20 marks )



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FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE  
Sixth Semester BCOM Degree Examination, April 2024  
BCM6B15 - Financial Management  
(2019 Admission onwards)

Time: 2 ½ hours

Max. Marks : 80

**PART A**

All questions can be attended.  
Each question carries 2 marks

1. Define financial management.
2. Explain the role and functions of a financial manager.
3. What do you mean by the time value of money?
4. Write a short note on capital budgeting.
5. What is the payback period?
6. Give a brief description on net present value.
7. What do you mean by leverage?
8. Define capital structure.
9. A company has operating leverage =2 and combined leverage =3. Find out its financial leverage?
10. List various sources of long term financing.
11. What are the different forms of dividend?
12. Describe optimal dividend policy.
13. Define working capital.
14. What is inventory management?
15. Give a brief description on VED analysis.

(15 x 2 = 30, Maximum ceiling 25 marks)

**PART B**  
**All questions can be attended.**  
**Each question carries 5 marks**

16. Write a note on the capital budgeting process.
17. Explain the factors affecting capital structure.
18. The following are the details relating to two machines X and Y

Details	X	Y
Cost of the machine	160000	200000
Estimated scrap value	16000	25000
Estimated savings		
1 <sup>st</sup> year	20000	40000
2 <sup>nd</sup> year	30000	60000
3 <sup>rd</sup> year	50000	60000
4 <sup>th</sup> year	50000	60000
5 <sup>th</sup> year	40000	30000
6 <sup>th</sup> year	30000	20000
7 <sup>th</sup> year	10000	Nil

Calculate the payback period of machines X and Y.

19. Compute the after tax cost of debt capital of the following cases:

X Ltd. issues Rs 50000, 8% debentures at par. The tax rate applicable to the company is 50%.

Y Ltd. issues Rs 50000, 8% debentures at a premium of 10%. The tax rate applicable to the company is 60%.

A Ltd. issues Rs 50000, 8% debentures at a discount of 5%. The tax rate applicable to the company is 50%.

B Ltd issues Rs 100000, 9% debentures at a premium of 10%. The costs of floatation are 2%. The tax rate applicable is 60%.

20. A firm has a capital structure exclusively comprising ordinary shares amounting to Rs 10,00,000. The firm now wishes to raise an additional Rs 10,00,000 for expansion. The firm has four alternative financial plans:
- (A) It can raise the entire amount in the form of equity capital.
  - (B) It can raise 50 percent as equity capital and 50 percent as 5% debentures.
  - (C) It can raise the entire amount as 6% debentures.
  - (D) It can raise 50 percent as equity capital and 50 percent as 5% preference capital.
- Further, assume that the existing EBIT is Rs 1,20,000, the tax rate is 35 percent and the market price per share is Rs 100 under all four alternatives. Which financing plan should the firm select?
21. The earnings per share of B Ltd. is Rs. 4 and the rate of capitalization applicable is 10%. The company has before it an option of adopting: (i) 50% (ii) 75% and (iii) 100% dividend payout ratio. Compute the market price of the company's shares as per Walter's model if it can earn a return of 10% on its retained earnings.
22. The following particulars are given for Component A in a factory:
- Normal usage — 50 units per week each      Minimum usage — 25 units per week each  
 Maximum usage — 75 units per week each      Reorder/Ordering Quantity — 300 units  
 Reorder/Delivery period — 4 to 6 weeks
- Calculate: (a) Reorder Level; (b) Minimum Level; (c) Maximum Level;  
 (d) Average Stock Level and (e) Danger Level.
23. A company makes bicycles. It produces 450 bicycles a month. It buys the tyres for bicycles from a supplier at a cost of Rs.20 per tyre. The company's inventory carrying cost is estimated to be 15% of the cost and the ordering cost is Rs.50 per order. Calculate the EOQ. What is the number of orders per year?

(8 x 5 = 40, Maximum ceiling 35 marks)

### PART C

Answer any two questions.

Each question carries 10 marks

24. Discuss the main decisions which are taken in financial management.



25. ABC Ltd has assets of Rs.1,60,000 which have been financed with Rs.52,000 of debt and Rs.90,000 of equity and a general reserve of Rs.18,000. The firm's total profits after interest and taxes for the year ended 31st March 2012 were Rs.13500. It pays 8% interest on borrowed funds and is in the 50% tax bracket. It has 900 equity shares of Rs.100 each selling at a market price of Rs.120 per share. What is the weighted cost of capital?
26. From the following information calculate the NPV of the two projects and suggest which of the projects should be accepted assuming a discount rate of 10%.

	X	Y
Initial investment	Rs.20000	Rs.30000
Estimated life	5 years	5 years
Scrap value	Rs.1000	Rs.2000

The profit before depreciation and after taxes is as follows:

Year	1	2	3	4	5
Project X	5000	10000	10000	3000	2000
Project Y	20000	10000	5000	3000	2000

27. XYZ Company Ltd supplies you with the following information for the year ending 31/12/2010.

Credit sales	150000
Cash sales	250000
Return inward	25000
Opening stock	25000
Closing stock	35000

Find out the Inventory turnover ratio when gross profit is 20%.

(2 x 10 = 20 marks)