

1B3N20151

(Pages : 2)

Reg. No:.....

Name:

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE
Third Semester BBA Degree Examination, November 2020
BBA3C03 – Business Regulations
(2019 Admission onwards)

Time: 2 ½ hours

Max. Marks: 80

PART A
Answer all questions

1. Define contract.
2. Who can accept an offer?
3. What do you mean by discharge by performance?
4. What is liquidated damages?
5. What is contract of indemnity?
6. What is the consideration of surety in a contract of guarantee?
7. Enumerate the rights of surety against a principal debtor?
8. What is gratuitous bailment?
9. Define Pledge.
10. Who is substituted agent?
11. When can a finder of goods sell the goods?
12. What is absolute sale and conditional sale?
13. What is auction sale?
14. Who is a consumer?
15. What is Consumer Protection Act 1986 ?

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

PART B
Answer all questions

16. Distinguish between
 - a) Agreements and contracts
 - b) Void agreement and void contracts
 - c) Void contracts and voidable contracts.
17. Explain the law relating to communication of offer, acceptance and revocation.
18. What are the rights of indemnity holder?
19. Explain the nature and extent of surety's liability.
20. Describe briefly the various modes by which an agency may be terminated.
21. What is Lien? Explain bailee's lien.
22. Distinguish between sale and bailment.
23. What are the rights of consumer?

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

PART C
Answer any two questions

24. Define and distinguish between coercion and undue influence. What is their effect on the validity of a contract.
25. What is agency by ratification ? What are the requisites of valid ratification?
26. "A seller cannot convey a better title to the buyer than he himself has". Discuss the rule
27. Explain briefly about District, State and Central Consumer Protection Councils.

(2 x 10 = 20 Marks)

PART B
Answer all questions

16. Define Financial statements? Explain its features
17. Discuss any five limitations of Ratio Analysis?
18. What is Stock turnover ratio? How is it interpreted?
19. How will you treat interest on loan due?
20. Explain tax base? Give examples
21. On 1.4.2018, A Ltd acquired patent right for ₹ 50 lakh. The down payment is 20% and balance shall be paid over 5 equal annual instalments. Incremental borrowing cost of the company is 11%. Find out the cost of acquisition of patent?
22. AB Ltd has 30,000 preference share of ₹ 10 each, ₹ 5 per called up. The company has the following divisible profits. P & L a/c 1,00,000, General Reserve 50,000, Dividend Equilisation Reserve 80,000, Reserve Fund 70,000 . Give Journal entries for redemption of Preference share at par.
23. From the following information,

Calculate Debt Equity Ratio, Total Assets to Debt Ratio, Proprietary Ratio, and Debt to Capital Employed Ratio:

Balance Sheet as at March 31, 2015

Particulars	Rs.
Equity and Liabilities:	
1. Shareholders' funds	
a) Share capital	4, 00,000
b) Reserves and surplus	1, 00,000
2. Non-current Liabilities	
Long-term borrowings	1, 50,000
3. Current Liabilities	
	<u>50,000</u>
	<u>7, 00,000</u>
II. Assets	
1. Non-current Assets	
a) Fixed assets	4, 00,000
b) Non-current investments	1, 00,000
2. Current Assets	
	<u>2, 00,000</u>
	<u>7, 00,000</u>

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

PART C
Answer any two questions

24. Explain IFRS Convergence of India. Examine its benefits?
25. From the following ledger balances of Sunshine Co. Ltd., prepare the Balance Sheet of the company as on 31st March 2014 as per Schedule VI of the Companies Act.

Particulars	₹	Particulars	₹
Equity Share Capital	26, 00,000	Advances to employees	1, 50,000
General Reserves	30,000	Discount on issue of debentures (Unwritten off)	12,500
12% Debenture	4, 00,000	Tools and equipment	3, 75,000
Land & Buildings	15, 54,970	Gratuity Fund	3, 00,000
Goodwill	10, 00,000	Debtors	1, 38,520
Bank Overdraft	2, 45,100	Cash at Bank	1, 57,160
Proposed Dividend	82,000	Stores & Spares	1, 77,800
Prepaid insurance	25,000	Profit & Loss A/c (credit)	21,490
Mutual Fund	1, 68,000	Bills Receivable	44,600
Interest payable	32,400	Sundry Creditors	92,560

26. How will you treat borrowing cost of an asset? Also describe the method of recognizing and disclosing the borrowing costs?

[P.T.O]

27. The following balances appeared in the books of Parasuram Flour Mills Ltd., as on December 31, 2005 :

Details	Amt. (₹)	Details	Amt. (₹)
Stock of Wheat	9,500	Furniture	5,100
Stock of Flour	16,000	Vehicles	5,100
Wheat Purchase	4,05,000	Stores and Spare Parts	18,300
Manufacturing Expenses	90,000	Advances	24,500
Flour Sales	5,55,000	Book Debts	51,700
Salaries and Wages	13,000	Investments	4,000
Establishment	4,700	Share Capital	72,000
Interest (Cr)	500	Pension Fund	23,000
Rent Received	800	Dividend Equalisation fund	10,000
Profit and Loss Account (Cr)	15,000	Taxation Provision	8,500
Director's Fees	1,200	Unclaimed Dividends	900
Dividend for 2004	9,000	Deposits (Cr)	1,600
Land	12,000	Trade Creditors	1,24,000
Buildings	50,500	Cash in Hand	1,200
Plants and Machinery	50,500	Cash at Bank	40,000

Prepare the company's trading and profit and loss account for the year and balance sheet as on December 31, 2005 after taking the following adjustments into account:

- Stock on December 31, 2005 were: Wheat at cost, ₹. 14,900; Flour at market price, ₹ 21,700;
- Outstanding expenses: Manufacturing expenses, ₹. 23,500; and salaries and wages, ₹. 1,200;
- Provide depreciation : Building at 2% ; Plant and machinery at 10%: Furniture at 10% ; and Vehicle 20%.
- Interest accrued on Government Securities, ₹.100:
- A tax provision of ₹ 8,000 is considered necessary.
- The directors propose a dividend of 20%.
- The authorised capital consists of 12,000 equity shares of ₹. 10 each of which 7,200 shares were issued and fully paid up.

(2 x 10 = 20 Marks)

61

1B3N20153

(Pages : 3)

Reg. No:.....

Name:

FAROOK COLLEGE (AUTONOMOUS), KOZHIKODE

Third Semester BBA Degree Examination, November 2020

BBA3B04 – Financial Management

(2019 Admission onwards)

Time: 2 ½ hours

Max. Marks: 80

PART A
Answer all questions

1. What is financial management?
2. Name the areas of finance function
3. What is value maximization?
4. What is Dividend decisions?
5. What is capital structure?
6. What is trading on equity?
7. What is arbitrage process?
8. What is operating leverage?
9. What is payback period?
10. What is profitability index?
11. Name the time adjusted or discounted cash flow techniques of capital budgeting,
12. A project costs Rs 16,000. The estimated annual cash inflows during its 3 year life are Rs 8,000, Rs 7,000 and Rs 6,000 respectively. Find out pay-back period.
13. Define cash cycle.
14. What are stock-out costs?
15. Define dividend policy.

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

PART B
Answer all questions

16. Discuss the scope of financial management
17. What are the major differences between accounting and finance with respect to decision making?
18. A company's capital structure consists of Rs 5,00,000 (shares of Rs 100 each) equity capital and Rs 2,00,000 10% Debentures. The sales increased by 20% from 50,000 units to 60,000 units: the selling price is Rs 10 per unit; variable cost amount to Rs 6 per unit and fixed expenses amount to Rs 1,00,000. The rate of income tax is assumed to be 50%. You are required to calculate:
- (i) The percentage increase in earnings per share.
 - (ii) The degree of financial leverage at 50,000 units and 60,000 unit.
 - (iii) The degree of operating leverage at 50,000 units and 60,000 units.
19. Explain the factors influencing capital structure.
20. Explain the computation of ARR.
21. Calculate discounted pay-back period from the details given below: Cost of project Rs 6,00,000 Life of the project 5 years; Annual cash inflow Rs 2,00,000 cut off rate 10%.

Year	Discount factor
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621

22. What are the principles of working capital management?
23. The following information is available in respect of a component:
- Maximum stock level: 8,400 units
 - Budgeted consumption:
 - Maximum 1,500 units per month
 - Minimum 800 units per month
 - Estimated delivery period: Maximum 4 months
 - Minimum 2 months
- You are required to calculate:
- (a) Re-order level
 - (b) Re-order quantity

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

PART C
Answer any two questions

24. What is financial management? Explain the role and responsibility of financial manager.
25. What is the weighted average cost of capital? Examine the rationale behind the use of weighted average cost of capital.
26. Tyco Ltd. is considering to invest in a new machine so that the present method of production with the help of manual labour may be eliminated. The management has got two alternatives M and N. The following information is available:

	Machine M	Machine N
Cost of machine	1,50,000	2,40,000
Estimated life	5 years	6 years
Estimated saving in scrap pa	10,000	15,000
Estimated cost of indirect material	8,000	9,000
Estimated savings in indirect wages	90,000	1,20,000
Additional cost of maintenance	--	5,000
Additional cost of supervision	12,000	16,000

Depreciation on straight line basis, a tax rate of 50% is assumed. Prepare their profitability statement and calculate annual cash inflows.

27. Malabar Chemical Ltd. has 30,000 equity shares outstanding as on date. Currently, the shares of the company are being traded at a price of Rs 90 per share. It is expected that the firm would pay a dividend of Rs 3 per share in the next year. The firm has a project in hand requiring new investment of Rs 5,00,000. The shareholders expected rate of return is 8% and the firm expected to have net profit of Rs 2,00,000 at the end of the year. Show using MM Approach that payment of dividends have no effect on the market value of the firm.

(2 x 10 = 20 Marks)