



PG-520

IV Semester M.Com. (FA) (CBCS) Examination, July - 2019

FINANCE AND ACCOUNTING

Paper - 4.1 : Strategic Management

10143

Time : 3 Hours

Max. Marks : 70

Instruction : Answer **all** Sections.

SECTION - A

1. Answer **any seven** questions. Each question carries **two** marks. **7x2=14**
- What is the difference between a Vision and a Mission ?
 - What is vertical integration ?
 - What is a functional strategy ?
 - What is first mover advantage ?
 - What is core competency ?
 - Name three entry barriers.
 - What is turn around strategy ?
 - What are bureaucratic costs ?
 - What is change management ?
 - What is corporate governance ?

SECTION - B

- Answer **any four** questions. Each question carries **five** marks. **5x4=20**
- Explain the significance of SWOT analysis with an example.
 - Explain the concept of 'value chain' and illustrate how value is created.
 - How are strategy and structure related ? Explain with an example.
 - Differentiate concentric diversification from conglomerate diversification.
 - What is meant by acquisition ? Discuss the pros and cons of acquisitions.
 - Discuss briefly, the ethical issues involved in strategic management.

P.T.O.



SECTION - C

Answer any three questions. Each question carries twelve marks. 12x3=36

- 8. Organizational structure, Control system and Culture shape people's behavior and determine how they will implement organization's strategies. Discuss.
- 9. Discuss Michael Porter's five forces model with suitable examples.
- 10. Describe the different ways a company can pursue a growth strategy.
- 11. Discuss the overview of strategic evaluation and control.
- 12. Explain the role of corporate leader in strategy implementation.

SECTION - A

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7x2=14

- 1. Answer any seven questions. Each question carries two marks.
 - (a) What is the difference between a Vision and a Mission ?
 - (b) What is vertical integration ?
 - (c) What is a functional strategy ?
 - (d) What is first mover advantage ?
 - (e) What is core competency ?
 - (f) Name three entry barriers.
 - (g) What is turn around strategy ?
 - (h) What are bureaucratic costs ?
 - (i) What is change management ?
 - (j) What is corporate governance ?

SECTION - B

5x4=20

- 2. Answer any four questions. Each question carries five marks.
 - 1. Explain the significance of SWOT analysis with an example.
 - 2. Explain the concept of 'value chain' and illustrate how value is created.
 - 3. How are strategy and structure related ? Explain with an example.
 - 4. Differentiate concentric diversification from conglomerate diversification.
 - 5. What is meant by acquisition ? Discuss the pros and cons of acquisitions.
 - 6. Discuss briefly, the ethical issues involved in strategic management.

P.T.O.



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IV Semester M.Com. (FA) (CBCS) Examination, July - 2019

FINANCE AND ACCOUNTING
4.2 International Accounting

Time : 3 Hours

Max. Marks : 70

SECTION - A

Answer **any seven** sub-questions. Each sub-question carries **2** marks. **7x2=14**

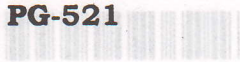
1. (a) Define transfer pricing.
- (b) What is comparative accounting ?
- (c) How are translation gains and losses accounted for ?
- (d) How political system influences accounting ?
- (e) What is the importance of IFRS ?
- (f) What is segment reporting ?
- (g) Give two examples of "Conservatism" in Accounting.
- (h) What is 'bilan social' ?
- (i) Give examples of "Transparency" in financial reporting.
- (j) Distinguish between 'directive' and regulation'.

SECTION - B

Answer **any four** questions. Each question carries **five** marks. **4x5=20**

2. Explain briefly Cost-Plus method under transfer pricing.
3. Explain how tangible assets are accounted under U.S. GAAP.
4. Distinguish between "Acquisition Method" and the "Pooling of Interest method" in accounting for business combinations.
5. Briefly explain the need for International Accounting.
6. Mention any five important aspects of Australian GAAP.
7. Write an explanatory note on certification of accounts by Auditors atleast in two countries.

P.T.O.



SECTION - C

Answer any three questions. Each question carries 12 marks.

3x12=36

- 8. Critically examine the financial reporting practices of France.
- 9. Explain different methods of foreign currency translation. Outline the accounting standard issued in this regard.
- 10. Describe the important features of German GAAP.
- 11. Discuss the accounting treatment of "intangibles" in UK, Netherlands and Japan.
- 12. Explain different steps involved in doing business strategy analysis using financial statement.

SECTION - A

SECTION - B

4x5=20



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IV Semester M.Com. (F.A.) (CBCS) Examination, July - 2019

FINANCE AND ACCOUNTING

4.3 : International Financial Management

Time : 3 Hours

Max. Marks : 70

SECTION - A

1. Answer **any seven** of the following sub-questions in about **3 - 4** lines. Each question carries **two** marks. **7x2=14**

- (a) What is Cross border finance ?
- (b) What is foreign project appraisal ?
- (c) Mention the components of International Financial Management.
- (d) Find the balance on non-factor services given in rupees in crore from the following data.
Balance of visible trade = 700, Income = 400, Transfers = 300 and Current account balance = 1100.
- (e) The K_e for company X is 9.67%. The average tax rates of the shareholders are 30% and the brokerage costs amounts to 4%. Calculate cost of retained earnings.
- (f) State the meaning of double taxation relief.
- (g) What are the attribute of an Ideal currency ?
- (h) Define SDR.
- (i) What do you understand by Autonomous transactions and Accommodating transactions ?
- (j) State the components of BOP.

P.T.O.

SECTION - B

Answer **any four** questions in about **one** page each. Each question carries **five** marks.

4x5=20

2. Write a short note on International equity Investment.
3. Describe the techniques used to optimise cash flow.
4. Discuss the factors that should be considered when assessing country risk.
5. Write a short note on International monetary system.
6. Find the overall balance of payments from the following data :

Particulars	Cr ₹ In Crs	Dr ₹ In Crs
Imports-Merchandise		1068.02
Exports - Services	234.60	
Imports - Factor income		95.30
Import - Services		271.12
Direct investment	-13.56	100.34
Other investment	-173.34	182
Unilateral transfer	12.36	33.74
Statistical discrepancies		62.88
Portfolio investment - Equity	142.88	50.08
Portfolio investment - Debt	254.24	92
Exports - Merchandise	1231.62	
Exports - Factor income	331.60	

7. XYZ Co. has 70000 bonds outstanding that are selling at par value of \$1000. The bonds yield 9%. The company has 3 million shares of common stock outstanding. The stock has a β of 1.6 and sells for \$70 a share. The US T-Bill is yielding 7% and the market risk premium is 12%. XYZ's tax rate is 35%. What is the XYZ's cost of equity and weighted average cost of capital ?



SECTION - C

Answer **any three** questions. Each question carries **12** marks.

3x12=36

8. Explain in detail the various types of Foreign exchange rate regimes.
9. New Haven, a dealer based in Europe is owned by an MNC Inc. of USA. Given below is New Haven's balance sheet and the current exchange rate of 1.7\$/€.

Assets	Value in €	Liabilities	Value in €
Cash & ST securities	70,000	Account payable	1,70,000
Accounts receivables	50,000	Short term debt	80,000
Inventory	40,000	Long term debt	6,10,000
Plant & Equipment	8,00,000	Net worth	1,00,000
Total Assets	9,60,000	Total Liabilities	9,60,000

Suppose Euro depreciates by 25%, identify the impact of depreciation of the Euro on New Haven's balance sheet under C&NC, Temporal and M&NM methods. Also calculate the company's exposed assets & liabilities and net exposed assets and liabilities under each accounting translation methods.

10. Sun pharmacy Ltd, an Indian based foreign MNC is evaluating an overseas investment proposal. Sun pharmacy Ltd. exporter of pharmaceutical products is considering building a plant in USA, the project will entail an initial outlay of \$200 million and it is expected to give the following cash flow over its life of 5 years.

Year	1	2	3	4	5
Cash Flows (in million \$)	50	60	70	80	90

The current spot exchange rate is ₹70/\$, the risk free rate in India is 13% and in USA is 8%. Sun pharmacy requires a rupee return of 16% on the above project. Calculate the NPV under both Home currency and Foreign currency approach.

11. Explain the different types of instruments traded in International Financial Markets.
12. Write short notes on the following :
- (a) IFC
- (b) ADB

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IV Semester M.Com. (FA) (CBCS) Examination, July - 2019

FINANCE AND ACCOUNTING**Paper - 4.4 : Strategic Financial Management**

Time : 3 Hours

Max. Marks : 70

SECTION - AAnswer **any seven** sub-questions. Each sub-question carries **two** marks.

1. (a) What do you mean by Financial distress ? **7x2=14**
 (b) Give the meaning of Sell off.
 (c) What is neo-generic strategy ?
 (d) Define Project Management.
 (e) What is optimal sizing ?
 (f) What do you mean by incubator funding ?
 (g) Give the meaning of swap ratio.
 (h) Define Strategic Planning.
 (i) What is takeover strategy ?
 (j) Define Capital Rationing.

SECTION - BAnswer **any 4** questions. Each question carries **five** marks.**4x5=20**

2. Explain the long term investment plan analysis with risk and return.
3. Black & Co. plans to acquire White & Co. The relevant financial details of the two firms prior to the merger announcement are :

Particulars	Black & Co.	White & Co.
Market price per share	₹ 70	₹ 32
Number of outstanding shares	20 million	15 million

The merger is expected to generate gains which have a present value of ₹ 200 million. The exchange ratio agreed to is 0.5.

What is the true cost of the merger from the point of view Black & Co. ?

4. Discuss the Employee Stock Option Plan and SEBI guidelines on ESOS.
5. The Equity stock of Karnataka Beverages is selling for ₹ 120 per share. The company is planning to issue rights shares at ₹ 80 each in the ratio of 1 : 2 - this means that for every two shares held one rights share will be issued. Calculate :
- (a) The theoretical value per share of the ex-rights stock.
 (b) The theoretical value of a right.

P.T.O.

6. Write a note on under pricing of IPOs.

7. Explain the concept of Realizable Value and Replacement Value.

SECTION - C

Answer any 3 out of 5 questions. Each question carries 12 marks. **3x12=36**

8. The profit and loss account and balance sheet of Karthik Corporation for two years are given below :

Profit and Loss Account		
Particulars	Year 1 (in Million)	Year 2 (in Million)
Net Sales	5600	6440
Income from marketable securities	140	210
Non-operating income	70	140
Total income	5810	6790
Cost of goods sold	3220	3780
Selling and administrative expenses	700	770
Depreciation	350	420
Interest expenses	336	392
Total costs and expenses	4606	5362
PBT	1204	1428
Tax provision	364	448
PAT	840	980
Dividend	420	560
Retained Earnings	420	420
Balance sheet		
Equity Capital	2100	2100
Reserves and surplus	1680	2100
Debt	2520	2940
	6300	7140
Fixed Assets	4200	4550
Investments	1260	1400
Net Current Assets	840	1190
	6300	7140



- (i) What is the EBIT for year 2 ?
(ii) What is the tax on EBIT for year 2 ?
(iii) What is the NOPLAT for year 2 ?
(iv) What is the free cash flow to the firm (FCFF) for year 2 ?
(v) Give the breakup of the financing flow for year 2 ?

9. "An important part of Value Based Management is a deep understanding of the performance variables that will actually create value of business". In the light of this statement, discuss the financial and strategic forces that affect the value of the firm.

10. Alpha Corporation plans to acquire Beta Corporation. The following information is available :

Particulars	Alpha	Beta
Total Current Earnings	₹ 50 Million	₹ 20 Million
Number of outstanding shares	20 million	10 million
Market price per share	₹ 30	₹ 20

- (a) What is the maximum exchange ratio acceptable to the shareholders of Alpha Corporation if the PE ratio of the combined entity is 12 and there is no synergy gain ?
(b) What is the minimum exchange ratio acceptable to the shareholders of Beta Corporation if the PE ratio of the combined entity is 11 and there is a synergy benefit of 5 percent ?
(c) Assuming that there is no synergy gain, at what level of PE multiple will the lines ER1 and ER2 intersect ?

11. What do you mean by Strategic Financial Management ? Discuss the objectives and importance of Strategic Financial Management.

12. What is turn-around ? Explain any three turnover strategies that a business entity can use.