H.R.M. Test Paper

Time: 120 Min	Total marks: 60

Instructions: Section 1 : All Questions are compulsory. (30 Marks)
Section 2 : Attempt any Three.

Section 1

Q.1) Explain the following Concepts (10 M)

a) 360 degree Appraisal.
b) ESPOS.
c) Personnel Manual.
d) HRIS.
e) Fringe benefits.

Q.2) Case Study.

Mr. Anthony is a chief Executive of a medium sized chemical company in Hyderabad. He holds a Ph. D in Chemistry. However, he has not been involved in research & development of new product for two decades. Though turnover is not a problem for the company, Mr. Anthony & his senior colleagues noticed that the workers on hourly basis are not working up to their full potential. It is a well-known fact that they filled their days with unnecessary & unproductive activities. Mr. Anthony knew that workers can be motivated for giving maximum performance through various incentive plans.

One day Mr. Anthony contacted Personnel Manager and enquired: "Why our workers are not motivated? We pay them highest in the industry". The personnel Manager replied. "I have already informed you a number of times, that money, working conditions & benefits are not enough. Hard work and efficiency go unnoticed and unrewarded in our organization. Our promotions and benefits plans are tied to length of service. Even the lazy workers, accordingly, enjoy all the benefits in the organization, which infact, according to the workers, should go only to those who work hard".

Mr. Anthony than wanted the Personnel Manager to look into the problem more closely & find out a solution to the problems of workers on hourly basis.

Questions:

(a) List the important facts in the case. **(6Marks)**
(b) Explain the motivational problem in this case. **(6Marks)**
(c) If you were the manager, how would you motivate the employees so that they work better? **(8 Marks)**

Section 2

Q.3) What is the current status of HRM in India? What factors have contributed to a change in HRM? **(10 Marks)**

Q.4) (a) "Participative management results in improve performance".Explain. **(5 Marks)**
(b) You have recruited few Marketing Executive recently, describe the induction procedure & methods for the same. **(5 Marks)**

Q.5) (a) Explain with the examples, any two tests which are usually employed for screening prospective candidates. **(5 Marks)**
(b) Explain the various stages in career planning & growth? **(5 Marks)**

Q.6) (a) "Regular feedback improves the performance of employees". Explain the importance of Performance Appraisal. **(5 Marks)**
(b) How does one evaluate a Training Programme? **(5 Marks)**
(Q.7) Write a short notes on any two of the following. **(10 Marks)**
- **(a)** Seniority v / s Merit.
- **(b)** Personnel Officer v / s. Personnel Manager.
- **(c)** Objectives of HR Planning.
- **(d)** Organisation downsizing.

F.M. Test Paper Part I

Time: 120 Min **Total marks: 60**

Instructions: Section 1 : All Questions are compulsory. (30 Marks)
Section 2 : Attempt any Three.

Section I

(Q.1) Concept Testing (4C x 3M = 12M)
a) Objections to Profits maximisation.
b) Capital Structure theories.
c) Corporate Governance
d) Advantages of Leasing.

(Q.2) Complete the following Balance Sheet from the information given below:
Balance Sheet as on 31st December,2009 **(12 Marks)**

Liabilities	Rs.	Assets	Rs.
Equity Share Capital (of Re.1 each)	?	Fixed Assets	?
Reserve & surplus	?	Current Assets	
10% Debentures	4,00,000	Stock	?
Current Liabilities		Debtors	?
Sundry Creditors	?	Other Current Assets	?
Other Current Liabilities	2,00,000		

	?		?

Following information is available:
(1) Sales for the year Rs.48 Lakhs.
(2) Gross Profit Ratio 25%
(3) Net Profit after tax Rs.2,00,000
(4) Purchase & Sales on Credit basis.
(5) Debtors turnover Ratio 12 times (Sales/Debtors)
(6) Creditors Turnover Ratio 12 times (Cost of Sales/Creditors)
(7) E.P.S. Rs.2 per Share.
(8) Stock turnover Ratio 10 times.
(9) Debt Equity Ratio 0.25:1
(10) Current Ratio 1.6:1

(Q.3) You have recently joined Aditya Birla Group. The Chairman states 'Ageing Schedule' is the only method / mechanism to control Accounts receivable. Do you agree with his views? If not state other method / mechanism to control Account Receivable. **(6Marks)**

Section II

(Q.4) When can their arise conflict between owners and management goals? How does wealth maximisation goal take care of this conflict. **(10 Marks)**

(Q.5) a) Financial Ratios as predictors of failure **(5 Marks)**
b) Why is preference share called a hybrid security **(5 Marks)**

(Q.6) a) Factors determining Capital Structure. **(6 Marks)**
b) What is ADR? Why do companies issues ADR? **(4 Marks)**

(Q.7) Two firms A and B have the following information:

	Sales (Rs lakh)	***Variable Costs (Rs lakh)***	***Fixed Costs (Rs lakh)***
Firm A	1,800	450	900
Firm B	1,500	750	375

You are required to Calculate (a) profit to sales ratio, (b) break-even point, and (c) the degree of operating leverage for both firms.
Comments on the positions of the firms. If sales increase by 20 percent what shall be the impact on the profitability of the two firms? **(10 Marks)**

(Q.8) (Financing Alternative)
The existing Capital Structure of ABC Ltd. is as follows:

	Rs.
Equity Shares of Rs.100 each	40,00,000
Retained Earnings	10,00,000
9% Preference Shares	25,00,000

7% Debentures	25,00,000

Company earns a return of 12% and the tax on income is 50%
Company wants to raise Rs.25,00,000 for its expansion project for which it is considering following alternatives:

- Issue of 20,000 Equity shares at a premium of Rs.25 share.
- Issue of 10% preference shares.
- Issue of 9% debentures.
- Projected that the price Earning ratios in the case of Equity, Preference and debenture financing Rs.20, 17 & 16 respectively.

Which alternatives would you consider to be the best? Give reason for your choice.

F.M. Test Paper Part II

Time: 120 Min **Total marks: 60**

Instructions: Section 1 : All Questions are compulsory. (30 Marks)
Section 2 : Attempt any Three.

Section I

(Q.1) Concept Testing (4C x 3M = 12M)

a. Importance of Working Capital Management.
b. FFS Vs CFS.
c. RTGS & NEFT as tools of Cash Management.
d. Valuation Ratios.

(Q.2) LTC Brothers have requested to prepare their cash budget for the period January 20X1 through June 20X1. The following information is available. **(12Marks)**

a. The estimated sales for the period of January 20X1 through June 20X1 are as the follow: 1,50,000 per month from January through March and 2,00,000 per month from April through to June.
b. The sales for the month of November & December of 20X0 have been 1,20,000 each.
c. The division of Sales between cash & credit Sales is as follows: 30% cash & 70% credit.
d. Credit collection pattern is : 40 & 60% after 1 and 2 month respectively.
e. Bad debt losses are nil.
f. Other anticipated receipt are (i) 70,000 from the sale of machine in april. (ii) 3,000 interest on securities on June.
g. The estimated purchase of material are 60,000 per month from January to March & 80,000 per month from April to June.
h. The payment for purchase are approximately a month after the purchase.
i. The purchase for the month of December, 20X0 have been 60,000 for which payment will be made in January 20X1.

- **j.** Miscellaneous cash purchase of 3,000 per month are planned, January through June.
- **k.** Wage payments are expected to be 25,000 per month, January through June.
- **l.** Manufacturing expenses are expected to be 32,000 per month, January through June.
- **m.** General Administrative and selling expenses are expected to be 15,000 per month.
- **n.** Dividend payment of 30,000 & Tax payment of 35,000 are scheduled in June 20X1.
- **o.** A machine worth 80,000 is planned to purchase on Cash in March 20X1.

Cash Balance as on 1st January 20X1 is 28,000.

(Q.3) "A Fundamental investor reduces risk looking for value and growth by looking at the financial of the company. The most important consideration for selecting a good stock for investment is the future earning potential of the company. A Fundamental investor carefully reviews the financial statement of any company before investing in it. The Fundamental investor also takes into account the outlook for the economy as a whole as well as the specific industry in which the company is involved. The direction of interest rates is a very important factor in fundamental analysis. *Warren Buffet has been acknowledged as one of the best fundamental investors.*"
After Reading above article your boss asks you to state important financial tools required to review the financial statements of any company present a suitable reply? **(6 Marks)**

Section II

(Q.4) Factors determining cash requirement for working capital. **(10 Marks)**

(Q.5) Ratio Analysis is a tool and not a final Decision. "Discuss". **(10 Marks)**

(Q.6) Differentiate (i) Vertical Balance Sheet (ii) Income Statement (iii) Fund Flow Statement **(10 Marks)**

(Q.7) Complete the following comparative Statement of Mahesh Pvt. Ltd. by ascertaining the missing figures ascertained. **(10 Marks)**

Particulars	2008 Rs.	2009 Rs.	Absolute increase / Decrease Rs.	Increase / Decrease Rs.
Sales	6,00,000	?	+ 3,00,000	?
Cost of good Sold:				
Opening Stock	?	60,000	+ 10,000	?
Purchase	4,00,000	?	+ 80,000	?
Closing Stock	?	?	?	?
Cost of Good Sold	?	?	+ 97,500	+ 25%

Gross Profit	?	?	?	?
Operating Expenses				
(a) Administrative expenses	40,000	?	?	+ 100%
(b) Financial expenses	60,000	72,000	?	?
(c) Selling expenses	?	1,50,000	+ 1,00.000	+ 200%
Total of Operating exp.	?	?	?	?
Net profit before tax	60,000	1,10,500	?	?
Provision for Tax	?	?	?	?
Net profit after tax	36,000	?	+ 27,000	+ 75%

(Q.8) The Balance Sheet of Dinesh Ltd. are as following:

Balance Sheet as at 31st March 2008 & 2009

Liabilities	2008 Rs.	2009 Rs.	Asset	2008 Rs.	2009 Rs.
Equity Share capital	3,00,000	5,00,000	Goodwill	1,10,000	90,000
General Reserve	-	60,000	Land & Building	1,60,000	1,80,000
Profit & Loss A/c	-	58,000	Plant & Machinery	80,000	2,00,000
Debentures	2,00,000	-	Stock	84,000	1,06,000
Sundry Creditors	1,14,000	92,000	Debtors	1,80,000	1,56,000
Bills Payable.	60,000	12,000	Advance income tax	-	40,000
Provision for Income Tax.	-	50,000	Bills Receivable	16,000	24,000
Propose Dividend.	-	40,000	Prepaid Expenses	12,000	8,000
			Cash in Hand	20,000	8,000
			Profit & Loss A/c	12,000	-
	6,74,000	**8,12,000**		**6,74,000**	**8,12,000**

Additional Information:

(a) During the year ended 31st March 2009 Depreciation of Rs.16,000 and Rs.20,000 have been charged on land and building & plant & Machinery respectively.

(b) An interim Dividend of Rs.15,000 was paid during the year ended 31st March 2009.

(c) During the year Machinery having book-value of Rs.16,000 was sold for Rs.14,000.

Prepare cash Flow Statements by Indirect Method for the year ended 31st March 2009 as per AS – 3.

Elements of Logistics Management Test Paper

Time: 120 Min **Total marks: 60**

Instructions: Section 1 : All Questions are compulsory. (30 Marks)

Section 2 : Attempt any Three.

Section I

Q.1) Answer the following in brief: (Any five) **(10 Marks)**

a. Distinguish between MRP-I and DRP.

b. The average yearly consumption for an item is 3600 units and the normal Lead Time is one month. If the maximum consumption has been up to 4800 unit per year and the maximum Lead Time is two months, what should be the Buffer Stock of the item?

c. Intermodal transportation – Fishyback, Birdyback and Land Bridge.

d. Diffentiate between MRP I & MRP II.

e. Define 4^{th} Party Logistics.

f. Define "Obsolescence Cost".

Q.2) Case Study. **(20 Marks)**

In the face of a downturn that is deeper, more widespread, and more sustained and more sustained than anything you have experienced before, you have to adjust you most fundamental thoughts about what your business will look and how it will be run. The immediate challenge is to act quickly and decisively to prepare for the worst possible scenario. Unless you already had plans and processes in place for a crisis, like Chad Holiday of DuPont, that is more difficult than one might expect. People tend to overestimate how well their company will fare because that is what they want to believe. Such misplaced optimism can lead to inaction or indecision, with direconsequences. If you conscientiously prepare for the worst, chances are that you will encounter something less bad than that and come out ahead when it is all over. If you don't prepare for the worst, you will put both your company and your career at risk.

Your focus must shift from the income statement to the balance sheet. Protecting cash flow is the important challenge almost all companies face today whether they realize it or not. Before the crisis struck, your company's indicators of success were increasing earnings per share and growing revenues by gaining market share. The most critical metric now in cash. Pursuit of revenue growth must give way to understanding the cash implications of everything your company does. You absolutely must have sufficient cash or credible access to it to weather the storm. And, given today's information technology, you can and should know your company's cash position every single day.

Cash has three internal sources: earnings from operations, working capital (inventories and receivables), and the sale of assets. All three must be pursued vigorously. Every sale must be weighted against not just attractive the margin is but how much cash will be tied up in inventories and receivables and for how long. Projects that once were evaluated on the basis of their return on investment now must be judged in terms of how much cash they consume and can generate and how soon they can bring in cash.

To understand why the generation of cash is so important, one need look no farther than the American automobile industry's reckoning during fall 2008. Not only had consumers shifted from demanding highly profitable SUVs to wanting fuel-efficient cars, they also had fallen victim to the credit crunch. Auto and trunk sales plunged even as the companies were working feverishly to develop new models that General Motors announced in November that its available cash would last less than a year in the absence of government rescue. None of the three automakers had a comfortable margin of cash on hand. With dismal Sales, they were not generating much cash, and a lot of that cash essentially was locked up in inventory. They couldn't borrow substantial amount because of their credit risk, and by that time they had sold most of their presumed nonessential assets.

Problems in the auto industry had been accumulating, but lack of liquidity can bring the mighty to their knees in less than two weeks. Witness the case of General Electric. A fundamentally solid company with a triple-A rating, it was nevertheless hammered by two weeks of volatility in March 2008 and again the following September, requiring the CEO to get external capital at exorbitant rates. Management had to divert its attention from running the biusiness to managing issues of liquidity.

Because lack of liquidity will be an ever-present lethal threat, you will have to manage conservatively, lowering your *cash breakeven point* as rapidly as possible for the worst-case scenario. Breakeven points calculated on a cash basis will tell you what you need to do, whether it is discontinuing a product line, taking down a plant, or eliminating a distribution channel to survive the worst situation you can imagine.

Don't underestimate how bad that scenario may be. For example, how might the most severe downturn you can imagine affect your debt repayment? Could you be in violation of your loan covenants? Today many businesspeople feel that they have no real problem because they don't have to refinance until the middle of 2010. What if that line of credit dries up? Also, don't forget that plummeting stock prices have turned many pension surpluses into liabilities that must be funded. You have to factor all these possibilities into your cash equation.

Consider also that hard times may last longer that you think. The collapse of U.S retailing in September 2008, called by some a hundred-year flood, signaled a fundamental shift in consumer behavior. Spreading around the globe, it portends a long period in which demand will continue to decline or remain low as cash-short consumers forgo or stretch out purchases.

Questions:

a) Discuss the logistical problems you see in the above case.
b) What additional solution to you propose?
c) Explain the importance of reducing company's Cash break even point? Suggest ways to reduce company's cash break even point.

Section II

Q.3) Logistics Manager of a company invites bids for appointing transport career to be operated for company's four warehouses Four Transport Carriers companies have send their bids. On the basic of bids received, the data regarding the cost for transportation is complied in tabular forms as follows:

	Warehouse 1	Warehouse 2	Warehouse 3	Warehouse 4
Carrier A	Rs. 4000	Rs. 5000	X	X

Carrier B	X	Rs. 4000	X	Rs. 4000
Carrier C	Rs. 3000	X	Rs. 2000	X
Carrier D	X	X	Rs. 4000	Rs. 5000

Note: 'x' denotes that no bids are possible for these locations.
If one carrier is assigned to one warehouse, find the effective assignment and also the total cost. **(10 Marks)**

Q.4) Discuss the objectives of developing and implementing a performance measurement system in integrated logistics management. **(10 Marks)**

Q.5) (a) What are the underlying principles and square root law in deciding the number of warehouse locations? **(5 Marks)**
(b) Explain the concept of Mission Based Costing. What are its benefits? **(5 Marks)**

Q.6) (a) What is the process of Outsourcing and what are the benefits of an Organisation gets by outsourcing their logistical functions? **(5 Marks)**
(b) "Properly integrated Inbound and Outbound logistics can provide an efficient logistics system." Explain. **(5 Marks)**

(Q.7) Write short notes on ***Any two*** of the following: **(10 Marks)**
(a) Elements of Customer Service. **(b)** Objectives of Material Handling System.
(c) Functions of Logistics Management

Time: 2 Hrs. Total marks: 60

Section I : All Questions are compulsory.
Section II : Attempt any three.

(Q.1) Concept testing **(4C x 3M = 12M)**
a) State new functions of finance manager Anil D. Ambani.
b) State various costs associated with receivable management.
c) Classification of liabilities.
d) 3 tools of Cash managements.

(Q.2) Elite India Ltd. a four year young company, is growing rapidly. Presently it has 80,000 equity shares of Rs.50 each and 10% debentures of Rs.20, 00, 000. **(12 Marks)**
The summary of income statement for last year is given below:-

		Rs.
Sales		50,00,000
Less : V. Expenses	25,00,000	
F. Expenses	9,00,000	34,00,000
EBIT		16,00,000

Interest		2,00,000
EBT		14,00,000
Tax (35%)		4,90,000
PAT		9,10,000
EPS		11.38

The company further wants to expand its activities for which it is planning to make an additional investment of Rs.20, 00, 000.

There are two financing options : either 40,000 equity shares of Rs.50 each, or debt funds of Rs . 20,00,000 at 12% interest .

The company wants to assess its position for two levels of sales projections for next year viz . Rs.70,00,000 & Rs. 1,20,00,000.

The ratio of variable expenses to sales will remain the same next year and fixed expenses will be Rs. 13,00,000 at Rs. 70,00,000 sales and Rs.26,00,000, at Rs. 1,20,00,000 sales.

For both the levels of sales projections the P/E ratio is expected to be 2.5 in case of debt options and 3 in case of equity option.

If the objectives of the company is to maximize the market price of its shares then which financing option should it go for if has sales are Rs. 70,00,000 and if the sales are Rs. 1,20,00,000?

(Q.3) You have recently joined Microsoft Ltd. The chairman Bill Gates has asked you what are commonsize statements, Comparative statements and fund flow statements? When and why they are used? Present a suitable reply **(6 Marks)**

(Section II)

(Q.4) (a) 'The Liquidity of business is explained by Cash Flow Statement' Discuss. **(7M)**
(b) WACC **(3 Marks)**

(Q.5) (a) Risk Return Trade-off in Working Capital Management **(6 Marks)**
(b) Classification of Assets. **(4 Marks)**

(Q.6) Explain the various Financing Options in respect of infrastructure projects. **(10M)**

(Q.7) The balance sheet of International Trade Ltd. as on 31st 2008 is as under:-

(All Figures in Lacs)

Liabilities	Rs.	Assets	Rs.
Equity Capital (Rs. 10 per share)	90	Building	150
10% Long Term debt	120	Machinery	75
Retained Earnings	30	Stock	50
Current Liabilities	60	Debtors	20
		Cash	5
	300		**300**

The total assets turnover ratio of the company is 3, its fixed operating cost is 1/6 of sales and variable operating cost is 50% of sales. The corporate tax rate is 35%.

You are required to:

(i) Calculate the operating, financial and combined leverage.

(ii) Calculate the market price of the share if the P/E multiple is 2.5
(iii) Calculate the level of EBIT if the EPS is **(a)** Rs.15 **(b)** Rs.25

(Q.8) The Balance Sheet for the current year of a company is given below (All the figures are in Rs. Lac)

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity Capital	100	Land & Machinery	200
Retained Earnings	120	Machinery	30
Term Loan	160	Furniture	30
Short term Borrowings	120	Bills Receivables	100
Creditors	100	Debtors	60
Provision	40	Stock	180
		Bank	40
	640		**640**

Other information :	sales	Rs.	800
	V. Expenses	Rs.	560
	F. Expenses	Rs.	160

The following are the projections for the next year :-
(1) The sales are expected to be Rs. 1,000.
(2) F. Expenses will increase by 25%.
(3) No change in the ratio of variable expenses to sales.
(4) Interest expenses will be Rs.20
(5) No change in fixed assets. Ignore depreciation.
(6) Bank balance and other current assess will increase in proportion to sales.
(7) Tax to be provided at 35%. This will be the only provision next year.
(8) Creditors will increase in proportion to sales.

You are required to prepare the projected income statement and balance sheet of the company of the next year. If the company is required to raise funds (i.e. if liability side is less) , they will be raised in the order of short term borrowings, term loan and if required, equity capital. It is a policy of the company to maintain current ratio of minimum 1.25: 1 and ensure that the long term loans do not exceed 40% of total long term funds. If the asset side is less than the difference will be considered as cash balance available