

Q.5. Answer any two of the following

(15)

- a) Explain the pre-shipment procedure in exports.
- b) Discuss the custom clearance formalities to be completed by an exporter.
- c) State the importance of commercial invoice.

Q6. Write Short Notes on the following: (Any four)

(20)

- i) Product planning decisions for export marketing
- ii) Export Pricing Quotations
- iii) Trade-oriented sales promotion techniques
- iv) Methods of Payment in Export Marketing
- v) Export against Letter of Undertaking
- vi) Shipping Bill

(3 Hours)

Marks: 100

- N.B:** 1) Check whether you have received correct question paper.
 2) All questions are compulsory with internal options.
 3) Q.1 & Q.6 carry 20 marks and Q.2 to Q.5 carry 15 marks each
 4) Working notes form a part of the answer and have to be solved immediately after question and not on the last page of the answer sheet.

Q 1 a) State whether the following statements are true or false (Any 10) (10)

1. The project with longer pay back period should be selected.
2. Permanent working capital is the maximum capital that must be maintained.
3. Credit sales result in accounts receivables.
4. The objective of cash management is to maintain optimal cash balance.
5. Cost of production includes prime cost plus selling overheads.
6. Marginal costing is a technique of decision making.
7. Capital budgeting is done to evaluate long term investment decisions.
8. Longer the production cycle larger will be the requirement of working capital.
9. ABC analysis is a technique of controlling debtors.
10. Bill discounting is selling goods to customers at a discount.
11. In Cost Sheet, sale of scrap of materials is deducted from factory overheads.
12. Variable cost per unit changes with the change in output.

b) Match the column. (Any 10) (10)

Column A	Column B
1) Net Present Value	a) Financial statements
2) Expenses on training	b) Total current assets only
3) Break-even point	c) Period of recovery
4) Net working capital	d) Larger working capital
5) Source of credit information	e) Discounted cash flow
6) Profitability Index	f) Cash outflow
7) Cash sales	g) No profit no loss
8) Seasonal working capital	h) Current assets – Current liabilities
9) Margin of safety	i) Less working capital
10) Large scale operations	j) Actual sales – Break even sales
11) Gross working capital	k) To meet seasonal need
12) Pay-back period	l) Large working capital

Q 2 Nilam Ltd. is considering to start a new project. There are two proposals under consideration i.e Project Ruby and Project Moon. Follow information is prodded about it. (15)

Particulars	Project Ruby	Project Moon
Cost of the Project	3,60,000	1,80,000
Expected Life (no salvage)	5 years	5 years
Tax Rate	30%	30%
Net Profit before Depreciation and Tax		

Year 1	72,000	48,000
Year 2	80,000	60,000
Year 3	1,44,000	80,000
Year 4	1,04,000	72,000
Year 5	88,000	36,000

You are required to calculate the following.

- The pay- back period
- Pay back Profitability and
- Average rate of Return

You may assume straight line method of depreciation.

OR

Q 2 Parag Ltd. Is planning to purchase a machine. There are two options available i.e Machine Alpha and Machine Beta each costing Rs 10,00,000. For comparing the profitability of machines , a discounted rate of 10% is to be considered . (15)

Expected profits after tax and before depreciation are as follows:

Year	Alpha machine profits	Beta machine profits
1	3,20,000	1,20,000
2	4,00,000	3,00,000
3	5,00,000	4,00,000
4	3,00,000	6,00,000
5	4,00,000	4,00,000

Year	1	2	3	4	5
PV Factor	0.909	0.826	0.751	0.683	0.621

Suggest which machine the company should purchase using the following methods.

- Pay-Back Period method
- Net Present Value method
- Pay-Back Profitability

The net present value of Re 1 @ 10% discounting factor is as follows:

Q 3 From the following information , prepare an estimate of working capital required to finance a level of activity of 4,16,000 units per year of 52 working weeks. (15)

Particulars	Per Unit
Raw materials	Rs 90
Labour	Rs. 60
Overheads	Rs. 50
Profit	Rs. 50

The following additional information is available

- The activities of purchasing, producing, selling occur evenly throughout the year.
- Raw Materials equivalent to 4 weeks supply is stored in warehouse.
- The production process takes 2 weeks.
- Finished goods equal to 4 weeks production are carried in stock.
- Credit allowed to customers is 8 weeks but 20% of sales are collected immediately.
- Time lag in payment of wages is 1.5 weeks and in overheads is 4 weeks.

7. Credit available from suppliers is 4 weeks but 30% of the creditors are paid 4 weeks in advance.
8. Bank balance to be maintained at Rs 70,000.

OR

Q 3 A factory is having a capacity of 1,00,000 units per annum. It is budgeted that for the year 2022-23, the capacity utilisation will be 60%. The estimated cost structure is as follows. (15)

Particulars	Rs (p.u)
Raw Materials	30
Labour	20
Overheads	15
Total cost	65
Selling price	100

The following additional information is available:

The activities of purchasing, producing and selling occur evenly throughout the year.

- a) Raw materials equivalent to 2 month's supply is stored in godown.
- b) The production process takes one month.
- c) Finished goods equal to three month's production are carried in stock.
- d) 75% of the sales will be for credit. Debtors get 2 month's credit.
- e) Creditors allow one and half month's credit.
- f) Time lag in payment of wages and overheads is ½ month.

Prepare an estimate of working capital requirement.

Q 4 From the following information of Varun Ltd, prepare a cash budget for 3 months ending 31st December 2022. (15)

Month (2022)	Sales (Rs)	Purchases (Rs)	Labour (Rs)	Overheads (Rs)
August 2022	40,000	20,400	7,600	3,800
September 2022	42,000	20,000	7,600	4,200
October 2022	46,000	19,600	8,000	4,600
November 2022	50,000	20,000	8,400	4,800
December 2022	60,000	21,600	9,000	5,000

Credit terms are as follows:-

- a) Sales – 10% sales are on cash basis. 50% of the credit sales are collected in the next month and the balance in the following month.
- b) Creditors – Paid after 2 months. Wages after 1 month and Overheads after ½ month.
- c) Cash balance on 1st October 2022 is expected to be Rs 8,000.
- d) A machinery will be installed in August 2022 at a cost of Rs 1,00,000. The monthly instalment of Rs 5,000 is payable from October onwards.
- e) Dividend at 10% on Preference share capital of Rs 3,00,000 will be paid on 1st December 2022.
- f) Advance to be received for the sale of vehicle Rs 20,000 in December.
- g) Income tax to be paid as advance in the month of December Rs 5,000.

OR

Q 4 Prepare Cash Budget for January to April 2022 based on the following estimates in the books of Alia Ltd. (15)

1) Sales during the months:

• November,2021	80,000
• December,2021	70,000
• January,2022	80,000
• February,2022	1,00,000
• March,2022	80,000
• April,2022	1,00,000

- 2) 20% of the sales are on cash and the rest are on credit , payment of which is realized in the third month.
 3) Purchases are 60% of the sales and paid in the third month of purchase.
 4) Commission is payable @ 5% of sales and paid in the third month.
 5) Rent & other expenses amounting to Rs 3,000 are paid in each month.
 6) Payment for purchase of fixed assets Rs 50,000 in March 2022 and payment of taxes Rs 20,000 in April 2022.
 7) Cash balance as on 1st January 2022 is Rs 25,000.

Q 5 The following information is available for the year ending 31st March 2023 from the books of Abhishek Ltd. (15)

Particulars	Rs.
Direct Materials Consumed	6,00,000
Direct wages	4,00,000
Direct expenses	2,00,000
Indirect wages	30,000
Power & Fuel	55,000
Workmans' welfare expenses	40,000
Depreciation on Office Building	15,000
Depreciation on Machinery	25,000
Other factory expenses	1,50,000
Sale of factory scrap	15,000
Administrative staff salaries	1,55,000
Other administrative expenses	1,10,000
Audit fees	35,000
Commission to salesmen	1,20,000
Advertisement	25,000
Showroom expenses	35,000
Sales (For the production & sale of 10,000 units)	26,40,000

You are required to prepare a detailed cost statement with per unit column.

OR