

Duration: 3 Hours

D46A23FM

Marks: - 75

Note: - 1) All questions are compulsory.

2) Figures to the right indicate maximum marks.

Q1A) Choose the correct Alternative (Any 8)**(8m)**

- 1) Inventories are also termed as _____ (Co1, Co2, U, R)
 a) Fixed Assets b) Current Assets c) Shares d) Stock
- 2) The single most important ration in case of working capital management is ____
 a) Current Ratio b) Liquid ratio c) Debt Equity Ratio d) Stock working capital ratio
- 3) Term deposits with banks are _____
 a) Fixed Assets b) Non-current Assets c) Repayable on maturity d) marketable securities
- 4) Cash budget does not include _____
 a) Sale proceeds of Asset b) Depreciation c) Payment of Dividend d) Receipt of commission
- 5) In Gross margin is 25% on cost and sale is Rs. 21, 00,000 the Gross profit would be ____
 a) 6,25,000 b) 4,20,000 c) 5,25,000 d) 4,80,000
- 6) The Abbreviation "EOQ" stands for _____
 a) Emergency order quantity b) Economic order quantity c) Economic order quality
 d) Everyday ordering quantity
- 7) _____ is the principal tool of planning and control offered to management by accounting function
 a) Budget b) Balance Sheet c) Income Statement d) Cost Sheet
- 8) The most crucial financial decision of the organizations are taken by ____
 a) Lower level management b) Middle Level Management c) High level management
 d) none of these
- 9) Dividend pay-out ratio is _____
 a) DPS divided by MPS b) DPS divided by EPS c) DPS divided by Face Value
 d) EPS divided by DPS.
- 10) Debentures is a _____ securities
 a) Ownership b) Creditorship c) Government d) None of the above

Q1B) State whether the following statements are True or false (Any Seven) (Co1, CO2, UR)**(7M)**

- 1) In case of debt it involves the payment of a fixed indicated rate of interest.
- 2) There is a positive correlation between risk and returns
- 3) Capitalization is generally found to be of three types: Normal, over and under
- 4) Gross profit and Net profit both gives the same amount of profit
- 5) A budget need not be realistic
- 6) Sale revenue divided by sales units will give us selling price per unit
- 7) The economic order quantity is the re-order quantity
- 8) In a competitive market, a higher volume of sales is made on credit
- 9) A cash budget can be prepared monthly or quarterly
- 10) Finished goods are valued at Total cost price

Q2A) From the following information prepare an estimate of working capital required to finance level of Activity 36,000 units p.a. and How will you finance the working capital (15M)

<u>Particular</u>	<u>Per Unit (Rs)</u>	<u>(Co1-AP)</u>
Raw materials	90	
Wages	40	
<u>Overheads:</u>		
Manufacturing	30	
Administrative	40	
Selling	<u>10</u>	
	210	
Profit	40	
Selling price	<u>250</u>	

The P.V. Ratio of the company is 30%. The company expects a pre tax return of 20% on investment. Evaluate the above 3 alternatives and advise the management (assume 360 Days a year)

OR

Q4a) Data relating to slotted angles in a cement 1 + 2 manufacturing unit as follows (Co1-App) (5 m)

Half yearly demand	2000 units
Ordering Cost	Rs 50 per order
Inventory carrying cost	Rs 4 per unit

Calculate:- a) EOQ per order in units b) Annual procurement cost c) Annual carrying cost

Q4b) The following information is available in respect of Meta Material (Co1, Co2-app). (10 m)

Re- order quantity	4000 Units
Re-Order Period	6 to 8 weeks
Maximum consumption (Per Week)	500 units
Normal consumptions (Per week)	400 units
Minimum Consumptions (Per week)	300 units

Calculate: (a) Re-order level b) Minimum level c) Maximum level d) Average stock level

Q5a) a) What are factors determine working capital requirements (Co1-R, U) (8 M)

b) Discuss the various long term sources of financing (Co1, Co2, and RU) (7M)

OR

Q5) Write short notes on (Any 3) (15M)

a) Financial leverage (Co2- U,R)

b) Investment objectives (Co1-U,R)

c) Different types of budgets (Co1- U, R)

d) EOQ (Co1, Co2-U, R)

e) Distinguish between permanent and temporary working capital (Co1- U, R)

XXXXXXXXXXXXXXXXXXXX