FM-II SYBCBI 4/4/24

BCBT

54104424

Seat Number :- ________________

Duration: 02:30 Hour

Maximum Marks: 75

Note: 1) All Questions are compulsory.

2)Figures to the right indicate full marks.

Q1 (A) State whether the following Statements are True or False:- (any 8) CO1,CO2 - (U) **(8)**

(a) Trade credit is a source of working capital. ________

(b) Longer the production cycle larger will be the requirement of working capital. ______

(c) Trade creditor is a spontaneous source of finance. _______

(d) Higher rate of stock turnover improves liquidity. _______

(e) Credit policy provides information about the period of credit allowed to the customers. _________

(f) Carrying cost is the cost of placement of an order. _______

(g) Fixed budget is drawn for multiple level of activities. _______

(h) Strategic Financial Management always shows a short term view. _______

(i) Combined leverage should be as high as possible. _________

(j) Cash sales result in account receivable. ________

(B) Match the following: (Any 7) : CO1,CO2 - (U) **(7)**

'A'	'B'
(1) Financial leverage	(a) Fixed financial charge
(2) Operating leverage	(b) Fixed operating cost
(3) Cash budget	(c) Economic order quantity
(4) EOQ	(d) Maximum permissible bank finance
(5) MPBF	(e) Semi finished goods
(6) WIP	(f) Tax deductible expenditure
(7) At BEP Profit / Loss	(g) Ordinary share capital
(8) Debenture interest	(h) Equal to zero
(9) Common stock	(i) Depreciation is ignored
(10) Budgetary control	(j) Controlling

Q2 (A) The following information is presented by Shivam Ltd. for the year 2024-25. **(15 M)**
CO1 –(U) & (AP)

Estimated Yearly Production = 30,000 Units.

Estimated cost sheet per unit

Cost Structure	Amount (Rs.)
Raw Materials	5

Wages	3
Overheads	2
Selling Price	12

Further Information :

1. The company extends two months credit to the customers.
2. The company maintains one month's stock of raw materials.
3. The company maintains a two month's stock of finished goods.
4. The processing period is half a month.
5. The company is allowed one month's credit by suppliers.
6. Wages and overheads are paid one month in arrears.
7. The cash and bank balance is expected to be rs. 8,125.
8. There is regular purchase, production and sales cycle.
9. During Production process wages and overheads accrue evenly.
10. Debtors are to be calculated on sale price basis.

    i) Prepare an estimate of Working Capital.

OR

Q2 (B) Prepare Cash Budget of Sunil Ltd. for the months of April, May, June 2002. CO2 -(AP) (15)

Month	Sales	Purchases	Wages	Expenses
January	1,60,000	90,000	40,000	10,000
February	1,60,000	80,000	36,000	12,000
March	1,50,000	84,000	44,000	12,000
April	1,80,000	1,00,000	48,000	14,000
May	1,70,000	90,000	40,000	12,000
June	1,60,000	70,000	36,000	10,000

You are informed that:

(e) 50% of the purchases and sales are on cash.

(b) The average collection period of the company is ½ month and credit purchases are paid off regularly after 1 month.

(c) Time lag in payment of wages is 1 month.

(d) Rent of Rs. 1,000 is payable every month.

(e) Cash and Bank Balance as on 31st March, 2002 was Rs. 3,00,000

(f) Dividend received in May Rs. 36,000.

(g) Professional fees to be paid in June Rs. 1,500.

(h) Expenses are paid in the same month.

Q3 (A) From the following data prepare a valued stock card for material 'Mikytoya' for the month of March , 2024 and value the closing stock by:CO2 - (AP) (15)

(a) Weighted average cost method.

(b) First in first out method

March 1 Opening stock 4,000 units at Rs. 50 per unit.

March 4 Received 1,000 units at Rs.55 per unit.

March 7 Issued 4,000 units.

March 10 Received 6,000 units at Rs. 61.50 per unit
March 13 Issued 5,000 units
March 16 Received 5000 units at Rs. 62.80 per unit
March 19 Issued 6,000 units.
March 23 Received 8,000 units at Rs. 64.25 per unit.
March 26 Issued 7,000 units.
March 29 Purchased 5,000 units at Rs. 66.80 per unit
March 31 Issued 4,000 units.

OR

Q3 (B)The expenses budgeted for production of 10,000 units in a factory are furnished below: CO2 - (AP) (15)

Particulars	Rs. per Unit
Material	70
Labour	25
Variable Overheads	20
Fixed Overheads (Rs. 1,00,000)	10
Variable Expenses (direct)	5
Selling Expenses (10% fixed)	13
Distribution Expenses (20% fixed)	7
Administration Expenses (Rs. 50,000)	5
Total	155

Prepare a Budget for production of (a) 6,000 units.
Assume that Administration expenses are fixed for all levels of production.

Q4 (A) Calculate the degree of operating leverage, degree of financial leverage and the degree of combined leverage for the following firms:CO2 - (AP) (15)

Firms	A	B
Sales (Rs.)	3,60,000	1,00,000
Variable Cost p.u	20	2
Fixed Cost (Rs.)	72,000	15,000
Output (Units)	6,000	10,000
Interest	40,000	Nil

OR

Q4 (B) Present Situation: CO2 - (AP) **(15)**

Sales Rs. 50 Lakhs

Variable Costs = Rs. 40 Lakhs

Fixed Costs Rs. 6 Lakhs

Credit to Debtors = 30 days

Proposed Credit Policy	Proposed credit period	Sales (Rs. in Lakhs)
I	45 days	56
II	60 days	60

Determine the credit period that should be allowed by the company. Present your answer in a tabular form. Assume 360 days a year. Calculations should be made up to two digits after decimal. The company expects pre-tax return on investment @ 25%.

Q5 (A) What are principles of sound financial planning? CO1(U) (8)

(B) Distinguish between debt finance and equity finance. CO1(AN) (7)

OR

(C) Write short notes: (Any Three) CO1, CO2 - (U) (15)

(1) Combined Leverage

(2) Zero Based Budget

(3) Production Budget

(4) Investment Objectives

(5) Objectives of Cash Management

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