Duration: 2.5 hours **Marks-75**

Note: 1) All questions are compulsory.
2) Working Notes should form part of your answer.
3) Figures to the right indicate full marks.

Q-1) (A) Choose the correct alternative: (Any eight) (08)

1. EOQ stands for ______________________.
   a) Even Order Quantity c) Economic order Quality
   b) Economic Order Quantity d) None of these
2. A budget manual is most likely to include ----------------
   a) responsibilities of persons engaged in budgetary control
   b) routine of budgetary control
   c) forms and records required for budgetary control
   d) All of the above
3. __________ overheads are excluded while computing the value of WIP.
   a) Fixed Overheads c) Variable Overheads
   b) Factory Overheads d) None of these
4. Variable Cost is varies in direct proportion to ______________.
   a) Profit c) Cost of Production
   b) Sales d) None of the above.
5. While calculating Working Capital, Stock of ____________are valued at total cost price.
   a) Raw Material c) Finished Goods
   b) Work in Progress d) None of these
6. Contribution is calculated as_________.
   a) Sales –Variable Cost c) Sales –Fixed Cost
   b) Sales –Total Cost d) None of these
7. ________________ indicates the number of times inventory is sold during the year.
   a) Sales Turnover Ratio c) Fixed Assets Turnover Ratio
   b) Stock Turnover Ratio d) None of these
8. EPS is ______________________________.
   a) Economic Per Share c) Earnings Per Share
   b) Earnings Per Statement d) None of these
9. _____________ Leverage is the combination of operating and financial leverage.
   a) Financial b) Operating c) Combined d) None of these.
10. __________Budget is a summary of all functional budgets.
   a) Master c) Cash Budget
   b) Capital Budget d) Flexible Budget

Q-1) (B) Match the columns: (Any seven) (07)

Column A	Column B
1. Budget which is designed to remain unchanged irrespective of the level of capacity.	a. Precautionary
2. Budget which is established for use unaltered over a long period of time.	b. CA> CL
3. Negative Working Capital	c. CA< CL
4. Positive Working Capital	d. Fixed budget
5. Debentures	e. Flexible Budget
6. Preference shares	f. Debtors
7. Credit Sales	g. Creditors
8. Credit Purchases	h. Fixed Interest
9. Motive for holding Cash	i. Receipts & Payments
10. Cash Budget	j. Fixed Dividend

Q-2) Prepare an analytical statement a Company from the following information. (15)
Output sales level 80,000 units; Selling Price Rs.12; Variable Cost Rs.5,60,000;
Fixed Cost excluding interest Rs.2,40,000; interest Rs. 60,000 & Tax Rate 50%.
Calculate the degree of
(i) Operating Leverage
(ii) Financial Leverage
(iii) Combined Leverage
(iv) Interest Coverage Ratio

OR

Q-2) (15)

Particulars	Present Policy	Plan I	Plan II	Plan III
Credit Period	20 days	40 days	70 days	100 days
Sales (Rs. In lakhs)	15	16	18	21
Fixed Cost (Rs. In lakhs)	3	3	4	4
Bad debts (%)	0.25	0.5	1	2.5

P/V Ratio is 30%. Required return on additional investments @ 20%. Evaluate each of the above proposals and recommend the best credit period for the company.

Q-3 From the following details of Technology Ltd, prepare a cash budget for the 3 months commencing from April, 2018 (15)

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
February, 2016	20,000	11,000	2,800
March, 2016	15,000	9,000	2,500
April, 2016	18,000	10,000	3,000
May, 2016	20,000	12,000	3,000
June, 2016	15,000	9,000	2,000

Additional Information:
(a) Cash Sales are 25% of total sales.
(b) 50% of the credit sales are collected in the month and the balance in the next month.
(c) Credit Period allowed by suppliers is a month.
(d) Balance on 1st April, 2016 is expected to be Rs. 15,000.
(e) Interest from investment Rs. 2,000 expected in May and June, 2016.
(f) Income Tax to be paid in the month of June Rs. 5,000.

OR

Q-3) ABC manufacturing company produces 7,500 units by utilizing its 75% capacity, supplies you the following cost information: (15)
Cost Information at 75% Capacity Utilisation for (7,500 units)

	Rs.
Direct Materials	7,50,000
Direct Labour	6,00,000
Direct Expenses	3,00,000
Factory Overheads	4,50,000
Office Overheads	3,00,000
Selling Overheads	1,50,000

Additional Information:
i) Direct material, direct labour and direct expenses are variable cost.
ii) Factory Overheads per unit increases by 10%, if capacity utilization goes down below the 75% and decreases by 15%, if capacity utilization goes up above the 75%.
iii) Office overheads are fixed overheads.
iv) Selling Overheads per unit increases by 20%, if capacity utilization goes down below the 75% and decreases by 25%, if capacity utilization goes up above the 75%.

v) It is the policy of the company to charge profit at 20% on selling price.
You are required to prepare a flexible budget at 50%, 75% and 100% capacity utilization.

Q-4) Mohan Ltd. had an annual sales of 50,000 units at Rs 100 per unit. The company works for 50 weeks in the year. The cost details of the company are given below: (15)

Particulars	Unit Cost (Rs)
Raw Materials	30
Labour	10
Overheads	20
Total Cost	60
Profit Per Unit	40
Selling Price Per Unit	100

i) The company has the practice of storing raw materials for 4 weeks requirements.
ii) The wages and other expenses are paid after a lag of 2 weeks.
iii) Further the debtors enjoy a credit of 10 weeks and company gets a credit of 3 weeks from suppliers.
iv) The processing time is 2 weeks and finished goods inventory is maintained for 4 weeks.
From the above information prepare a working capital estimate.

OR

Q-4) Prepare Sales Budget from the following information: (15)

Month	Mumbai (units)	Pune (units)	Goa (units)
January	10,000	8,000	12,000
February	16,000	10,000	15,000
March	12,000	14,000	16,000

Sales Area:

Mumbai	X = 50%	Y = 40%	Z = 10%
Pune	X = 30%	Y = 20%	Z = 50%
Goa	X = 20%	Y = 60%	Z = 20%

Selling Price per unit:

X = 9	Y = 11	Z = 10

Q-5) (a) What are the factors affecting working capital requirements? (08)
(b) Explain the factors determining cash needs. (07)

OR

Q-5) Write short notes on: (Any three) (15)
1) Advantages of Material Control
2) Short terms sources of finance
3) Cash Management
4) Operating Cycle
5) Capital expenditure Planning
