

Q.1) A) Choose the following alternatives. (Any 8) (8)

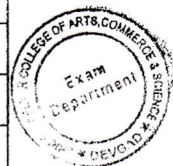
- 1) The Single most important ratio in case of working capital management is -----.
A) Current Ratio B) Liquid Ratio C) Stock- working capital Ratio
- 2) Working Capital Source of a finance is -----.
A) Short term source B) Medium term source C) Long term source
- 3) ----- Motive refers to holding of cash in order to meet the routine transaction.
A) Speculative B) Transaction C) Precautionary
- 4) ----- Is an example of marketable securities.
A) Cash B) ICD's C) Share
- 5) The object of budgetary control is -----.
A) Planning B) Organizing C) Forecasting
- 6) A summary of all functional Budget is called -----.
A) Fixed budget B) Master Budget C) Flexible budget
- 7) Dividend payout ratio is -----.
A) DPS divided by MPS B) DPS divided by EPS C) EPS divided by DPS
- 8) ----- is a tax-deductible expenditure.
A) Interest on Debt B) Preference Dividend C) Equity Dividend
- 9) ----- is an item of Current Assets?
A) Bank Overdraft B) Receivables C) Outstanding Expenses
- 10) ----- Is the national cost of the next best option foregone.
A) Opportunity B) Cash C) Accounting

Q.1) B) Write True or False (Any 7) (7)

- 1) Depreciation results in reduction of taxable income.
- 2) Operating leverage is concerned with financing decisions.
- 3) Strategic Financial Management always shows a short term view.
- 4) Fixed budget is drawn for multiple level of activities.
- 5) Carrying cost is the cost of placement of an order.
- 6) Higher rate of stock turnover improves liquidity.
- 7) Credit policy provides information about the period of credit allowed to customers.
- 8) Cash sales result in account receivable.
- 9) Ideal cash generates revenue to the firm.
- 10) Commercial paper is long term source of finance.

Q.2) A) The Board of Directors of Alka Ltd. require you to prepare a statement showing the working capital requirements forecast for a level of activity of 1,56,000 units of production. The following information is available for your calculation. **(15)**

Particulars	Rs. (Per Unit)
Raw Materials	90
Direct Labour	40
Overheads	75
	205
Profit	60
Selling Price Per Unit	265



- Raw materials are in stock on average one month.
- Materials are in process, on average two weeks.
- Finished goods are in stock, on average one month.
- Credit allowed by suppliers – one month.
- Time lag in payment from debtors – two months.
- Time lag in payment of wages – 1 ½ weeks.
- Lag in payment of overheads – one month.

20% of the output is sold against cash. Cash in hand and at bank is expected to be Rs. 60,000. It is to be assumed that production is carried on evenly throughout the year. Wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

OR

Q.2) B) Calculate the Maximum Permissible Bank finance as per Tandon Committee Norma with the help of following (All three methods.) **(15)**

Current Assets	: Rs. 23,85,385
Current Liabilities	: Rs. 5,58,461
Core Current Assets	: 25% of current assets

Q.3) A) The following transaction took place in respect of material. **(15)**

Date	Receipt Quantity (Units)	Rate (Rs.)	Issue Quantity (Units)
02/03/2014	200	2.00	-
10/03/2014	300	2.40	-
15/03/2014	-	-	250
18/03/2014	250	2.60	-
20/03/2014	-	-	300

Prepare a Stock register as per:

- Simple Average Method
- Weighted Average Method

Q.3) B) From the following prepare Cash Budget for the period from 1st March to 31st August when the operating Cash noBalance was RS. 40,000. (15)

Month	Sales	Selling Expenses	Purchases	Wages	Factory Expense s	Administr ation Expenses
January	3,40,000	14,000	1,60,000	30,000	20,000	10,000
February	3,20,000	15,000	1,68,000	32,000	22,000	11,000
March	5,64,000	13,000	1,66,000	3,36,000	16,000	9,000
April	3,10,000	13,600	1,66,000	24,000	21,000	9,400
May	3,30,000	14,800	1,52,000	36,000	24,000	10,800
June	4,00,000	14,000	1,36,000	32,000	19,200	11,400
July	3,60,000	12,000	34,000	34,000	16,000	10,000
August	4,40,000	11,000	1,16,000	33,000	19,200	10,000

1. Period of credit allowed by suppliers and to customers 1 month.
2. Lag in payment of:
 - a. Wages : 1 Month
 - b. Factory Expenses : 1 Month
 - c. Administration Expenses : 1 Month
 - d. Selling Expenses : 1 Month
3. Machinery purchased for Rs. 1,00,000 in March payable on delivery in April.
4. Building purchased for Rs. 3,00,00 payable in two equal installments in May and July.
5. Commission of 3% on sales payable two months after sales.

OR

Q.4) A) Shahu Shirts Ltd had gross sales of Rs. 980.2 Crores in 2017.

The other financial data for the Co. is as given below:

(15)

Items	Rs. Crores
Net Worth	152.31
Borrowing	165.47
EBIT	43.17
Interest	34.39
Fixed Cost (Excl. Interest)	118.23

You are required to calculate:

- 1) Debt Equity Ratio
- 2) Interest Coverage
- 3) Operating Leverage
- 4) Financial Leverage
- 5) Combined Leverage



Q.4) B) AB Ltd. has furnished the following estimation pertaining to Product "A" at 80% of its normal capacity level for the quarter ending March 31, 2005.

(15)

Particulars	Rs.
Sales	Rs. 6,00,000
Administrative Costs:	
Office Salaries	Rs.90,000
General Expenses	2% of Sales
Depreciation	Rs. 7,500
Rates and Taxes	Rs. 8,750
Selling Costs:	
Salaries	8% of Sales
Travelling Expenses	2% of Sales
Sales Office Expenses	1% of Sales
General Expenses	1% of Sales
Distribution Costs:	
Wages	Rs. 15,000
Rent	1% of Sales
Other Expenses	4% of Sales

Prepare the budget for the total Administration, Selling and Distribution expenses at 70% & 90% capacity levels.

OR

Q.5) A) What are the types of working capital?

(8)

B) What are the features of receivable management?

(7)

OR

Q.5) Write Short Note (Any 3)

(15)

- 1) Maximum Permissible Bank Finance (MPBF).
- 2) Economic Order Quantity (EOQ).
- 3) Types of Leverages.
- 4) Commercial Paper.
- 5) Stock Levels.