

SYBBI sem IV Reg & A.T.K.T. Exam March - 2020
SYBBI SEM -IV Financial management March 2020

Time : 2 and half hours

07/3/20

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.

4) Use of simple calculator is allowed.



Q-1 Fill ups (any 8)

(8)

- 1) Inventories are also termed as _____
- 2) The single most important ratio in case of working capital management is _____
(Current ratio/ liquid ratio)
- 3) _____ has to be financed from short term sources of funds .(working capital/
Debentures)
- 4) RBI has recommended _____ methods to finance working capital requirements.
(one / three)
- 5) _____ collection techniques helps to improve the cash inflows
- 6) _____ float is the time spent in the mail (e-mail, mail, clearance)
- 7) Credit sales are _____ as the cash payment remains unreceived.
- 8) The abbreviation M.R.P stands for _____
- 9) The abbreviation 'EOQ' stands for _____
- 10) _____ budget is a summary of all the budgets.

Q - 1 (b) State True or False (any 7)

(7)

- 1) Budgetary control helps in analysis of the past performance.
- 2) A flexible budget is not rigid .
- 3) Leverage explain the relationship between debt and EPS .
- 4) Depreciation results in reduction of taxable income.
- 5) Creditors management does not influence the net working capital position of the firm.
- 6) Trade credit is a source of working capital
- 7) Idle cash generates revenue to the firm
- 8) In a competitive market, a higher volume of sales is made on credit.
- 9) As per FIFO method the earliest lots are exhausted first.
- 10) Fixed budget is drawn for multiple level of activities.

Q-2 The cost sheet of PQR Ltd

(15)

	Cost per unit (Rs)
Raw material	50
Direct Labour	20
Overhead (including depreciation Rs.10)	40
Total cost	110
Profit	20
Selling price	130

Average raw material in stock is for one month. Average material in work-in-progress is for half month. Credit allowed by suppliers is one month. Debtors are allowed credit of one month. Average time lag in payment of wages is 10 days. Average time lag in payment of overheads is 30 days. 25% of the sales are on cash sales. Cash balances is expected to be Rs. 1,00,000 . Finished goods lie in the warehouse for one month.

Prepare a statement of working capital needed to finance a level of activity of 54,000 units of output. Production is carried on evenly throughout the year and wages and overhead accrue similiary.

OR

Q-2 (a) Prepare Cash budget of Sunil Gavaskar Ltd. for the months of April , May and June ,2002. (15)

Month	Sale	Purchase	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 :

- 50% of the purchase and sales are on cash.
- The average collection period of the company is 1 /2 month and credit purchases are paid paid off regularly after 1 month .
- Time lag in payment of wages is 1 month
- Rent of Rs.1,000 is payable every month
- Cash and Bank balance as on 31st March,2002 was Rs.3,00,000.
- Dividend received in May Rs.36,000.
- Professional fees to be paid in June Rs.1,500.
- Expenses are paid in the same month.

Q- 3 (a) Prepare stores ledger of Viva Ltd .on FIFO basis . Opening stock was 20,000 units valued at Rs.10 per unit. (15)

Purchases

Date	Quantity (units)	Rate (Rs) per unit
1 st August ,2013	14,000	15
10 th August ,2013	24,000	18
18 th august ,2013	24,000	25
28 th august ,2013	28,000	30



Sales

Date	Quantity (units)	Selling price (Rs) per unit.
2 nd august	25,000	25
19 th august ,2013	25,000	35
25 th august, 2013	25,000	40
30 th august, 2013	25,000	45

Also state your conclusion.

OR

Q-3 (a) Data is given below :

(7)

Half yearly demand 1,000 units

Ordering cost Rs. 62.50 per order

Inventory carrying cost Rs.2 per unit.

Calculate ;

- EOQ
- Annual procurement cost
- Annual carrying cost.

Q-3 (b) For the manufacture of product – Modern calculate following : (8)

Particulars	Component P
Normal usage (per week)	270 units
Maximum usage (per week)	360 units
Minimum usage (per week)	135 units
Re-order quantity	1,800 units
Re-order period	5 to 7 weeks

Calculate for each component :

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

Q-4 (a) Compute different leverages from the following information (8)

Interest	Rs. 22,000
Sales (2,200 units)	Rs.2,20,000
Variable cost	Rs.1,10,000
Fixed cost	Rs. 86,000

Q-4 (b) The following projections are related to company A (7)

Sales (units)	80,000
Variable cost per unit (Rs)	4
Fixed cost ((Rs.)	2,40,00
Interest burden on Debt (Rs)	1,20,000
Selling price per unit (Rs)	10

On the basis of above data compute :

- a) Operating Leverage b) Financial leverage c) Combined leverage

Q-5 Factors determining Working capital requirement (15)

Or

Q-5 Write short notes on : (any 3) (15)

- 1) Operating cycle
- 2) Commercial paper
- 3) Aspects of cash management
- 4) Advantages of Material control
- 5) Different types of Budget