

## Max. Marks: 70

**Q.1 A) Select the correct alternatives:**

07

- Q.1 B) Complete the following Sentences:-**

07

- Page 1 of 3

**Q.2 Attempt (Any Two)**

a) ZEE is a product manufactured out of three raw materials M, N and Q. Each unit of ZEE requires 10 Kgs, 8 Kgs and 6 Kgs. of M, N and Q respectively. The re-order levels of M and N are 15,000 Kgs. and 10,000 kgs. respectively while the minimum level of Q is 2,500 Kgs. The weekly production of ZEE varies from 300 to 500 units, while the weekly production is 400 units. You are required to compute –

- The minimum stock level of M
- The maximum Stock Level of N &
- The reorder level of Q

The following additional data are given:-

	M	N	Q
Re-order Qty.	20,000	15,000	20,000
Delivery (in weeks)			
Minimum	2	4	3
Average	3	5	4
Maximum	4	6	5

- Objectives of Receivable Management
- Importance of Financial Plan

**Q.3 Attempt :- (Any Two)**

a) Annual demand for a particular item of inventory is 6,000 units. Inventory carrying cost per unit per year is 10% & ordering cost is Rs. 60/- per order. The price quoted by the supplier is Rs. 20/- per unit  
However the supplier is willing to give discount of 5% for order of 900 units or more. Is it worthwhile to avail the discount offer?

- b) From the following prepare each budget for the month of January - 2016
- Cash in hand estimated on 1<sup>st</sup> January Rs. 20,000/-
  - Sales - December 2015 – Rs. 50,000/-
  - January 2016 – Rs. 80,000/-
  - 80% of amount is recovered in the month of sale & balance is received in subsequent month.
  - Purchase for the month of December 2015 & January 2016 are estimated to be 20,000/- and 30,000/- respectively.
  - No credit period is allowed by the creditors.
  - A sales commission of 5% is paid in the month of sales itself.

c) Hire Purchase

**Q.4 Attempt (Any One)**

a) From the following particulars prepare the cash budget for the period January to March 2016.

Month	Sales Rs.	Purchase Rs.	Wages Rs.	Expenses Rs.
Nov	50,000	10,000	20,000	4,000
Dec	60,000	20,000	20,000	4,000
Jan	40,000	30,000	22,000	5,000
Feb	50,000	20,000	22,000	5,000
March	60,000	10,000	24,000	5,000

**Additional information:-**

1. 10% of sales are on cash.
2. Debtors are allowed – 1 month, on an average 50% of debtors will make payment on due date, while rest will make payment 1 month thereafter.
3. Credit from suppliers – 2 months. 10% cash discount will be received if payment is made within 1 month and it is estimated that 50% of purchases will take advantage of cash discount.
4. Wages to be paid twice in a month 1<sup>st</sup> & 16<sup>th</sup> respectively.
5. Expenses generally paid in next month.
6. Plant costing Rs. 10,000/- will be installed in Feb on payment of 25% of cost. In addition to the installation cost of Rs. 500/- Balance to be paid in 3 equal installments from the following month.
7. Opening cash balance Rs. 20,000/-

**OR**

- b) State and explain the feature, advantages and disadvantages of debentures.

**Q.5 a) Attempt (Any One):-**

**14**

**Cost sheet of company provides the following date:-**

<b>Elements of Cost</b>	<b>Amount per unit Rs.</b>
Raw Material	50
Direct Labour	20
Overheads (including Dep. Of Rs.10)	40
<b>Total cost</b>	<b>110</b>
<b>Profit</b>	<b>20</b>
<b>Selling Price</b>	<b>130</b>

**Additional Information:-**

Average raw material in stock is for one month. Average material in progress is for half month. Credit allowed by supplier is one month. Credit allowed to debtors – one month. Average time lag in payment of wages – 10 days. Average time lag in payment of overheads – 30 days. 25% of the sales are on cash basis. Cash balance is expected to be Rs.1,00,000/- finished goods lie in the warehouse for one month. You are required to prepare a statement showing the working capital needed to finance a level of activity of 50,000 units of production. State your assumptions, if any clearly.

**OR**

- b) Explain the functions of Finance Manager and also explain the objectives of Financial Management.