PART A

(32 marks)

Q1. Select the most appropriate answer from the options given below: 8 marks

1. Which one of the following is not a ratio in measuring long term solvency position of an organisation
   a. Defensive interest ratio
   b. Debt equity ratio
   c. Capital gearing ratio
   d. Proprietary ratio

2. Debtors turnover ratio is credit sales divided by
   a. Sales
   b. Average debtors.
   c. Average stock
   d. Average creditors

3. One of the following is an Investment company
   a. CARE
   b. ICRA
   c. UTI
   d. CRISIL

4. On the basis of time, budget can be divided into which of the following categories
   a. Short term
   b. Current
   c. Long term
   d. All the three above
5. The maturity period of Commercial Papers varies between 90 days to
   a. 180 days
   b. 270 days
   c. 360 days
   d. 400 days

6. Profit maximization objective ignores
   a. Effective allocation of resources
   b. Time factor
   c. Maximum social welfare
   d. Optimum utilization of resources

7. The no. of steps involved in computation of Cost of capital is
   a. Three
   b. Four
   c. Five
   d. Six

8. Mutual Funds are subject to monitoring and inspection by
   a. DEA
   b. RBI
   c. DCA
   d. SEBI

Q.2. State whether the following statements are true or false: 8 marks
   b. Cost Centre is also known as Responsibility Centre.
   c. LIC is an Investment Company.
   d. CRISIL is not an Investment Company.
   e. Capital market is regulated by RBI.
   f. Budget and Forecast are the same.
   g. Current ratio is not an important ratio in measuring short-term solvency.
   h. Working Capital refers to long-term funds to meet operating expenses.

Q.3. Fill in the blanks with appropriate words: 8 marks
   a. Spending on advertising or researching a product idea are examples of -------- costs.
   b. There are two kinds of variances viz.,cost variance and ----------- variance
   c. ROCE is Return on Capital ---------.
   d. ARR Method ignores the concept of time value of--------
e. CAPM Stands for Capital Asset Pricing
f. Gross Working Capital refers to the total assets
\[ \text{Super Quick Ratio} = \frac{\text{Absolute Liquid assets}}{\text{current assets}} \]
h. Debentures is a long term source of funding.

Q4. Expand the abbreviations-
   a. OTCEI
   b. CRISIL
   c. CARE
   d. AMC
   e. ZBB
   f. LRV
   g. DFHI
   h. DCF

**PART B**
(Answer Any Three Questions each question carry 16 marks) 48 marks

Q5. Write short notes on any four - (4 x4 = 16 marks)
   a. Flexible budget
   b. Common-size statement
   c. Trend ratios
   d. Cost centre
   e. Objectives of a budget
   f. Money market

Q6. a. Discuss the various elements of cost. 8 marks
    b. What is break-even chart? List its advantages 8 marks

Q7. a. Explain the factors contributing to the time value of money. 8 marks
    b. Discuss the importance and advantages of ratio analysis. 8 marks

Q8. a. Explain cost of capital. What is its importance? 8 marks
    b. ABC & Co is considering a proposal for an investment of Rs. 40000 and the annual cash inflows for 5 years is Rs. 12000, Rs. 12000, Rs. 10000, Rs. 4000 and Rs.8000. Calculate the Payback period and advise whether the proposal can be accepted if the standard payback period is 4 years. 8 marks
Q.9. a. Explain at least six sources of working capital. 8 Marks
   b. Explain the steps involved in computation of Weighted Average Cost of Capital 8 marks

PART- C (Compulsory) 20 Marks

Q.10. Prepare a Cost Sheet based on the following details extracted from the accountings books of a manufacturer:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials Purchased and Consumed</td>
<td>14000</td>
</tr>
<tr>
<td>Direct Labour Expenses</td>
<td>22000</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>7300</td>
</tr>
<tr>
<td>Factory depreciation</td>
<td>110</td>
</tr>
<tr>
<td>Repairs and Renewals</td>
<td>220</td>
</tr>
<tr>
<td>Insurance</td>
<td>620</td>
</tr>
<tr>
<td>Rent, Rates and Taxes</td>
<td>730</td>
</tr>
<tr>
<td>Electric Consumption</td>
<td>200</td>
</tr>
<tr>
<td>Power</td>
<td>110</td>
</tr>
<tr>
<td>Fuel</td>
<td>60</td>
</tr>
<tr>
<td>Water</td>
<td>50</td>
</tr>
<tr>
<td>Watchman's Wages</td>
<td>160</td>
</tr>
<tr>
<td>Factory Manager's ‘Salary’</td>
<td>650</td>
</tr>
<tr>
<td>Foreman's Salary</td>
<td>110</td>
</tr>
<tr>
<td>Office Stationary</td>
<td>50</td>
</tr>
<tr>
<td>General Charges</td>
<td>170</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>160</td>
</tr>
<tr>
<td>Office Rent</td>
<td>130</td>
</tr>
<tr>
<td>Postage &amp; Stamps</td>
<td>40</td>
</tr>
<tr>
<td>Telephones</td>
<td>10</td>
</tr>
<tr>
<td>Manager’ Sal</td>
<td>550</td>
</tr>
<tr>
<td>Office Clerk’s Salary</td>
<td>240</td>
</tr>
<tr>
<td>Advertising</td>
<td>130</td>
</tr>
<tr>
<td>Commission to Salesmen</td>
<td>230</td>
</tr>
<tr>
<td>Discounts</td>
<td>140</td>
</tr>
</tbody>
</table>

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