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

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

2. Which one of the following is not a ratio in measuring short-term solvency position of an Organization
   a. Current ratio
   b. Capital gearing ratio
   c. Quick ratio
   d. Absolute liquid ratio

3. The capital market is regulated by
   a. UTI
   b. RBI
   c. SEBI
   d. IDBI.

4. On the basis of time, budget may be classified into which of the following categories
   a. Short-term
   b. Long-term
   c. Current
   d. All three above

5. One of the following is not a source of long-term funds-
   a. Working Capital
   b. Warrants
   c. Equity shares
   d. Debentures
6. The number of major theories explaining the relationship between capital structure, cost of capital and valuation of the firm is
   a. two
   b. four
   c. five
   d. six

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

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

Q. 2. State whether the following statements are true or false:
   a. The term overhead includes indirect material expenses
   b. Break even point is a point where the total sales or revenue are equal to total costs.
   c. Capital structure is that part of financial structure which represents short-term sources.
   d. IRR does not consider the time value of money.
   e. Revenue variance includes sales variance.
   f. Cost centre is also known as responsibility centre
   g. Essentially, money market refers to a market for long-term funds.
   h. Commercial paper is a long-term source of finance.

Q3. Fill in the blanks with appropriate words:
   a. Costs that cannot be recovered once they have been incurred are called --------costs.
   b. Break-even analysis is a technique of studying cost-volume----------- relationship.
   c. CIMA stands for the Institute of Cost and Management --------------
   d. Super Quick Ratio is Absolute Liquid Assets divided by Current ---------.
   e. Leverage ratios indicate long-term ----------- position of an organisation.
   f. ROI is Return on ""------
   g. Capital market is a place where people buy and sell financial instruments be it equity or --------
   h. ARR method ignores the concept of time value of ""------

Q4. Expand the abbreviations-
   a. MCV
   b. CAPM
   c. OTCEI
   d. EPS
   e. CRISIL
   f. SHCIL
   g. DCF
   h. WACC
PART B

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

Q5. Write short notes on (any four)-

- Performance budget
- Common size statement
- Wealth maximization
- Profitability index
- Cost centre
- Marginal cost of capital

Q6.

- Discuss the various elements of cost
- What is break-even chart? List its advantages.

Q7.

- List the main differences between budget and forecast
- Define zero-base budgeting. What are its advantages?

Q8.

- Discuss the importance and advantages of ratio analysis.
- Explain the factors contributing to the time value of money.

Q9.

- Discuss the reasons due to which capital budgeting decisions are significant.
- ABC & Co is considering a proposal for an investment of Rs. 60000 and the annual cash inflows for 5 years is Rs. 18000, Rs. 20000, Rs. 15000, Rs. 6000 and Rs. 12000. Calculate the Payback period and advise whether the proposal can be accepted if the standard payback period is 4 years.
Q.10. Calculate the prime cost, factory cost, cost of production, cost of sales and Profit from the following details:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Rs.</th>
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<tr>
<td>Direct materials</td>
<td>2,00,000</td>
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<tr>
<td>Direct wages</td>
<td>50,000</td>
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<tr>
<td>Direct expenses</td>
<td>10,000</td>
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<tr>
<td>Wages of foreman</td>
<td>5,000</td>
</tr>
<tr>
<td>Electric power</td>
<td>1,000</td>
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<tr>
<td>Lighting: Factory</td>
<td>3,000</td>
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<tr>
<td>Office</td>
<td>1,000</td>
</tr>
<tr>
<td>Storekeeper’s wages</td>
<td>2,000</td>
</tr>
<tr>
<td>Oil and water</td>
<td>1,000</td>
</tr>
<tr>
<td>Rent: Factory</td>
<td>10,000</td>
</tr>
<tr>
<td>Office</td>
<td>5,000</td>
</tr>
<tr>
<td>Depreciation Plant</td>
<td>1,000</td>
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<tr>
<td>Office</td>
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<tr>
<td>Consumable store</td>
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<tr>
<td>Manager’s salary</td>
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<tr>
<td>Director’s fees</td>
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<tr>
<td>Office stationery</td>
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<tr>
<td>Telephone charges</td>
<td>250</td>
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<tr>
<td>Postage and telegrams</td>
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<tr>
<td>Salesmen’s salaries</td>
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<tr>
<td>Travelling expenses</td>
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<td>Repairs and renewal plant</td>
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<td>Office premises</td>
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<td>Carriage outward</td>
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<td>Transfer to reserves</td>
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<td>Discount on shares written off</td>
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<tr>
<td>Advertising</td>
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<tr>
<td>Warehouse charges</td>
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<td>Sales</td>
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<td>Dividend</td>
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