Part A

Q. 1. Choose the right answer from below:

1. Profit maximization denotes: -
   a) Maximum profit to be earned in a given period.
   b) Rejecting the non-profitable projects
   c) Maximum social welfare.
   d) None of above.

2. Direct method studies the deviation between: -
   a) The two different cost of materials.
   b) The quantity of materials and their price.
   c) Actual cost of the materials.
   d) None of the above.

3. Work in Progress account contains –
   a) debit side
   b) credit side
   c) both the sides.
   d) none of above.

4. Fund flow statement highlights the changes in the:
   a) Cash receipts
   b) Payments
   c) Both
   d) None of above.
5. Liquidity refers –
   a) ability to meet short term financial obligations.
   b) relationship between currents asset & liabilities.
   c) acid test ratio
   d) none of above.

6. IRR considers the time value of:
   a) money
   b) equity
   c) both
   d) None of above.

7. Diversification occurs when –
   a) different assets make up a portfolio
   b) single asset make up a portfolio.
   c) both
   d) none of above.

8. As per capital structure theories- source of funds are:
   a) debt
   b) equity
   c) both
   d) none of above.

Q.2 True or False
   a) Profit maximization regarded as the best criterion of decision making -
   b) Managerial finance also involves forecasting -
   c) Treasurer & controller are the subordinates of finance manager. -
   d) unit costs are expressed in batch costing -
   e) uniform costing helps to adopt procedures of costing -
   f) Inter firm comparison helps to know over all view of the industry.
   g) Lease financing is termed as equipment leasing -
   h) No growth is a model for valuations -

Q.3. Fill in the blanks. Marks (8)
   a) RFR means ________
   b) The probability of an event is determined on the basis of ________ observation.
   c) ________ loan include a set maturity date.
   d) ___________ bonds do not have maturity.
   e) To gain a majority interest in another firm called ________ firm
   f) The transferor is called the ____________ in a lease.
   g) ____________ lease rentals .
   h) MM approach stands for ________
Q.4. Give full-form of the following.
   i) MCV
   ii) EBQ
   . III) EPS.
   IV) ARR.
   V) DBCR
   VI) NOI approach.
   VII) CSO
   VIII) OMO

   PART – B

Q.5.  (a) Discuss objectives of financial management in detail?
   (b) What is MCV? Discuss the methods of computing MCV?

Q.6)  (a) To manufacture one unit of product, the requirement is 2kgs of material @ Rs. 2 per Kgs actual output is 400 units. Actual quantity of material used is 850 kgs @ Rs. 1.80. find out the material cost variance. 
   (b) Factors affecting working capital?

Q.7  Discuss concept of Profitability Index/ Discounted Benefit ratio (DBCR)? Write down Merits of PI?

The initial cash outlay of a project is Rs.50000 and it generates cash inflows of Rs. 10,000, Rs.20,000, Rs. 30,000 and Rs. 10,000. Assume 10% rate of discount. Find PI.

Q.8.  (a) List down objectives of cash management?
   (b) Define IRR with merits & demerits

Q.9.  Write short notes (Any four)

   a) Uniform casting.
   b) Essentials of Interfirm comparison.
   c) Types of Ratios.
   d) Significance of Capital Budgeting 
   e) Sensitivity analysis 
   f) Bonds
Q.10. Case Study….

a) What do you mean by Cash Budget? Write down steps in preparation of cash budget?

b) From the following information prepare cash budget for BCM Co.Ltd.

<table>
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<tr>
<th>Particulars</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cash balance</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection from customer</td>
<td>1,30,000</td>
<td>1,60,000</td>
<td>1,65,000</td>
<td>2,30,000</td>
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<tr>
<td>Payments:</td>
<td></td>
<td></td>
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<tr>
<td>Raw materials purchase</td>
<td>25,000</td>
<td>45,000</td>
<td>40,000</td>
<td>63,200</td>
</tr>
<tr>
<td>Salary &amp; wages</td>
<td>1,00,000</td>
<td>1,05,000</td>
<td>1,00,000</td>
<td>1,14,200</td>
</tr>
<tr>
<td>Other expenses</td>
<td>15,00</td>
<td>10,000</td>
<td>15,000</td>
<td>12,000</td>
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<tr>
<td>Income tax</td>
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<tr>
<td>Machinery</td>
<td></td>
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</tr>
</tbody>
</table>

The firm wants to maintain cash balance of Rs. 25000 for each month. Creditors are allowed one month credit. There is no lag in payment of salary, other expenses.

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