TALE VIBHAG SHIKSHAN PRASARAK MANDAL'S

D. G. TATKARE ARTS & COMMERCE COLLEGE, TALA

Tal. Tala, Dist. - Raigad - 402 111

QUESTION PAPER

CLASS-M.COM	SEM-IV	YEAR- May 2023
Subject	ALL SUBJECT – 2022-2023	

SR.NO.	SUBJECT	SUBJECT CODE
1	Corporate Financial Accounting	67501
2	Indirect Tax Introduction of Goods and Servive Tax	67506
3	Financial Management	67511

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D.G.TATKARE ARTS & COMMERCE COLLEGE, TALA

TAL : TALA, DIST : RAIGAD.

M.COM. (SEM – IV) EXAMINATION – MAY 2023

CHOICE BASED CREDIT SYSTEM R-2016

S.N	DAY	DATE	TIME	SUBJECT CODE	PAPER
1	MONDAY	12-06-23	10:30 TO 12:30	67501	CORPORATE FINANCIAL ACCOUNTING
2	WEDNESDAY	14-06-23	10:30 TO 12:30	67506	INDIRECT TAX INTRODUCTION OF GOODS & SERVIVE TAX
3	FRIDAY	16-06-23	10:30 TO 12:30	67511	FINANCIAL MANAGEMENT

PLACE : TALA – RAIGAD

Checked by

EXAMINATION INCHARGE
D.G.Tatkare Arts & Com. College
Tala, Raigad - 402111
Exam Incharge

PRINCIPAL
D.G.TATKARE ARTS &
COMMERCE COLLEGE, TALA
TALA - RAIGAD.
Principal

2650?

301 / Advanced Accounting, Corporate Accounting and Financial Management: Corporate FinancialA

Time: 2 Hours

Marks : 60

Note: All Questions are compulsory.
Figures to the right indicate full marks.
Working notes should form part of your answer.
Use of simple calculator is allowed.

Q.1 The Balance Sheet of ABC Ltd. as on 31st March 2023: (15)

Liabilities	Amt in Rs.	Assets	Amt in Rs.
Share Capital of Rs.10 each fully paid	20,00,000	Land and Buildings	15,00,000
General reserve	2,20,000	Plant and Machinery	12,00,000
Profit and loss A/c	8,00,000	Non -Trade Investment	8,00,000
10% Preference shares capital	10,00,000	Stock	7,00,000
8% Debentures	10,00,000	Sundry Debtors	4,00,000
Creditors	6,00,000	Bills receivable	10,00,000
Bills Payable	1,00,000	Cash/Bank Balance	4,20,000
Provision for tax	2,00,000		
Proposed dividend	1,00,000		
Total	60,20,000	Total	60,20,000

Additional information.

1. The Net Profit after Tax of the last 4 years ended 31st March, 2023 is as,

Year	profit
2019-20	4,35,000
2020-21	4,55,000
2021-22	4,70,000
2022-23	4,80,000

2. Normal rate of returns in similar businesses is 10%.
   Calculate the Intrinsic Value, Yield Value and Fair Value of Equity Share of the Company,

OR

Q. 1. A) ABC Ltd. purchased machinery from Aarya Ltd. On 30/09/2021. The price was Rs. 400 lakhs before charging of 18% GST and giving trade discount of 2% on the quoted price. Transport charges were 0.25% on the quoted price and installation charges come to 1% on the quoted price. (8)
A loan of Rs. 400 lakhs was taken from Bank of Maharashtra on which interest @ 15% p. a. was to be paid. Expenditure on Trial Run was material Rs. 37,000, wages Rs. 28,000 and overheads Rs. 18,000. Machinery was ready for use on 1/12/2021. However it was actually put in use 1/5/2022.
Find out cost of machine. Entire loan remain unpaid on 1/5/2022.

B) Following information is extracted from the books of AC Ltd. (7)

Segment Revenue	Cars	Bikes	Tractors	Cranes	Forklifts	Cycles	Total
External Sales	240	120	100	260	120	--	840
Inter-segment sales	500	20	160	40	40	140	900
Total	740	140	260	300	160	140	1740

You are required to determine reportable segments from the above information

Q.2) Rakesh Ltd. acquired 7,500 shares in Vivek Ltd for Rs.77,500 on 1st July, 2022. The Balance Sheet of the two companies as on 31st March, 2023 were as follows: (15)

Particulars	Rakesh Ltd. (Rs.)	Vivek Ltd (Rs.)
I. Equity and Liabilities:		
Equity share capital (Face Value Rs.10 each)	4,50,000	1,25,000
General Reserve	80,000	20,000
Surplus (Balance in Statement of Profit and Loss)	40,000	12,500
Bills Payable	20,000	10,000
Trade Creditors	25,000	15,000
Total	6,15,000	1,82,500
II. Assets:		
Machinery	3,50,000	75,000
Furniture	50,000	35,000
Investment in Equity Shares of Vivek Ltd	77,500	Nil
Stock	50,000	25,000
Trade Debtors	30,000	17,500
Bills Receivable	12,500	10,000
Bank Balance	45,000	20,000
Total	6,15,000	1,82,500

Additional Information:

1. Vivek Ltd had a credit balance of Rs. 20,000 in the General Reserve and Rs. 2,500 in the surplus on 1st April, 2022.
2. Rakesh Ltd sold goods to Vivek ltd costing Rs. 4,000 for Rs. 5,000 and 50% of these goods remained unsold with Vivek Ltd.
3. Out of Bills Payable issued by Rakesh Ltd of Rs..7,500 drawn by Vivek Ltd.
4. Debtors of Vivek Ltd includes amount due from Rakesh Ltd Rs. 7,500.

Prepare a Consolidated Balance Sheet of Rakesh Ltd and its subsidiary Vivek Ltd as on 31st March, 2023 as per Schedule III of Companies Act, 2013.

OR

Q.2 The balance sheet of Honda Ltd and Sony as on 31st March, 2023 are as follows: (15)

Particulars	Note	Honda Ltd.	Sony Ltd.
I Equity and Liabilities			
1. Shareholders' Funds			
a) Share Capital	1	2,40,00,000	88,00,000
b) Reserves and Surplus	2	96,00,000	58,00,000
2. Current Liabilities			
a) Trade Payable	3	32,00,000	28,00,000
Total		3,68,00,000	1,74,00,000
II Assets			
1. Non-current Assets			
a) Fixed Assets			
i)Tangible Assets	4	1,86,00,000	88,00,000
ii) Intangible Assets	5	14,00,000	12,00,000
b) Non-current Investments	6	96,00,000	
2. Current Assets			
a) Inventories		40,00,000	36,00,000
b) Trade Receivables		8,00,000	30,00,000
c) Cash and Cash Equivalents	7	24,00,000	8,00,000
Total		3,68,00,000	1,74,00,000

Notes to Accounts

Note	Particulars	Honda Ltd.	Sony Ltd.
1	Share Capital		
	Issued, Subscribed and Paid up:		
	Equity shares of Rs. 10 each, fully paid up	1,80,00,000	80,00,000
	15% Preference Shares of Rs.10 each, fully	60,00,000	8,00,000
		2,40,00,000	88,00,000
2	Reserves and Surplus		
	General Reserve		
	Honda Ltd.	40,00,000	
	Sony Ltd.		
	Balance as at 1.4.2022		
	Cost of Issue of Shares		22,00,000
	Surplus i.e. Credit balance of Profit & Loss	56,00,000	36,00,000
		96,00,000	58,00,000
3	Trade Payables		
	Creditors	32,00,000	20,00,000
	Bills Payable		8,00,000
		32,00,000	28,00,000
4	Tangible Assets		
	Land and Buildings	1,14,00,000	48,00,000
	Plant and Machinery	66,00,000	36,00,000
	Furniture	6,00,000	4,00,000

		1,86,00,000	88,00,000
5	Intangible Assets Goodwill	14,00,000	12,00,000
6	Non-current Investments 6,00,000 Equity Shares in Sony Ltd. on	96,00,000	
7	Cash and Cash Equivalents Balance with Bank	24,00,000	8,00,000

The following information is also given to you:

i) 15% dividend on both types of shares was paid by Sony Ltd. in October, 2023 for the year ended 31st March 2022. Dividend Distribution Tax @ 17% was also paid in the same month. Honda Ltd. credited the dividend received to its Profit and Loss Account.

ii) Sony Ltd. Plant and Machinery Account showed a balance of Rs. 40,00,000 on 1st April, 2022, on which 10% depreciation has been charged. At the time of purchase of shares in Sony Ltd. Honda Ltd. revalued Sony Ltd.'s plant and machinery upward by Rs. 20,00,000.

iii) There was a bonus issue of equity shares amounting to Rs. 8,00,000 out of post-acquisition profits by Sony Ltd. which has not been recorded in the books of account as yet.

iv) Credit balance of Profit and Loss Account of H Ltd. on 1st April, 2022 was Rs. 22,24,400.

v) Included in Trade Payables of Sony Ltd. are Rs. 8,00,000 for goods supplied by Honda Ltd. Also including in Sony Ltd.'s stock are goods of Rs. 3,20,000 which were supplied by Honda Ltd. at a profit of 25% on sale.

Prepare a Consolidated Balance Sheet of Honda Ltd. and its subsidiary Sony Ltd. as on 31st March, 2023.

Q.3 The Balance Sheet of Aqua Ltd. as on 31st March, 2023 was as follow: (15)

Liabilities	Rs.	Assets	Rs.
Equity Shares Capital of Rs. 100 each	30,00,000	Land and Building	13,20,000
Profit and Loss A/c	6,18,000	Machinery	5,70,000
Bank overdraft	1,20,000	Stocks	21,00,000
Creditors	4,62,000	Debtors	9,30,000
Provision for Tax	2,70,000		
Proposed Dividend	4,50,000		
Total	49,20,000		49,20,000

The net profit of the company after deducting all working charges and providing depreciation and taxation were as under:

Year Ending	Rs.
31/03/2019	5,10,000
31/03/2020	5,76,000
31/03/2021	5,40,000
31/03/2022	6,00,000
31/03/2023	5,70,000

On 31st March, 2023, Land and Building was valued at Rs.15,00,000 and Machinery at Rs. 9,00,000. The other assets and liabilities have been correctly valued. In view of the nature of business, it is assumed that 10% is a reasonable return on tangible capital. Consider closing capital as average capital employed and simple average for computing average profit.

You are required to determine:

1) Value of Goodwill on the basis of 5 years purchase of super profits.
2) Net Asset Value of Equity Share.

OR

A) Calculate basic EPS as per IND AS 33 from the following information: (8)

Share Capital as on 1/4/2022, 2,00,000 Equity Shares of Rs. 10 each . Issue of right shares for cash on 1/7/2022 in the ratio of one share for every 5 shares held.

Issue of Bonus shares (excluding right shares) in the ratio of one share for every five shares held on 1/10/2022.

Net Profit (before tax) for 2022-23, Rs. 8,00,000. Income tax rate is 40%.

B)X Ltd commenced the construction of a qualifying asset and incurred the following expenses: (7)

On July 1, 2022 Rs. 2,50,000

On December 1, 2022 Rs. 3,00,000

The details of borrowing and interest thereon are as under:

Particulars	Average balance	Interest
Long Term Loan @ 10%	10,00,000	1,00,000
Working Capital loan	5,00,000	65,000

Compute the borrowing cost that need to be capitalized.

Q.4A) Fill in the blanks with correct alternatives (Any 8) (8)

1. Accounting Standards converged with IFRS are ____________
   a. Ind AS
   b. AS
   c. Costing Standards
   d. Audit Standard
2. SME are those organizations whose turnover does not exceed __________
   a. Rs. 101 crores
   b. Rs. 200 crores
   c. Rs. 100 crores
   d. Rs. 250 crores
3. Consolidated statements are prepared by ____________
   a. Minority
   b. Subsidiary Company
   c. Holding Company
   d. Listed Subsidiary Company
4. Rate of interest is 11% and the rate of risk is 9%. The normal rate of return is ____________
   a. 20%
   b. 9%
   c. 11%
   d. 2%
5. The first reporting period as per IFRS is ____________
   a. 2009-10
   b. 2008-09
   c. 2015-16
   d. 2012-13
6. Unrealized profit on goods sold and included in stock is deducted from ____________
   a. Capital Profit
   b. Fixed Assets
   c. Minority Interest
   d. Revenue Profit
7. Dividend recommended is given in __________
   a. Audit Report
   b. Statutory Report
   c. Segment Report
   d. Directors Report
8. The ratio that gives information about earning available to each equity share is __________
   a. Profit per share
   b. Dividend per share
   c. Earnings per share
   d. Income per share
9. Ind AS applicable to operating segments is ____________
   a. 108
   b. 15
   c. 110
   d. 105
10. Dilution is ____________
    a. Increase in EPS
    b. Reduction in EPS
    c. Reduction in net loss per share
    d. Increase in net loss per share

B) State whether the following statement are True or False (Any 7) (7)

1.	Financial reporting facilitates statutory audit.
2.	IFRS will override company law.
3.	AS 16 deals with cost of owner's equity.
4.	The objective of Ind AS 33 is to prescribe principles for determination of EPS.
5.	Fictitious assets should be included in average capital employed.
6.	Holding company and Subsidiary company maintain their independent identity.
7.	EPS depends on net profit available to equity shareholders.
8.	Ind AS 16 does not apply to natural gas.
9.	Accounting standard are issued by Government of India.
10.	Tax base is the amount attributable to assets for tax purposes.

OR

Q.4) Write Short Notes on (any three) (15)

a. Financial Reporting Framework.

b. Scope of Ind AS 23

c. Balance Sheet method of Valuation of Shares.

d. International Financial Reporting Standard.

e. Measurement and treatment of Pre acquisition profit in Consolidated Financial Statement.

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M.Com. Sem IV - 2022 14/6/2023

vanced Accounting, Corporate Accounting and Financial Management: Indirect Tax- Introduction of G

Time: 2Hrs **Marks: 60**

NB: **1. all questions are compulsory**
2. Figures to the right indicate maximum marks
3. Working notes should form a part of your answer

Q.1.a.) Mr. Amit, started his business in Meghalaya, who's exclusively in supply Goods from 1st April, 2022. Details of his monthly Purchases and Sales from April 2022 onwards are as follows: (15)

Month & Year	Purchases		Sales	
	Exempt Goods	Taxable Goods	Taxable Goods	Exempt Goods
April, 2022	1,00,000	1,25,000	70,000	1,60,000
May, 2022	1,50,000	1,50,000	1,00,000	80,000
June, 2022	2,00,000	2,00,000	10,000	1,00,000
July, 2022	2,25,000	2,50,000	55,000	60,000
August, 2022	2,75,000	3,00,000	10,000	1,65,000
September, 2022	3,00,000	3,50,000	95,000	1,15,000
October, 2022	3,50,000	3,75,000	70,000	1,90,000
November, 2022	4,25,000	4,00,000	5,000	85,000
December, 2022	4,75,000	4,50,000	1,55,000	1,95,000
January, 2023	2,00,000	3,00,000	2,30,000	1,80,000
February, 2023	1,00,000	1,50,000	2,50,000	2,50,000
March, 2023	2,00,000	3,00,000	1,80,000	2,30,000

Is Mr Amit is liable for registration as per the provision of GST Act. If yes, from which date? Give necessary justification for your answer.

OR

Q1.b.) M/s Ashoka Brothers provide the details of transactions of their business from the state of Maharashtra during the month of December, 2022. Are they liable to get register under GST ? If yes then when? (15)

08.12.2022	Inward supplies on which tax is payable under reverse charge	4,25,000
10.12.2022	Goods supplied to Nanded (Maharashtra)	3,45,000
15.12.2022	Services provided to Sangli (Maharashtra)	7,80,000
19.12.2022	Goods Supplied to Amravati (Maharashtra)	3,90,000
22.12.2022	Good supplies to Bhuj (Gujrat)	4,75,000
27.12.2022	Taxable Goods Supplied to Khed (Maharashtra)	3,15,000

Q.2.a.) Mr. M of Mumbai provides you the following details for the month of March, 2022 :

Opening Balance in Electronic Credit Ledger as on 1st March 2022 :
IGST – Rs. 50,000
CGST – Rs. 25,000
SGST – Rs. 25,000

Transactions during March, 2022	Rs.
Sold goods @ 18% GST in Solapur	18,60,000
Sold goods @ 12% GST in Delhi	9,00,000
Provided sevices @ 18% GST in Bangalore	5,00,000
Purchased goods @ 28% GST from Kolhapur	10,50,000
Purchased goods @ 5% GST from Surat	6,60,000
Availed services @ 18% GST from Satara	80,000
Availed services @ 5% GST from Indore	1,20,000

Calculate the net tax liability for the month of March, 2022.

Note : All the figures given above are excluding GST.

OR

Q.2 (b) From the following information given to you of Mr. Sandesh compute the value of taxable service & the goods and services tax payable for the month of June,2023. All amounts given are excluding Goods and services tax. GST rate for all the supplies may be assumed to be 18% (15)

1. Acting as business facilitator of a banking company Rs. 4, 00,000
2. Services by way of warehousing of rice Rs. 3,00,000
3. Advice in Relation to Setting up an Institute Rs. 1,00,000
4. Renting of vacant land for floriculture Rs.1,50,000
5. Receipts from running training center in relation to hobby classes Rs. 1,16,000
6. Commission from acting as Commission agent of consumer goods Rs. 90,000
7. Carried out certain process as job work which did not require amount of tax Rs.84,000
8. Charges for preparation of advertisement Rs. 1,43,000
9. Storage and Warehousing of Agricultural Produce Rs.1,35,000
10. Salary received from employer Rs. 4,80,000
11. Amount received as rent from residential house Rs. 2,40,000
12. Services by way of conduct of religious ceremony as pandit Rs.1,30,000

Q.3 a.) Mr Sharma registered in the state of Karnataka provides the following details for the month of August 2022:

Opening Balance in Electronic Credit Ledger as on 1st August:

IGST – Rs.2,00,000
CGST- Rs.22,000
SGST- Rs.1,30,000

Transactions during the month	Amount
Sold goods @18 % GST to Amit in Karnataka	8,00,000
Sold Goods @5 % to Ravi in Karnataka	12,00,000
Purchased goods @12% GST from Maharashtra	6,20,000
Provided Services @ 12 % GST to Pooja in Delhi	9,60,000
Inward Services @ 5 % GST from Karnataka	4,40,000
Availed Services @ 18 %GST from Karnataka	3,00,000

Both inward and outward supply are exclusive of taxes wherever applicable.
Calculate net GST payable by Mr Sharma for the month of August,2022.

OR

Q3.b.) Mr.Sameer , a supplier of goods ,pays GST under regular scheme. He is not eligible for any threshold exemption. He gives the following information pertaining to taxable inward/outward supplies for March 2023

Particulars	Amount
Taxable Outward Supply:	
Intra State Supply of Goods	6,00,000
Inter State supply of goods	2,00,000
Taxable Inward Supply(Purchases made from registered dealer):	
Inter State Purchase of Goods	4,00,000
Intra State Purchase of Goods	50,000

He has following input tax credit at the beginning of March 2023–

CGST – Rs.40,000

SGST – Rs. 80,000

IGST- Rs. 20,000.

Rate of CGST, SGST & IGST is 9 %, 9% and 18% respectively on both inward and outward supplies. Both inward and outward supply are exclusive of taxes wherever applicable. Calculate net GST payable by Mr Sameer for the month of March 2023

Q.4. a.) State whether the following are True or False (8)

1. GST in India is a Dual GST model
2. An agriculturist is not liable for registration to the extent of supply of produce out of cultivation of land
3. A casual taxable person cannot claim Input tax credit on all supplies
4. Application for cancellation of registration is to made in Form GST REG- 03
5. The maximum rate for any intra-State and Inter-State transaction will not exceed 18%
6. IGST shall be first utilized towards payment of CGST and then IGST and the remaining amount may be used towards payment of SGST
7. Umang, an interior decorator , provided services to Rajmahal Palace to design its hotel in Dubai, Malaysia and Delhi . Its place of supply will be Dubai
8. The amount available in Electronic Credit ledger may be used for making payment towards tax,interest, penalty and fees

Q.4 (b) Select the appropriate and rewrite the sentences. (07)

1. When supplier is located in India and place of supply is outside of India it is treated as _______
   a) Intra State supply
   b) Import Supply
   c) Inter-state supply
   d) Exempt Supply

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2. The balance of IGST credit after set off of IGST can be used towards the payment of________first

a) CGST
b) SGST
c) IGST
d) UTGST

1. A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business is__________

a) Business person
b) Casual taxable person
c) Non-resident taxable person
d) Composite dealer

2. In case of mobile connection for telecommunication and internet services provided on prepaid basis through vouchers, the place of supply is ________

a) Location of Head of Telecom Company
b) Location of agent selling vouchers
c) Location of Branch Office of Telecom Company
d) Billing address of the recipient of services

3. When location of supplier and place of supply is in same state, it is treated as _____.

a) Intra State supply
b) Inter State supply
c) Exempt Supply
d) Export Supply

4. The amount collected as tax shall be paid to the Government by the collector within________ after the end of month in which tax is collected.

a) 20 days
b) 15 days
c) 10 days
d) 5 days

5. Late fees for delay in issuing TDS certificate is maximum of________.

a) Rs. 5,000
b) Rs. 4,000
c) Rs. 3,000
d) Rs. 1,000

OR

Q.4. Write Short notes on the following: (any three) 15

1. Benefits of GST
2. Persons liable for registration under GST
3. Levy and Collection of IGST
4. Dual Model of GST
5. Electronic Cash ledger

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Time: 2 Hours **Marks: 60**

Note: **1. All questions are compulsory.**
2. Figures to the right indicate full marks.
3. Working note should be part of answer.

Q.1 A The following information is taken from functional budgets of ABC Ltd. You are required to prepare a cash budget for three months ending 31st March, 2023 where Cash and Bank balance on 1st January, 2023 is expected to be Rs. 25,000. **15**

Months	Sales	Purchases	Administrative overheads	Selling Overheads
November	30,000	20,000	3,200	6,000
December	30,000	30,000	3,600	6,000
January	40,000	20,000	4,000	6,400
February	50,000	30,000	4,400	7,200
March	36,000	20,000	4,800	8,000

1. Credit extended by the Creditors is 2 months.
2. Time Lag in payment of Administrative Overheads and Selling overheads are 1/2 month and 1/4 month respectively.
3. Credit terms are Sales/Debtors - 20% sales are on cash; half of the credit sales are collected next month and the balance half in the following month
4. Plant at a cost of Rs. 1,00,000 will be installed in November, 2022. The installments of Rs. 5,000 p.m. are payable from January, 2023 onwards
5. Annual Dividend at a rate of 5% p.a. will be paid on 1st March, 2023 to shareholders with shareholdings of Rs. 3,80,000 whereas on the same date Interest on investment Rs. 14,000 is to be received.

OR

B A Company produces 2,160 units (at 90% capacity) and the following expenses are incurred: **15**

Particulars	Cost Per Unit (Rs.)
Direct Materials	80
Direct Wages	40
Direct Expenses (100% Variable)	50
Administrative Overheads (50% Variable)	30
Selling Overheads (60% Variable)	60
Distribution Overheads (20% Variable)	30
Selling Price (Per unit Rs. 600)	

Prepare Flexible Budget for 80% and 100% capacity utilization.

Q.2 A Ramkrishna Manufacturing is considering a proposal for investment. The details available are as follows.

Cost of equipment	6,00,000
Installation charges	1,00,000
Realizable value at the end of its life	50,000
Working capital required	40,000
Tax applicable	30%

The annual cash flow and PV Factor @12% are

Year	PV Factor @ 12%	Inflow before depreciation and tax (Rs.)
1	0.893	1,80,000
2	0.797	2,00,000
3	0.712	2,40,000
4	0.636	2,50,000
5	0.567	2,20,000
6	0.507	2,00,000

Depreciation is chargeable @ 20% under Straight line method.
Evaluate the proposal under Net Present Value method.

OR

Q.2 B Gurudatta Enterprises is in the process of expansion of its manufacturing capacity. For this purpose, it is comparing between two mutually exclusive proposals Machine P & Q. The information available is as follows.

Particulars	Machine P	Machine Q
Cost (Rs.)	10,00,000	12,00,000
Working capital (Rs.)	1,00,000	1,50,000
Realisable value at the end of useful life (Rs.)	50,000	2,00,000
Inflow after tax before depreciation (Rs.)	3,50,000	3,00,000
Estimated life	6 years	6 years

Advice the management in finalization of the proposal using Net present value method. Present value factor @ 9% is

Year	1	2	3	4	5	6
PV Factor	0.917	0.842	0.772	0.708	0.650	0.596

Q.3 A DBJ Ltd has average annual turnover of Rs.12,00,000 and average collection period of 30 days. The company wants to experiment with different credit policies to improve the profitability. From the following information, suggest the suitable policy to increase the profit level of the company. **15**

	Sales (Rs.)	Credit allowed	Bad debts %
Present policy	12,00,000	30 Days	2%
Credit Policy I	16,00,000	45 Days	3%
Credit Policy II	21,00,000	60 Days	5%
Credit Policy III	30,00,000	90 Days	10%

Required rate of return on investment is 25% (considering debtors at selling price). Selling price per unit is Rs.50 and variable cost is 70% of selling price. Assume 360 days a year for calculation purpose.

OR

B Annual consumption 40,000 units @ Rs.10 per unit. **15**
Cost of placing an order Rs.120
Cost of processing an order Rs.130
Cost of storage per unit per annum 50% of cost of material
Calculate EOQ using formula and table method considering order size of 40,000 units, 20,000 units, 8,000 units, 5,000 units and 2,000 units.

Q.4 A Choose the correct alternative and fill in the blanks **8**

1) Internal Rate of Return is the rate of interest at which _______.
   i. Net Present Value is maximum
   ii. Net Present Value is zero
   iii. Pay back period is zero
   iv. Pay back period is minimum

2) Inflow before tax is Rs.80,000. Tax rate is 30%. Inflow after tax = ______.
   i. Rs. 24,000
   ii. Rs.1,04,000
   iii. Rs. 56,000
   iv. Rs. 80,000

3) Increase in credit period from creditors will result in _______.
   i. Increase in working capital
   ii. Increase in inventory
   iii. Decrease in working capital requirement
   iv. Decrease in inventory

4) ________ is suitable source of finance for working capital requirements.
   i. Issue of debentures
   ii. Issue of preference shares
   iii. Bank overdraft
   iv. Mortgage loan

5) In ABC analysis, A items are ________.
   i. Large in quantity but cheap in price
   ii. Small in quantity but costliest
   iii. Moderate in quantity and moderate in price
   iv. Large quantity and costliest

6) Ageing schedule is related with ______.
   i. Working capital duration
   ii. Capital repayment duration
   iii. Debtors collection period
   iv. Loan repayment period

7) ______ budget considers different levels of output.
   i. Master budget
   ii. Flexible budget
   iii. Variable budget
   iv. Zero based budget

8) EOQ is related with _______.
   i. Inventory management
   ii. Cash management
   iii. Receivable management
   iv. Marketing management

Q.4 B State whether the following statements are True or False 7

1) Capital Rationing is caused by both internal and external factors.
2) Credit standards are termed as the standards minimum requirements for granting credit.
3) Excessive inventory creates a shortage of cash.
4) Lag in payment of overheads increases working capital requirement.
5) Performance of any organization depends on critical management
6) Strategic Financial Management does not include strategic investment management decisions.
7) Tax saving on retrenchment compensation is treated as cash inflow

OR

Q.4 Write Short Notes on **(Any Three)**

A Types of Budgets
B Purpose of Capital Budgeting
C Long Term Sources of Finance
D Financial Planning
E Techniques of Inventory Management

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