

Total No. of Questions : 11]

SEAT No. :

P1083

[4659] - 160

[Total No. of Pages : 3

B.E. (Production -Sandwich)

c - FINANCIAL MANAGEMENT AND COST CONTROL

(2008 Pattern) (Semester - I) (Elective - II) (411125)

Time : 3 Hours]

[Max. Marks : 100

Instructions to the candidates:

- 1) *Answer any 3 questions form each section.*
- 2) *Answers to the two sections should be written in separate books.*
- 3) *Use of logarithmic tables slide rule, Mollier charts, electronic pocket calculator and steam tables is allowed.*
- 4) *Assume suitable data, if necessary.*

SECTION - I

Q1) a) Based on the following information furnished by Zed Private Ltd. Calculate **[12]**

- i) Gross Profit Ratio
- ii) Net Profit Ratio and
- iii) Quick Ratio

Also give your interpretation for each ratio.

Sales-₹10,00,000 Consumption of Raw Material₹3,50,000 Wages₹1,00,000
Other Manufacturing expenses ₹1,00,000.

Indirect Expenses- ₹2,50,000 Cash in hand - ₹1,00,000 Creditors - ₹3,00,000
Debtors - ₹2,00,000 Share Capital ₹2,00,000.

b) Write the format of Balance Sheet of a Company. **[6]**

OR

Q2) a) Explain in detail the following sources of long term finance **[9]**

- i) Share Capital
- ii) Borrowed funds

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- b) Explain the following ratios giving formulae and stating the importance of each ratio. You may assume suitable data [9]
- Current Ratio
 - Net Profit Ratio

- Q3)** a) Explain the terms Capital Budgeting and Capital Rationing stating their importance. [8]
- b) Explain with suitable example Pay-Back period method for evaluation of Capital Expenditure proposals. How is it different from Discounted Pay-Back period method? [8]

OR

- Q4)** a) State the features and advantages of Internal Rate of Return method. [6]
- b) A company has to make a choice between two projects viz. Project A which requires initial capital investment of ₹2,70,000 and Project B which requires initial capital investment of ₹ 4,80,000. There will be no scrap value at the end of the life of both the projects. The cost of capital of the company is @ 10%. The annual cash inflows are as follows. [10]

Year	Project A ₹	Project B ₹	Discounting factor@10%
1	NIL	1,20,000	0.9091
2	60,000	1,68,000	0.8264
3	2,64,000	1,92,000	0.7513
4	1,68,000	2,04,000	0.6830
5	1,68,000	1,80,000	0.6209

Calculate Net Present Value and Profitability Index for both the projects. Which project will you accept? Why?

- Q5)** a) Explain the objectives and advantages of Fund Flow Analysis. [8]
- b) Explain the concept of Cost of Capital and its importance in financial decisions. [8]

OR

- Q6)** a) What is meant by Working Capital? Explain its types. [8]
b) Discuss the various factors affecting the amount of working capital. [8]

SECTION - II

- Q7)** a) What are the methods of costing? Explain elements of cost. [8]
b) What is labor turnover? What are the principles of good remuneration? [8]

OR

- Q8)** Discuss the following terms: [16]
a) Allocation of overheads
b) Apportionment of overheads.
c) Absorption of overheads.
d) Machine hour rate

- Q9)** a) What is cost reporting & what are its corrective actions? Explain standard cost. [8]
b) What are the elements of cost control programme? Explain project planning and scheduling in detail. [8]

OR

- Q10)** a) Explain material cost, usage yield, mix variance with suitable illustration. [8]
b) What is budgetary control, cost control and cost reduction? [8]

- Q11)** Write short note on: [18]
a) Marginal Costing.
b) Activity Based Costing.
c) Standard Costing.
d) Cost of Quality.

