T.Y. B.com (Reg)
Sem. VI

(3 Hours)

Marks: 100

19/03/2025

N.B: 1) Check whether you have received the correct question paper.
2) All questions are compulsory with internal options.
3) Q.1 & Q.6 carry 20 marks and Q.2 to Q.5 carry 15 marks each
4) Working notes form a part of the answer and have to be solved immediately after question and not on the last page of the answer sheet.

A) State whether the following statements are True or False (any 10) **(10)**

1. The project with longer pay back period should not be selected.
2. Debtors may valued at cost or at selling price.
3. Credit sales results in accounts receivables.
4. Cash budget does not represent cash receipt and cash payments.
5. Prime Cost is Direct Cost.
6. Net working capital can never be negative.
7. One of the demerits of the NPV method for capital budgeting is that it is sensitive to discount rates.
8. Marketable securities and time deposits with banks are fixed assets.
9. Depreciation is ignored from the cost sheet.
10. Contribution is equal to profit.
11. Marginal costing is also called Direct costing.
12. To calculate stock of finished goods in working capital total cost has to taken.

B) Match the following (any 10) **(10)**

Sr.No.	Group 'A'	Sr.No.	Group 'B'
1	Interest on Loan	a	Collections of receivables
2	Cash Budget	b	Profit Volume Ratio
3	Positive Working Capital	c	Marginal Cost
4	Relationship between contribution and sales	d	Non-Cost item
5	.Variable cost	e	Expected Receipts and Payments of cash
6	ASC analysis	f	Current assets less than Current liabilities
7	Fluctuation in prices	g	Sales less Total Cost
8	Profit	h	Stock of Materials +50% of wages and Overheads
9	Work In Process	i	Long term decision
10	Capital Budgeting decision	j	Technique of control over customer
11	Finance Cost	k	Cost Sheet
12	Receivable Management	l	Ignored in Cost Sheet

Q.2 Ramesh Ltd is considering to start a new project. These are two proposals under consideration i.e. Project S and Project T Following information is provided about them. **(15)**

Particulars	Project S	Project T
Cost of the Project	36,00,000	18,00,000
Life of machine	5 years	5years
Tax Rate	30%	30%

Net profit before depreciation and Tax

1	7,20,000	4,80,000
2	8,00,000	6,00,000
3	14,40,000	8,00,000
4	10,40,000	7,20,000
5	8,80,000	3,60,000

You are required to calculate

1. The Payback period method
2. Payback Profitability and
3. Average rate of return

   You may assume a straight line method of depreciation.

OR

Q. 2 Mahesh Ltd is planning to purchase a machine. There are two options available i.e. **(15)**

Machine A and Machine B, each costing Rs. 1,00,00,000. To compare the profitability of machines, a discounted rate of 10% is to be considered.

Expected profits after tax and before depreciation are as follows:

Year	Profit of 'A' Machine	Profit of 'B' Machine
1	32,00,000	12,00,000
2	40,00,000	30,00,000
3	50,00,000	40,00,000
4	30,00,000	60,00,000
5	40,00,000	40,00,000

The net present value of Re 1 @ 10% discounting as follows ;

Year	1	2	3	4	5
PV Factor	0.909	0.826	0.751	0.683	0.621

Suggest which machine the company should purchase using the following methods

1. Pay Back Period Method
2. Net Present Value method,
3. Pay-Back Profitability.

Q. 3 Ganesh factory produces 1,50,000 units during the year and sells them at Rs. 20 per unit. The cost structure of a product is as follows: - **(15)**

Particulars	Rs. per Unit
Raw Materials	30
Direct Labour	8
Direct Overheads	5
Profit	7

The following additional Information is available: -

1. The activities of purchasing, producing, and selling occur evenly throughout the year.
2. Raw materials equivalent to 1 month's supply is stored in a godown.
3. The production process takes 1 month.
4. Finished goods equal to 2 months of production are carried in stock.
5. Debtors get 3 months credit.
6. Creditors allow one and a half months of credit.
7. Time lags in payment of wages and overheads is 1 month.
8. Cash & bank balance is to be maintained at 10% of working capital.
9. 25% of purchases are for cash.

You are a required to prepare a statement showing the requirements of working capital.

OR

Q. 3 Rajesh factory produces 1,92,000 Pens during the year and sells them for Rs. 10 each pen. The cost structure of a product is as follows: **(15)**

Raw Materials	50%
Labours	10%
Overheads	20%
Total Cost	80%
Profit	20%
Sales	100%

The following additional information is available :-

1. The activities of purchasing producing and selling occur evenly throughout the year.
2. Raw material equivalent to 2 weeks supply is store in godown.
3. The production process takes one weeks.
4. Finished goods equal to three weeks production carried in stock.
5. 60% of the sales will be for credit. Debtors get 4 weeks credit.
6. Creditors allow 3 weeks credit.
7. Time lags in payments of wages and overheads is 1 weeks.
8. A cash balance is maintain Rs. 70,000.

You are required to estimate the average working capital requirement of a factory.

Q. 4 From the following information of Naresh Ltd. Prepare a Cash Budget for three months April to June 2024 **(15)**

March(Rs.)	Sales(Rs.)	Purchases(Rs/)	Wages(Rs.)	Other Expenses (Rs.)
January	60,000	20,000	15,000	10,000
February	50,000	20,000	15,000	10,000
March	80,000	40,000	15,000	15,000
April	1,00,000	50,000	25,000	20,000
May	1,40,000	70,000	25,000	20,000
June	1,60,000	60,000	30,000	20,000

1. Sales are 20% cash and balance at two months credit. Purchases are at one month's credit.
2. Wages are paid half month in arrear and other expenses are paid one month in arrears.
3. During May the company pays dividend of Rs.30,000 and during June deferred payment Instalment (quarterly) of Rs.25,000 will fall due.
4. It is expected that at the end of March 2024 there will be cash balance of Rs.14,000.

OR

Q. 4 Prepare Cash Budget of Suresh Ltd. for three month's commencing from April with the help of following information. **(15)**

Month	Sales (Rs.)	Purchases (Rs.)
March	2,00,000	62,500
April	75,000	1,00,000
May	1,00,000	1,00,000
June	1,00,000	1,45,000
July	4,00,000	1,25,000

a) Cash sales are 50% of total sales.
b) 20% of credit sales are collected in the same month and balance 30% in the following month.
c) Payment for purchases is made 40% in the same month and balance 60% in the following month.
d) Interst @ 6% for debenture Rs.30,000 is receivable in the month of June.
e) General expenses of Rs. 1,000 (Including Rs.200 for Depreciation) is payable every month.
f) Dividend payable in the month of April Rs. 10,000.
g) Cash Balance as on 31st march is Rs.65,000.

Q. 5 The following information is available for the year ending 31st December,2023 from the books of Haresh Ltd. **(15)**

Particulars	Rs.
Direct Material consumed	60,00,000
Direct Labour	40,00,000
Direct Expenses	20,00,000
Indirect Labour	3,00,000
Power & fuel	5,50,000
Workmans welfare expenses	4,00,000
Depreciation on office Building	1,50,000
Depreciation on Machinery	2,50,000
Other factory expenses	15,00,000
Sale of Factory Scarp	1,50,000
Administrative staff salaries	15,50,000
Other administrative expenses	11,00,000
Audit fees	1,50,000
Commission to Salesman	12,00,000
Advertisement	2,50,000
Showroom expenses	3,50,000
Sales (For the production & sale of 10,000 units)	2,64,00,000

You are required to prepare a detailed Cost Statement with per unit column.

OR

Q. 5 The sales and profit during 2 years were as follows of Paresh Ltd. **(15)**

Years	Sales (₹)	Profit (₹)
2023	74,10,000	7,90,800
2024	81,70,000	10,20,600

You are required to calculate

1. P/V Ratio
2. Fixed Cost
3. B.E.P.
4. Margin of Safety for both the year.
5. Profit when sales are Rs. 1,00,00,000

Q. 6 A) Explain factors determining working capital requirements. **(10)**

B) What is the importance of long term decision? **(10)**

OR

Q. 6 Write short note on (any four) of the following **(20)**

1.Pay Back Period

2. Permanent Working Capital.

3. Cost Sheet

4. Break Even Point.

5. Credit Evaluation.

6. Preparation of Cash management.