

Total No. of Questions : 4]

SEAT No. :

P3365

[Total No. of Pages : 3

[4864]-2001

M.Com. (Part - I) (Semester - II)

FINANCIAL ANALYSIS & CONTROL

(2013 Pattern) (Credit System) (Compulsory)

Time : 3 Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.

Q1) Sun Ltd. is considered to purchased a new machine. 3 alternative machines A, B & C are available costing Rs.7,00,000 each. Cash inflows are expected to be as follows: **[14]**

Year	Machine A Rs.	Machine B Rs.	Machine C Rs.
1	1,00,000	2,50,000	4,00,000
2	2,00,000	2,50,000	3,00,000
3	3,00,000	2,50,000	2,00,000
4	4,00,000	2,50,000	1,00,000

You are required to advise the management on the basis of following methods.

- a) Payback Method.
- b) Net Present Value.
- c) Discounted Payback Method.

Expected rate of return is 10% which present value of Rs. 1 for subsequent next 4 years is as follows :

Year	1	2	3	4
Present Value Factor	Rs. 0.909	Rs. 0.826	Rs. 0.751	Rs. 0.683

OR

What do you mean by material cost variance? Explain the classification of material cost variance into different categories with suitable illustrations. **[14]**

P.T.O.

- Q2)** Jaihind Co. Ltd., Jaipur have Rs.37,500 cash at bank as a opening balance on 1st April, 2015 and requires you to prepare an estimate of cash position during the three months ended 30th June, 2015. The cost data is made available to you is as follows: **[14]**

2015 Months	Sales Rs.	Purchases Rs.	Wages Rs.	Works Overhead Rs.	Management on Cost Rs.	Selling Expenses Rs.
February	75,000	45,000	3,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	3,500
May	1,20,000	60,000	13,500	11,250	6,000	2,250
June	1,35,000	60,000	14,250	14,000	7,000	7,000

Additional Information is as follows :

- Period of credit allowed by suppliers is two months.
- 20% of Total Sales are for cash and period of credit allowed to customers for credit sales is one month.
- Delay of payment of all other expenses is one month.
- Preference share dividend amounting to Rs. 57,500 is to be paid on 1st June, 2015.
- The company is to pay bonus to workers of Rs. 22,500 in the month of April.
- Plant has been ordered to be received and paid in May, which will cost Rs. 1,20,000.
- Income tax of Rs. 15,700 is due to be paid in April, 2015

OR

What is 'Marginal Costing'? Explain the objectives, advantages and limitations of Marginal Costing. **[14]**

- Q3)** a) Write a short note on 'Weighted Average Cost of Capital'. **[7]**

OR

The following information is obtained from Ashoka Ltd. for the year ended 31.12.2014.

Sales (1,00,000 units) Rs. 1,00,000

Marginal Cost Rs. 60,000

