STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 86
(For candidates admitted from the academic year 2023 – 2024)

B.COM. DEGREE EXAMINATION, APRIL 2024
BANKING, FINANCE AND ENTREPRENEURSHIP
SECOND SEMESTER

COURSE : ALLIED CORE
PAPER : STRATEGIC FINANCIAL PLANNING
SUBJECT CODE : 23BF /AC/SF25
TIME : 3 HOURS **MAX. MARKS: 100**

<table>
<tr><th>Q. No.</th><th>SECTION A (5 x 2 = 10)
Answer all questions:
Theory: Not Exceeding 50 words</th><th>CO</th><th>KL</th></tr>
<tr><td>1</td><td>What do you mean by strategic planning?</td><td>1</td><td>1</td></tr>
<tr><td>2</td><td>What is called financial statements?</td><td>1</td><td>1</td></tr>
<tr><td>3</td><td>What is the probable chance that a leap year selected at random will contain 53 Sundays?</td><td>1</td><td>1</td></tr>
<tr><td>4</td><td>Prepare a production budget from the following information:
<table>
<tr><td>PRODUCT</td><td>STOCK ON 1.1.2021</td><td>SALES JAN. TO MARCH 2021</td><td>CLOSING STOCK ON 31.3.21</td></tr>
<tr><td>R</td><td>2,000 units</td><td>10,000 units</td><td>3,000 units</td></tr>
<tr><td>S</td><td>3,000 units</td><td>15,000 units</td><td>5,000 units</td></tr>
<tr><td>U</td><td>4,000 units</td><td>13,000 units</td><td>3,000 units</td></tr>
<tr><td>P</td><td>3,000 units</td><td>12,000 units</td><td>2,000 units</td></tr>
</table></td><td>1</td><td>1</td></tr>
<tr><td>5</td><td>Calculate the trend values using 3 years moving average:
<table>
<tr><td>2018</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td></tr>
<tr><td>21</td><td>22</td><td>23</td><td>25</td><td>24</td><td>22</td></tr>
</table></td><td>1</td><td>1</td></tr>
<tr><th>Q. No.</th><th>SECTION B (4 x 5 = 20)
Answer any 4 questions
Theory: Not Exceeding 150 words</th><th>CO</th><th>KL</th></tr>
<tr><td>6</td><td>Explain the characteristics of a successful strategic planning process.</td><td>2</td><td>2</td></tr>
<tr><td>7</td><td>From the following calculate cash from operations:
<table>
<tr><td>PARTICULARS</td><td>31.12.2021 (RS.)</td><td>31.12.2022 (RS.)</td></tr>
<tr><td>Debtors</td><td>50,000</td><td>47,000</td></tr>
<tr><td>Bills receivable</td><td>10,000</td><td>12,500</td></tr>
<tr><td>Creditors</td><td>20,000</td><td>25,000</td></tr>
<tr><td>Bills payable</td><td>8,000</td><td>6,000</td></tr>
<tr><td>Outstanding expenses</td><td>1,000</td><td>1,200</td></tr>
<tr><td>Prepaid expenses</td><td>800</td><td>700</td></tr>
<tr><td>Accrued incomes</td><td>600</td><td>750</td></tr>
<tr><td>Incomes received in advance</td><td>300</td><td>250</td></tr>
<tr><td>Profit made during the year.</td><td>___</td><td>1,30,000</td></tr>
</table></td><td>2</td><td>2</td></tr>
<tr><td>8</td><td>XYZ company wishes to arrange overdraft facilities with its bankers during the period April to June, when it will be manufacturing mostly for stock. Prepare cash budget for the above period from the following data:</td><td>2</td><td>2</td></tr>
</table>

…2

MONTHS	SALES (Rs.)	PURCHASES (Rs.)	WAGES (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

a) 50% of credit sales is realized in the month following the sale and the other 50% in the second month following.
b) Creditors are paid in the month following the month of purchase
c) Wages are paid at the end of the respective month
d) Cash at bank on 1st April Rs.25,000

9	You are given below the following information about advertising and sales:	**2**	**2**

	Advertisement expenses (Rs. in lakhs)	Sales (Rs.in lakhs)
Mean	10	90
Standard deviation	3	12

Correlation coefficient=0.8. a) Obtain both regression lines; b) find the sales when advertisement is Rs.15 lakhs and c) find advertisement if sales is Rs.120 lakhs.

10	From the following calculate the trend values using 4 years centered moving average:	**2**	**2**

2014	2015	2016	2017	2018	2019	2020	2021	2022
37.4	31.1	38.7	39.5	47.9	42.6	48.4	64.6	58.4

11	Find the probability of getting 3 white balls in a draw of 3 balls from a box containing 5 white balls and 4 black balls.	**2**	**2**
Q. No.	**SECTION C (4 x 10 = 40)**	**CO**	**KL**
	Answer the following questions		
12 a.	A) Find current assets, current liabilities, liquid assets and stock. Current ratio=2.5, liquid ratio=1.5 and working capital=Rs. 90,000.	**3**	**3**
	(Or)		
12 b.	After taking into consideration the under mentioned items Jani ltd made a net profit of Rs.1,00,000 for the year ended 31st December 2022:	**3**	**3**

Loss on sale of machinery	10,000	Preliminary expenses written off	5,000
Depreciation on building	4,000	Goodwill written off	5,000
Depreciation on machinery	5,000	Gain on sale of building	8,000

Find out the cash from operation.

13 a. The sales director of future ltd. Reports that next year he expects to sell 1,00,000 units of a particular product. The production manager consults the store keeper and casts his figures as follows:
Two kinds of raw materials P and Q are required for manufacturing the product. Each unit of the product requires 2 units of P and 3 units of Q. The estimated opening balance at the commencement of next year are: finished product-20,000 units; raw material P-24,000 units; and raw material Q-30,000 units. The desirable closing balance at the end of next year are: finished product-28,000 units; raw material P-26,000 units; raw material Q-32,000 units. Prepare production budget and materials purchase budget for the next year. **3** **3**

(Or)

13 b. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity. **3** **3**

Particulars	Capacity levels		
	70 %	80 % (Rs.)	90%
Variable overheads: Indirect labor Indirect materials	-	 12,000 4,000	-
Semi-variable overheads: Power (30% fixed) Repairs and maintenance (60% fixed)	-	 20,000 2,000	-
Fixed overheads: Depreciation Insurance Salaries	-	 11,000 3,000 10,000	-
Total overheads	-	62,000	-
Estimated direct labour hours	-	1,24,000 hours	-

14 a. The lines of regression of bivariate population are: **4** **4**
8x-10y+66=0; 40x-18y=214; The variance of x is 9.
Find a) the mean of x and y
b) correlation coefficient
c) variance of y.

(Or)

14 b. Five cards are drawn from a pack. Find the probability that: **4** **4**
a) 4 are aces; b) 4 are aces and 1 is a king; c) 3 are tens and 2 are jacks; d) 9,10, jack, queen, king are obtained in any order; e) at least 1 ace is obtained.

15 a. Fit a straight-line trend through the method of least squares for the following data: **4** **4**

Year	2012	2013	2014	2015	2016	2017	2018
Sales	110	115	130	140	145	160	180

(Or)

15 b. Fit a straight-line trend through the method of least squares for the following data: **4** **4**

Year	2013	2014	2015	2016	2017	2018
Production	7	9	12	15	18	23

<table>
<tr><th>Q. No.</th><th>SECTION D (2 x 15 = 30)
Answer any 2 questions</th><th>CO</th><th>KL</th></tr>
<tr><td>16</td><td>The expenses for the budgeted product of 10,000 units in a factory are furnished below:
<table>
<tr><th>Particulars</th><th>Per unit (Rs.)</th></tr>
<tr><td>Materials</td><td>70</td></tr>
<tr><td>Labour</td><td>25</td></tr>
<tr><td>Variable overheads</td><td>20</td></tr>
<tr><td>Fixed overhears (Rs.1,00,000)</td><td>10</td></tr>
<tr><td>Direct variable expenses</td><td>5</td></tr>
<tr><td>Selling expenses (10% fixed)</td><td>13</td></tr>
<tr><td>Distribution expenses (20% fixed)</td><td>7</td></tr>
<tr><td>Administration expenses (Rs. 50,000)</td><td>5</td></tr>
<tr><td>Total</td><td>155</td></tr>
</table>
Prepare a flexible budget for production of a) 8000 units and b) 6,000 units.</td><td>5</td><td>5</td></tr>
<tr><td>17</td><td>Prepare balance sheet and statement of proprietary funds from the following data:
<table>
<tr><td>a. Current ratio: 2.5</td><td>e. Reserves and Surplus: Rs. 40,000</td></tr>
<tr><td>b. Liquid ratio: 1.5</td><td>f. Bank overdraft: Rs.10,000</td></tr>
<tr><td>c. Fixed assets/proprietary funds: 0.75</td><td>g. There is no long-term loan</td></tr>
<tr><td>d. Working capital: Rs.60,000</td><td>h. There is no fictitious asset.</td></tr>
</table>
.</td><td>5</td><td>5</td></tr>
<tr><td>18</td><td>The following data relate to the scores obtained by 9 salesmen of a company in an intelligence test and their weekly sales in thousand rupees:
<table>
<tr><td>Salesmen</td><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td><td>F</td><td>G</td><td>H</td><td>I</td></tr>
<tr><td>Test scores</td><td>50</td><td>60</td><td>50</td><td>60</td><td>80</td><td>50</td><td>80</td><td>40</td><td>70</td></tr>
<tr><td>Weekly sales (Rs.000)</td><td>30</td><td>60</td><td>40</td><td>50</td><td>60</td><td>30</td><td>70</td><td>50</td><td>60</td></tr>
</table>
a) Obtain the regression equation of sales on intelligence test scores of the salesman
b) If the intelligence test score of a salesman is Rs.65,000 what would be his expected weekly sales?</td><td>5</td><td>5</td></tr>
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