

Economic Administration and Financial Management

B.Com Part III

Business Budgeting

Very Short Questions (2 Marks Each)

- Q.1 Define Budget
- Q.2 What is Budget Committee?
- Q.3 What do you mean by ZBB?
- Q.4 How you define Budget Control?
- Q.5 What is Production Decisions?

Short Questions (4 Marks Each)

- Q.6 What are the features of an effective Budgeting?
- Q.7 What is a Master Budget?
- Q.8 What is Product Planning?
- Q.9 What are the methods of preparing Cash Budget?
- Q.10 Explain Concept of Fixed Budget?

Long Questions (20 Marks Each)

- Q.11 What is the Nature of Budget? What is the Process of Budgeting?
- Q.12 What the different types of Budget? Explain in detail the Fixed and Flexible Budget showing its Specimen
- Q. 13 Explain the Concept of Zero Base Budgeting with the help of an example
- Q.14 What is Product and Production Decisions ? What are the phases of Production Decisions?
- Q.15 Write a note on:
 - A) Budget Manual
 - B) Budget Period
 - C) Budget Officer
 - D) Key Budget Factor

Q.16 From the following particulars calculate the following Material Variance and give their

Relationships

- A) MCV
- B) MUV
- C) MPV
- D) MMV
- E) MSUV

Material	Standard		Actual	
	Qty	Price	Qty	Price
A	10	8	10	7
B	8	6	9	7
C	4	12	5	11
		<hr/>		<hr/>
		22		24
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Q.17 A Company was recently Formed to manufacture to manufacture a new Product. It has the following Capital Structure

- A) 9% Debenture 600000 Rs.
- B) 7% Preference Share 200000 Rs.
- C) Equity Shares (24000 Shares) 600000 Rs.
- D) Retained Earnings 400000 Rs.

So, a total of 1800000 Rs.

Market Price of Equity Share is 40 Rs. A dividend of 4 Rs. Per Share is proposed. Income Tax is 50 % and Shareholder individual Tax Rate is 25 %. Compute after tax Weighted Average Cost of Capital (WACC).

Q.18 Describe the Decision Tree Approach with the help of an example. How is this

Technique useful in Capital Budgeting?

Q.19 Explain the Nature and Significance of Key Factor. How does it influence Product Mix Decisions ?

Q.20 What is Cash Budget? What is the difference between Cash Budget and Finance Budget? Discuss its main Functions