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Bengaluru

Mid Term Examinations - October 2026

Date: 05/10/2026 **Time:** 09:30 AM - 11:00 AM

Course Code: CBS2033 **Course Name:** Financial Decision Making

Semester: Third Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	46	44

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Define variable cost and list two examples of it.	2	CO1	BT1
2	List any two uses of a break-even chart.	2	CO1	BT1
3	Explain the term angle of incidence.	2	CO1	BT2
4	Define a sales budget.	2	CO2	BT1
5	Define a production budget.	2	CO2	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	Brightline Electricals sells a table fan. The figures for the year are: **Particulars** / **Amount** Selling price per fan / ₹500 Variable cost per fan / ₹300 Fixed cost for the year / ₹4,00,000 Present sales / 3,000 fans (a) Construct a break-even chart to scale, taking output up to 4,000 fans. (b) Read the break-even point from the chart in units and in rupees, and verify it by calculation. (c) Show the margin of safety and the profit at present sales on the chart, and interpret the angle of incidence.	10	CO1	BT3
7	Nimbus Smart Home sells its smart plug at ₹40 per unit. The variable cost is ₹24 per unit, the fixed cost for the year is ₹8,00,000 and present sales are 90,000 units. Solve the following: (a) P/V ratio and break-even point in units and in rupees (b) Units and sales value needed to earn a profit of ₹4,00,000 (c) Profit, margin of safety and margin of safety ratio at present sales	10	CO1	BT3

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	Explain the term margin of safety and outline three ways in which a firm can improve it.	10	CO1	BT2
9	Explain the meaning of contribution and outline its uses in decision making.	10	CO1	BT2

PART D: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
10	The actual sales of Aurora Apparel for 2025-26 were: **Product** | **Quantity (units)** | **Selling price (₹)** Shirts | 20,000 | 600 Jeans | 12,000 | 1,200 For 2026-27 the quantity of shirts is expected to rise by 10% and their price by 5%, while the quantity of jeans is expected to rise by 25% and the price to remain unchanged. Develop the sales budget for 2026-27 showing the budgeted quantity, price and sales value of each product, and find the percentage change in total sales value over 2025-26.	10	CO2	BT3
11	. Construct a cash budget of Zenroute Motors for the three months July to September 2027 from the following information: **Month** | **Sales (₹)** | **Purchases (₹)** May | 80,000 | – June | 1,00,000 | 60,000 July | 1,20,000 | 70,000 August | 1,40,000 | 80,000 September | 1,60,000 | 90,000 (i) Sales are collected 50% in the month of sale, 30% in the next month and 20% in the second month. (ii) Purchases are paid in the month following the purchase. (iii) Salaries are ₹15,000 per month and other expenses ₹10,000 per month, paid in the same month. (iv) Cash balance on 1st July 2027 is ₹25,000.	10	CO2	BT3

PART E: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
12	Novacraft Furniture has budgeted the following sales for the year ending 31st March 2027: chairs 30,000 units and tables 12,000 units. The stock position is: **Particulars** | **Chairs (units)** | **Tables (units)** Opening stock | 4,000 | 2,000 Closing stock | 5,500 | 1,500 (a) Develop the production budget in units for both products. (b) Explain why the production of each product differs from its sales.	10	CO2	BT3
13	Identify the functional budgets that constitute a master budget and explain their role in its preparation.	10	CO2	BT3