Unit 9 - Week 8

Assignment 8

The due date for submitting this assignment has passed.
As per our records you have not submitted this assignment.

Due on 2020-03-25, 23:59 IST.

1) The degree of financial leverage in the Company, which has the data shown in Table for two consecutive years is *1 point*

Item	Year 1	Year 2
Gross income (Rs.)	30250	32900
Operating expenses (Rs.)	10100	10940
Interest (Rs.)	766	870
Income taxes (Rs.)	3400	3490
Number of shares	30000	30000

- 1.00
- 1.20
- 1.26
- 1.50

No, the answer is incorrect.
Score: 0
Accepted Answers:
1.26

2) In the last two years, a small firm managed to increase its sales revenue from Rs. 88000 to Rs. 96000. Its earnings per share have also been increasing, from 1.05 to 1.56. The degree of combined leverage would be *1 point*

- 6.00
- 6.50
- 5.34
- 5.50

No, the answer is incorrect.
Score: 0
Accepted Answers:
5.34

3) Which of the following is true for Inventory control? *1 point*

- Economic order quantity has minimum total cost per order
- Inventory carrying costs increases with quantity per order
- Ordering cost decreases with lot size
- All of the above

No, the answer is incorrect.
Score: 0
Accepted Answers:
All of the above

4) To increase margin of safety, the following measures can be taken *1 point*
i) Increase in sales price
ii) Increase the output
iii) Reduce the fixed and variable costs
Which of the following is/are true?

- Only i
- i & ii
- ii & iii
- i, ii, & iii

No, the answer is incorrect.
Score: 0
Accepted Answers:
i, ii, & iii

5) If EOQ = 10000 units, order costs are Rs. 2000 per order, and sales total 5000 units, what is the carrying cost per unit? *1 point*

- Rs. 2
- Rs. 0.2
- Rs. 20
- Rs. 0.1

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 0.2

6) The cost of insurance and taxes are included in *1 point*

- Cost of ordering
- Set up cost
- Inventory carrying cost
- Cost of shortages

No, the answer is incorrect.
Score: 0
Accepted Answers:
Inventory carrying cost

7) Margin of safety is equal to *1 point*

- Actual sales – Sales at Breakeven point
- Actual sales + Sales at Breakeven point
- Actual sales x Sales at Breakeven point
- Actual sales / Sales at Breakeven point

No, the answer is incorrect.
Score: 0
Accepted Answers:
Actual sales – Sales at Breakeven point

8) The order cost per order of an inventory is Rs. 400 with an annual carrying cost of Rs. 10 per unit. The Economic Order Quantity (EOQ) for an annual demand of 2000 units is *1 point*

- 400
- 440
- 480
- 500

No, the answer is incorrect.
Score: 0
Accepted Answers:
400

9) Alpha Associates has the following details: *1 point*
Fixed cost = Rs. 2000000
Variable cost per unit = Rs. 100
Selling price per unit = Rs. 200
The break-even sales quantity will be

- 10000 units
- 20000 units
- 15000 units
- 25000 units

No, the answer is incorrect.
Score: 0
Accepted Answers:
20000 units

10) Alpha Associates has the following details: *1 point*
Fixed cost = Rs. 2000000
Variable cost per unit = Rs. 100
Selling price per unit = Rs. 200
If the actual production quantity is 60000 units, then contribution will be

- Rs. 2000000
- Rs. 6000000
- Rs. 12000000
- Rs. 3000000

No, the answer is incorrect.
Score: 0
Accepted Answers:
Rs. 6000000