

B.H.M.C.T. Sem-VII (2010 Course) : SUMMER - 2019

SUBJECT: FINANCIAL MANAGEMENT

Day: Thursday
Date: 25/04/2019

S-2019-2480

Time: 02.00 PM To 05.00 PM
Max. Marks: 80

N.B:

- 1) Attempt **ANY SIX** questions including **Q. No.1** which is **COMPULSORY**.
- 2) Use of pocket **CALCULATOR** is permissible.
- 3) Figures to the right indicate **FULL** marks.
- 4) Assume suitable data if necessary.

Q.1 Following is the Balance sheet of 'A' Ltd as on 31st March 1988 and 1989. **(20)**

Particulars	31st March 88	31st March 88
	Rs.	Rs.
Assets:		
Goodwill	66,200	39,600
Land and Building	1,00,000	3,00,000
Machinery	1,06,800	1,53,900
Furniture	17,200	9,500
Stock	56,300	73,000
Debtors	1,00,000	1,10,000
Cash and Bank	14,400	12,000
Preliminary Expenses	9,500	7,300
Total Rs.	4,70,400	4,70,400
Liabilities:		
Equity share capital	2,40,000	3,60,000
Share premium	24,000	36,000
General Reserve	18,000	27,000
Profit and Loss A/c	58,500	62,400
8% Debentures	25,000	75,000
Provision for Taxation	29,400	32,700
Creditors	75,500	1,12,200
Total Rs.	4,70,400	7,05,300

Additional Information:

- a) Depreciation written off during the year on Machinery Rs. 38,400; on Furniture Rs. 1,200.
- b) Tax paid Rs. 35,000
- c) Interim dividend paid Rs. 50,000

From the above prepare

- a) Statement of changes in working capital
- b) Statement of sources and Application of Funds.
- c) Working notes if any.

Q.2 Write short notes on (ANY THREE): **(12)**

- a) Cost accounting
- b) Contribution pricing
- c) Characteristics of Budget
- d) Advantages of V.A.T.

P.T.O.

Q.3

Following is the Balance Sheet of Atlas Ltd.

(12)

Balance Sheet as on 31st December 1989.

Liabilities	Rs.	Assets	Rs.
Equity share capital	4,00,000	Good will	30,000
Preference share capital	2,00,000	Building	3,00,000
General Reserve	2,00,000	Machinery	2,60,000
Profit and Loss A/c	28,000	Stock	4,00,000
12% Debentures	3,00,000	Debtors	4,00,000
Bank overdraft	1,14,000	Prepaid Expenses	5,000
Creditors	78,000	Cash	1,000
Provision for Taxation	30,000	Preliminary Expenses	14,000
Proposed Dividend	60,000		
Total Rs.	14,10,000		14,10,000

Sales during the period were Rs. 12,00,000

G.P. 20% on sales, operating Exp. 6,60,000

Calculate:

- | | |
|-------------------|----------------------------|
| i) Gross Profit | iv) Stock Turnover Ratio |
| ii) Current Ratio | v) Net Profit Ratio |
| iii) Liquid Ratio | vi) Debtors Turnover Ratio |

Q.4 a) State whether following statements are True or False (04)

- Cash flows from projects can be estimated accurately.
- Increase in working capital is an application of funds.
- "Acid test" denotes liquidity.
- Main objective of financial management is maximization of profit.

b) Explain the following terms: (04)

- | | |
|------------------------|---------------|
| i) Net working capital | iii) Budget |
| ii) Fixed cost | iv) Liquidity |

c) From the following find out Gross working capital. (04)

Particulars	Rs.
Stock	1,87,500
Debentures	2,00,000
Bank overdraft	75,000
Debtors	2,50,000
Cash in hand	12,500
Cash at Bank	1,50,000
Creditors	80,000
Capital	5,00,000

Q.5 Prepare a Cash Budget of a Company for the period of three months, April, (12)

May and June from the information given below.

Month	Total Sales Rs	Total Purchases Rs	Wages Rs	Expenses Rs
February	80,000	40,000	18,000	6,000
March	75,000	42,000	22,000	6,000
April	90,000	50,000	24,000	7,000
May	85,000	45,000	20,000	6,000
June	80,000	35,000	18,000	5,000

Additional Information:

- a) 10% of the purchase and 20% of the sales are made on cash basis.
- b) Credit purchases are paid after two months.
- c) Credit period allowed to customers is one month.
- d) Lag in payment of wages is one month.
- e) Expenses are paid in the same month.
- f) Cash in hand as on 1st April was Rs. 25,000.

Q.6 Answer the following (**ANY TWO**): **(12)**

- a) What are the advantages of budgetary control?
- b) What is the importance of financial management?
- c) Why Cash Budget is prepared?

Q.7 The following data are given for production of 15,000 units: **(12)**

Particulars	Rs.	Variability
Material	7,50,000	100% Variable
Labour	4,50,000	100% Variable
Power	45,000	80% Variable
Repairs	60,000	75% Variable
Inspection	15,000	20% Variable
Depreciation	30,000	100% Fixed
Sales	22,50,000	100% Variable

Prepare a Flexible Budget to find out Total cost and Per unit cost. Total profit and per unit profit for the production of 20,000 units.

Q.8 Distinguish between: **(12)**

- a) Cost Accounting and Financial Accounting.
- b) Fixed Budget and Flexible Budget.
- c) Cash Flow and Funds Flow Statement.

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