

**B.H.M.C.T. SEM-VII (2010 COURSE) : SUMMER - 2018**

**SUBJECT : FINANCIAL MANAGEMENT**

Day : **Tuesday**  
Date : **24/04/2018**

**S-2018-2165**

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

**N.B.**

- 1) Attempt any **SIX** questions including Q.1 which is **COMPULSORY**.
- 2) Use of pocket **CALCULATOR** is allowed.
- 3) Assume additional suitable data if necessary.
- 4) Figures to the right indicate **FULL** marks.

**Q.1** Following are the Balance Sheets of 'M/s Mohan Traders' as on 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March 2011. **(20)**

<b>Particulars</b>	<b>31<sup>st</sup> March 2010</b>	<b>31<sup>st</sup> March 2011</b>
	<b>₹</b>	<b>₹</b>
<b>Assets:</b>		
Goodwill	1,26,000	84,000
Plant and Machinery	1,68,000	2,94,000
Land and Building	2,94,000	5,46,000
Debtors	2,10,000	1,68,000
Bills Receivable	1,00,000	1,47,000
Stock	1,26,000	1,68,000
Cash	84,000	63,000
Preliminary Expenses	42,000	30,000
<b>Total ₹</b>	<b>11,50,000</b>	<b>15,00,000</b>
<b>Liabilities:</b>		
Share capital	4,20,000	5,00,000
General Reserve	1,26,000	1,68,000
Profit and Loss account	1,00,000	1,30,000
Debentures	2,10,000	2,95,000
Creditors	1,26,000	1,13,000
Bills Payable	42,000	1,26,000
Provisions for taxation	84,000	1,05,000
Proposed Dividend	42,000	63,000
<b>Total ₹</b>	<b>11,50,000</b>	<b>15,00,000</b>

Additional Information:

- 1) Depreciation is to be charged on Plant and Machinery @ 15% and on Land and Building @ 7.5%
- 2) Dividend is to be paid @15% on Equity share capital.
- 3) Tax paid amounted to ₹ 90,000.

Prepare :

- a) Statement of changes in working capital
- b) Funds flow statement
- c) Working notes if any.

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

- a) Historical Accounting
- b) Advantage of Budgetary Control
- c) Backward Pricing Method
- d) Limitations of Ratio Analysis

P.T.O.

- Q.3 a)** Answer the following questions: (06)
- Calculate gross profit ratio, when sales are ₹ 2,00,000 and cost of goods sold is ₹ 1,60,000.
  - Calculate operating ratio from the following:  
Net sales ₹ 2,00,000, Cost of goods sold ₹ 1,40,000. Operating expenses ₹ 20,000.
  - From the following data, calculate stock turnover ratio:  
Cost of goods sold ₹ 3,00,000; Purchases ₹ 3,30,000; Opening stock ₹ 60,000.
- b)** The following are the Balance Sheets 'X' Ltd. As on 31<sup>st</sup> March 2010. (06)

Assets	₹	Liabilities	₹
Land and Building	80,000	Share capital	5,00,000
Plant and Machinery	5,00,000	Profit and Loss account	1,25,000
Furniture	50,000	General reserve	1,00,000
Stock	1,00,000	Creditors	1,53,000
Debtors	1,50,000	Bills Payable	47,000
Cash	20,000	Outstanding Expenses	5,000
Bank	30,000		
	<b>9,30,000</b>		<b>9,30,000</b>

Find Gross Working Capital And Net Working Capital.

- Q.4** Answer the following any **THREE**: (12)
- What is the role of supply and demand in determination of price?
  - State the advantages of V.A.T.
  - What are the objectives of Financial Management?
  - State the factors affecting working capital.
- Q.5** Prepare a Cash Budget for three months ending September 2012 from the following : (12)

Months 2012	Sales ₹	Purchases ₹	Wages ₹	Overheads ₹
May	72,000	42,000	9,000	17,500
June	86,000	48,000	9,250	22,500
July	90,000	51,000	9,750	27,000
August	1,20,000	68,000	9,750	35,000
September	1,35,000	75,000	9,000	38,000

Other Information:

- Suppliers allow 2 months credit.
- 20% of sales are in cash and debtors are allowed 1 month credit.
- Delay in payment of wages is one month and nil in case of overheads.
- Income tax of ₹52,500 is payable in the month of July 2012
- The estimated cash balance on 1<sup>st</sup> July, 2012 was ₹ 80,000.

- Q.6** Distinguish between any **TWO**: (12)
- Liquidity and Profitability
  - Management Accounting and Financial Accounting
  - Fixed Capital and Working Capital
  - Funds Flow Statement and Cost Flow Statement

- Q.7** A hotel company is considering two projects. Project A cost is ₹ 3,50,000 and project B cost is ₹5,00,000 . The life of each project is five years and the resulting cash flows as well as present value of ₹ 1 at 10% discount factor is given below: (12)

Year	Discounting Factor @ 10%	Cash flow of Projects	
		Project A ₹	Project B ₹
1	0.909	2,00,000	3,00,000
2	0.826	1,50,000	2,00,000
3	0.751	1,00,000	1,75,000
4	0.683	2,00,000	1,25,000
5	0.621	2,50,000	90,000

Evaluate the above two projects on the basis of :

- Pay-back period method.
  - Net present value method using 10% as a discounting factor.
- Q.8** Answer the following questions any **THREE**: (12)
- Explain Fixed cost and Variable cost
  - Explain the types of budgets
  - State the importance and utility of Cash flow statement
  - State the importance of capital budgeting decisions

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