B.H.M.C.T. SEM-VII (2010 COURSE) : **WINTER - 2017**

SUBJECT : FINANCIAL MANAGEMENT

Day : **Saturday**
Date : **18/11/2017**

W-2017-1475

Time : **12.30 PM TO 03.30 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 'Sunrise' Ltd. As on 31st March, 2010 and 31st March 2011. **(20)**

Particulars	31st March 2010 ₹	31st March 2011 ₹
Assets:		
Goodwill	160,000	1,28,000
Land and Building	3,20,000	3,40,000
Plant and Machinery	1,28,000	3,20,000
Investments	32,000	48,000
Debtors	2,44,000	2,96,000
Bills Receivable	32,000	48,000
Cash in hand	24,000	10,000
Cash at bank	36,000	36,000
Total ₹	**11,00,000**	**14,00,000**
Liabilities:		
Equity Share capital	7,20,000	8,40,000
General Reserve	80,000	1,20,000
Profit and Loss account	48,000	98,000
Proposed dividend	68,000	80,000
10% Debentures	80,000	1,00,000
Sundry Creditors	40,000	76,000
Provisions for taxation	60,000	80,000
Outstanding expenses	4,000	6,000
Total ₹	**11,00,000**	**14,00,000**

Additional Information:

i) Provision for taxation was made during the year amounted to ₹ 1,20,000.
ii) Dividend @ 10% was paid on opening balance of Equity Share Capital during the year.
iii) Investments of ₹ 16,000 were purchased during the year.
iv) Depreciation charged on machinery @ 12.5% and on building of ₹ 60,000.

Prepare :

a) Statement of change 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) Importance of Budgetory Control
c) Methods of Pricing
d) Uses of Cash Flow Statement

Q.3 From the following information prepare a statement showing the requirement of working capital. Budgeted sales are ₹ 90,00,000 per year selling price per unit is ₹ 360. **(12)**

Analysis of cost (Per Unit) is :

Raw Materials	144
Labour	108
Overheads	72
Total Cost	**324**
Add Profit	36
Selling Price	**360**

It is estimated that:

i)	Stock of Raw material is maintained for two months.
ii)	Stock of finished goods is maintained for one month.
iii)	Cash sales are 20% of units sold and credit period allowed to debtors is two months.
iv)	Estimated cash balance is 12% of debtors.
v)	Creditors are allowed three months credits.
vi)	Average time lag in payment of wages is one month.

Q.4 **a)** Explain the following terms: **(04)**

i) Ratio **ii)** Budget **iii)** Fixed cost **iv)** Liquidity

b) State whether following statements are True or False: **(04)**

1) Main objective of financial management is maximization of profit.
2) Working capital is the difference between fixed assets and current assets.
3) Debit Equity Ratio denotes long term solvency of a business.
4) Payment of dividend is an application of funds.

c) Following data is given to you: **(04)**

i) Total sales ₹ 3,60,000 (all are on credit basis)
ii) Gross Profit ₹ 72,000
iii) Net profit ₹ 36,000
iv) Average debtors ₹ 30,000

Calculate :

a) Gross Profit Ratio
b) Net Profit Ratio
c) Operating Ratio
d) Debtors Turnover Ratio

Q.5 The cost of an article of the capacity level of 5000 units is given below: **(12)**

Particulars	**₹**	**Variability**
Direct Material	2,50,000	100% Variable
Direct Labour	1,50,00	100% Variable
Power	15,000	80% Variable
Repairs	20,000	75% Variable
Inspection	25,000	20% Variable
Administration	50,000	25% Variable
Selling Expenses	30,000	50% Variable
Depreciation	1,00,000	100% Fixed

Selling price per unit is ₹ 200. Prepare a Flexible Budget stating there in Cost per unit, Total cost , Profit per unit and Total profit of a company when it produces 6,000 units and 8,000 units.

Q.6 Distinguish between any **TWO:** **(12)**

a) Traditional approach and Modern approach

b) Financial accounting and Management accounting

c) Cash flow statement and Funds flow statement

Q.7 A company is considering an investment proposal to install a new machinery at a cost of ₹ 10,00,000. The estimated cash flow from the machinery and present value of ₹ 1 at a 10% discounting factor is given below: **(12)**

Year	**Cash flows ₹**	**Discounting Factor @ 10%**
1	2,50,000	0.909
2	3,75,000	0.826
3	2,25,000	0.751
4	1,50,000	0.683
5	2,50,000	0.621

Calculate the following:

1) Pay-back period method.

2) Average rate of return

3) Net present value @ 10% discounting factor

4) Profitability index @ 10% discounting factor.

Q.8 Answer the following questions any **THREE:** **(12)**

a) State the importance of ratio analysis.

b) Why cash budget is prepared?

c) State the types of budget.

d) What is V.A.T.? What are the advantages of V.A.T?

e) Explain the concept of profitability

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