[Dec-16]

[MPDBA-201/MPDHR-201]
MBA (GEN & HRM) Degree Examination

II SEMESTER
(Supplementary)

FINANCIAL MANAGEMENT
(Effective from the admitted batch 2009-10)

Time: 3 Hours **Max.Marks: 70**

Instructions: All parts of the unit must be answered in one place only.
Figures in the right hand margin indicate marks allotted.

SECTION-A

1. Answer any **Five** of the following: (5x2=10)

   a) Earning per Share
   b) Difference between Cash Discount & Trade Discount
   c) Gross Working Capital
   d) Marginal Costing
   e) Accounting Functions
   f) PV Ratio
   g) Combined Leverage
   h) Opportunity Cost

SECTION-B

Answer all questions: (5x9=45)

2. a) "Financial accounting procedures are generally designed to ascertain the periodic profit and loss, but there are important limitations and deficiencies in the system". Discuss

   OR

   b) Explain Generally Accepted Accounting Principles

3. a) What are the differences between cash flow statement and funds flow statement?

OR

b) From the following balance sheet of XYZ Ltd on 31st December 2002 and 2003, you are required to prepare (a) funds from operations (b) schedule of changes in working capital and (c) fund flow statement

BALANCE SHEET

Liabilities	2012 Rs.	2013 Rs.	Assets	2012 Rs.	2013 Rs.
B/P	20,000	22,000	Cash	10,000	7,000
Creditors	20,000	22,000	Debtors	20,000	20,000
Ramesh loan	25,000	-	B/R	10,000	30,000
Loan from Kannan	40,000	50,000	Stock	35,000	25,000
Equity share capital	1,00,000	1,00,000	Machinery	80,000	55,000
Preference capital	25,000	53,000	Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

Additional information

i) During the year machine costing Rs.10,000/- (accumulated depreciation Rs. 3,000) was sold for RS.5,000

ii) The provision for depreciation against machinery on 1st January 2003 was Rs. 25,000 and on 31st December was Rs.40,000

iii) Net profit for the year 2003 amounted to Rs. 45,000

4. a) Define Cost. Explain the various types of Costs

OR

b) The directors of a manufacturing business require a statement showing the production results of the business for the month of march, 2010. The cost accounts reveal the owing information

Prepare a cost sheet

Stock on hand 1st March 2010:
Raw Material-50,000
Finished goods-34,720
Stock on hand, 31st March, 2010
Raw Material-52,500
Finished goods-31,500
Purchase of raw material-43,800
Work in progress, 1st March 2010-16, 440
Work in progress, 31st March 2010-18, 200
Sale of finished goods-1,44,620
Direct wages-34,300
Non productive wages-1,660
Works expenses-16,680

Office and administrative expenses-6,320
Selling and distribution expenses-8,420

5. a) Define Budget and Budgetary Control. Explain about Zero Base Budget

OR

b) ABC ltd a newly started company wishes to prepare cash budget from January. Prepare a cash budget for the first six months' from the following estimated revenue and expenses

Month	Total sales Rs.	Materials Rs.	Wages Rs.	Production O.H Rs.	Selling and Dist. O.H Rs.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,500	1,000
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

Cash balance on 1st January was Rs. 10,000. A new machinery is to be installed at Rs.20,000 on credit to be repaid by two equal installments in March and April. Sales commission @ 5% on total sales is to be paid within a month of following actual sales. Rs. 10,000 being the amount 2nd call may be received in march. Share premium amounting to Rs.2,000 is also obtainable with the 2nd call. Period of credit allowed by suppliers-2 months, period of credit allowed to customers-1months, Delay in payment of O.H-1 month. Delay in payment of wages-1/2 month. Assume cash sales to be 50% of total sales

6. a) Define the concept of Working Capital Management. Explain types of working capital and working capital cycle

OR

b) John Eng. Company and Joseph Eng Company are in the same class and identical in respects except john Eng.Co. uses debt and joseph Eng co. does not use debt. John Eng Co. has Rs.18,00,000 debentures of 10%. EBIT for the both firms Rs. 6,00,000. Tax 50% and capitalization rate 15%. For an all equity company. You are required to calculate value of the firm of both the companies using NI and NOI approach