VCD - 24/3/15 - **SYBBI Sem III – Financial Management – 75 Marks – 2 ½ Hrs** -

Q 1 A) Multiple choice questions (5)

1. Shareholders fund is also refers as
   - a. Net Current Assets
   - b. Net Assets
   - c. Net Worth
   - d. Net Current liability
2. Capital employed is equal to
   - a. Current assets - Current liabilities
   - b. Net worth + Loan funds
   - c. Preference Capital
   - d. None of the above
3. Kinds of share capital
   - a. Bond
   - b. Mutual Fund
   - c. Equity share capital
   - d. All of the above
4. The standard current ratio is
   - a. 1:1 b. 3:1 c. 0.5:1 d. 2:1
5. ______ is current liabilities
   - a. Income Tax refund due
   - b. Public deposits
   - c. Due to consignor
   - d. Provision for gratuity

3) Match the following: -

Column 'A'	Column 'B'
i) Management	a) Loan fund
ii) Current Ratio	b) Net worth
iii) Debentures	c) Operating ratio
iv) Equity share capital	d) Fictitious Assets
v) Land and Building	e) Short term solvency

ue or False

i) Net worth means capital employed.

ii) Another name for net assets is liabilities.

iii) There is a standard list of ratios.

iv) Reserve are internal source of finance.

v) Operating is equal to cross profit- operating expenses.

balance sheet of XYZ ltd. is given for the year 2008. Convert into vertical balance sheet

Balance Sheet

Liabilities	Rs	Assets	Rs
Equity Shares	1,91,000	Building	2,00,000
Capital Reserve	70,000	Plant and machinery	55,000
Revenue Reserve & Surplus	30,000	Furniture	20,000
		Freehold Property	12,000
Trade Creditors	40,000	Goodwill	30,000
Bills Payable	60,000	Cash Balance	20,000
Bank Overdraft	80,000	Sundry Debtors	35,000
Provisions	20,000	Inventories	57,000
		Investment (Temporary)	42,000
		Bill Receivable	20,000
	4,91,00		4,91,000

Q.2 A) From the following financial Statement of Nidhi Ltd. Prepare common size Balance sheet in vertical form and give comments in brief (8)

Liabilities	2001 Rs	2002 Rs	Assets	2001 Rs	2002 Rs
Share Capital	2,00,000	2,00,000	Land & Building	50,000	40,000
Reserves	86,000	1,51,000	Machinery	1,75,000	2,12,000
Debentures		1,00,000	Office Equipment	20,000	50,000
Current Liabilities	1,16,000	1,37,000	Stock	60,000	80,000
			Debtors	66,000	1,67,000
			Cash	31,000	39,000
	4,02,000	5,88,000		4,02,000	5,88,000

B) From the following particulars relating to Aparna Ltd. Prepare a comparative Income statement (7)

	2010 Rs	2011 Rs
Sales	58,000	65,200
Cost of Goods sold	47,600	49,200
Administration Expenses	1,016	1,000
Selling Expenses	1,840	1,920
Non-Operating Expenses	140	155
Non- Operating Income	96	644
Sales Returns	2,000	1,200
Tax Rate	43.75%	43.75%

Q.3 Following are the Trading, Profit and Loss Account of 'M' ltd for the year ended 31st March, 2005 a… Balance sheet as on that date:

Trading, Profit & Loss Account

From the above information prepare the balance sheet of the company

Q 4 A) Prepare a cash budget for the three months ended 30th September 2013 based on the following information.

Cash and bank balance on 1st July, 2013 Rs 25,000

Salaries and wages estimated monthly Rs 10,000

Interest payable- August 2013 Rs 5,000

Estimated	June	July	August	September
Cash Sales	-	1,40,000	1,52,000	1,21,000
Credit Sales	1,00,000	80,000	1,40,000	1,20,000
Purchase	1,60,000	1,70,000	2,40,000	1,80,000
Other expenses	-	20,000	22,000	21,000

Credit sales are collected 50% in the month sales are made and 50% in the month following collections from [illegible]it sales are subject to 5% discount if received during the month of purchases and 2 ½ % if payment is [illegible]ived in the following month. Creditors are paid either on a 'prompt' or 30 days basis. It is estimated that [illegible]0% of the creditors are in the 'prompt' category. (15)

OR

B) A factory produces 20,000 units. The budgeted expenses are given below: (15)

	Per unit Rs.
Raw Materials	75
Direct Labour	20
Direct Expenses	25
Overheads	15
Fixed overheads (Rs.4,00,000)	20
Administration overheads (fixed)	10
Selling Expenses (10% fixed)	1[illegible]
Distribution Expenses (25% fixed)	20
Total cost per unit	200

You are required to prepare a budget for 15,000 units and 10,000 units.

Write short note on (Any 3) (15)

Source of Finance

Types of Budget

Operating Ratio

Trade credit

Scope of Financial Management

	Rs		Rs
To Opening Stock	15,500	By Sales	75,000
To Purchases	61,000	By Cl. Stock	16,500
To Gross Profit	15,000		
	91,500		91,500
To Administrative Exp.	5,000	By Gross Profit	15,000
To Selling & Distribution Exp.	2,000		
To Interest	1,000		
To Net Profit	7,000		
	15,000		15,000

Balance Sheet as at 31st March, 2005

Liabilities	Amount	Assets	Amount
12,000 Equity Shares of Rs.50 each	60,000	Fixed Assets	55,000
10% Debentures	10,000	Debtors	10,000
Reserve & Surplus	12,000	Stock	16,500
Bank Overdraft	3,500	Cash	12,000
Creditors	16,000		
	1,01,500		1,01,500

Calculate:

1. Stock turnover Ratio
2. Current Ratio
3. Creditors Turnover Ratio, all purchase as credit purchase
4. Return on capital employed, Price earning Ratio. Current market price of the equity share Rs.125 per shares

OR

Q.3 A) Calculate P/E ratio from the following (8)

	Rs
Equity share capital (Rs.20 each)	50,00,000
Reserve & Surplus	5,00,000
15% secured loans	25,00,000
12.5% unsecured loans	10,00,000
Fixed Assets	30,00,000
Investments	5,00,000
Operating Profit	25,00,000

B) A company shareholder equity is Rs.1 Lakh. Following are the ratio's relating to the balance sh

Q.3
Bal

1.	Current debts to total debts:	0.40
2.	Total debts to owner's Equity	0.60
3.	Fixed Assets to owner's Equity	0.60
4.	Total Assets turnover	2 times
5.	Inventory Turnover	8 times