

**Post Graduate Diploma in Management (Hospital & Health Management)**

**PGDM – 2024-26 Batch**

**1<sup>st</sup> Year – 2<sup>nd</sup> Semester End Examination**

<b>Subject &amp; Code</b>	<b>: Financial Management and Accounting (FMA)-CC 611</b>	<b>Reg. No.:</b>
<b>Semester &amp; Batch</b>	<b>: II, 2024-26</b>	<b>Date: 21-04-2025</b>
<b>Time &amp; Duration</b>	<b>: 10:30 A.M.-01:30 P.M. (3 Hrs.)</b>	<b>Max. Marks: 70</b>

**Instructions:**

- Budget your time as per the marks given for each question and write your answer accordingly.
- Do not write anything on the Question Paper except writing your Registration No.
- Mobile Phones are not allowed even for computations.

**Part A: Q.1 to Q.10 all questions are compulsory (10 X 2 Marks = 20 Marks)**

**State whether the following statements are true or false:**

1. Market saturation of the product is an external factor responsible for corporate distress.
2. If the NPV of a project is positive, the Profitability Index will be less than one and then the project should be rejected.
3. Off-Balance Sheet financing is used to finance a company without showing debt on the face of the Balance Sheet.
4. Horizontal financial statement analysis is useful in inter-firm comparison.
5. A brand is nothing but a glorified product name; hence it has no value.
6. Higher Debt/Equity ratio implies higher valuation of a company.
7. Economic Value Added represents the difference between profit and the cost of capital.
8. Internal rate of return is the rate at which the net present value of the investment is zero.
9. Under capital budgeting, cash flows are based on opportunity cost concept.
10. Establishment cost is the class of costs that are usually involved in inventory decisions

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**Part B: Q.11 to Q.15 attempt any four questions (4 X 5 Marks = 20 Marks)**

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11. Below is the Cash Flow Statement of Cipla. Elaborate about 'flow' of cash flows from different domains like operating, investing, and financing activities.

<b>Cash Flow of Cipla (in Rs. Cr.)</b>	<b>Mar 24</b>	<b>Mar 23</b>	<b>Mar 22</b>	<b>Mar 21</b>	<b>Mar 20</b>
	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>	<b>12 months</b>
<b>Net Profit/Loss Before Extraordinary Items and Tax</b>	<b>5,896.72</b>	<b>4,220.77</b>	<b>3,675.39</b>	<b>3,290.06</b>	<b>2,178.18</b>
<b>Net Cashflow from Operating Activities</b>	<b>4,133.91</b>	<b>3,237.65</b>	<b>3,325.90</b>	<b>3,755.20</b>	<b>3,068.45</b>
<b>Net Cash Used in Investing Activities</b>	<b>-2,988.03</b>	<b>-2,388.51</b>	<b>-1,871.88</b>	<b>-2,387.18</b>	<b>104.04</b>
<b>Net Cash Used from Financing Activities</b>	<b>-1,200.43</b>	<b>-958.29</b>	<b>-1,599.79</b>	<b>-1,329.90</b>	<b>-2,948.82</b>
<b>Foreign Exchange Gains / Losses</b>	<b>5.56</b>	<b>12.37</b>	<b>13.45</b>	<b>12.79</b>	<b>10.35</b>
<b>Adjustments On Amalgamation Merger Demerger Others</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Inc/Dec in Cash and Cash Equivalents</b>	<b>-48.99</b>	<b>-96.78</b>	<b>-132.32</b>	<b>50.91</b>	<b>234.02</b>
<b>Cash And Cash Equivalents Begin of Year</b>	<b>561.33</b>	<b>658.11</b>	<b>790.43</b>	<b>742.38</b>	<b>508.36</b>
<b>Cash And Cash Equivalents End of Year</b>	<b>512.34</b>	<b>561.33</b>	<b>658.11</b>	<b>793.29</b>	<b>742.38</b>

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12. 'The credit policy of a company is criticized because the bad-debt losses have increased considerably, and the collection period has also increased.' Discuss under what conditions this criticism may not be justified.
13. Define commercial paper. Explain its pros and cons.
14. In what ways is the wealth maximization objective superior to the profit maximization objective? Explain.
15. Explain with a Short Note: Going Concern Concept.

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**Part C: Q.16 to Q.19 attempt any three questions (3 X 10 Marks = 30 Marks)**

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16. Below are two mutually exclusive projects for which capital can be raised at 12%. Which project will you accept justify with techniques. Apply the appropriate technique of Capital Budgeting.

	Project X	Project Y
Year	Inflows	
0	-50000	-75000
1	25000	25000
2	15000	25000
3	25000	15000
4	16000	10000

17. Journalize the following transactions, post them to ledger and balance the accounts (trial balance) of 31<sup>st</sup> January.

Sr. No	Date	Particulars
1	Dec 1, 2024	Ajit Started Business with cash Rs. 40,000
2	Dec 3, 2024	He paid in to bank Rs. 2000
3	Dec 5, 2024	He purchased goods for cash Rs. 15,000
4	Dec 8, 2024	He sold goods for cash Rs. 6000
5	Dec 10, 2024	He purchased furniture and paid by cheque Rs. 5000

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18. Below is the Profit and Loss of Cipla for the year 2024-25. Calculate Coverage Ratio, Operating Expenses Ratios, Gross Profit Margin and Net Profit Margin Ratios (Any three).

<b>Cipla</b>		
<b>Consolidated Profit &amp; Loss account</b>	<b>----- in Rs. Cr. -----</b>	
	<b>Mar '24</b>	<b>Mar '23</b>
	12 months	12 months
<b>Income</b>		
Sales Turnover	25,774.09	22,753.12
Net Sales	25,774.09	22,753.12
Other Income	468.62	282.58
Stock Adjustments	-63.03	96.00
<b>Total Income</b>	<b>26,179.68</b>	<b>23,131.70</b>
<b>Expenditure</b>		
Raw Materials	8,888.73	8,479.43
Power & Fuel Cost	364.84	353.61
Employee Cost	4,310.04	3,830.08
Other Manufacturing Expenses	640.62	0.00
Miscellaneous Expenses	5,215.78	5,159.03
Total Expenses	19,420.01	17,822.15
	<b>Mar '24</b>	<b>Mar '23</b>
	12 months	12 months
<b>Operating Profit</b>	<b>6,291.05</b>	<b>5,026.97</b>
PBDIT	6,759.67	5,309.55
Interest	89.88	109.54
PBDT	6,669.79	5,200.01
Depreciation	1,051.02	1,172.11

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Profit Before Tax	5,618.77	4,027.90
PBT (Post Extra-Ord Items)	5,618.77	4,027.90
Tax	1,546.59	1,202.86
<b>Reported Net Profit</b>	<b>4,123.14</b>	<b>2,804.51</b>
Minority Interest	0.00	0.00
Share Of P/L Of Associates	1.59	2.60
Net P/L After Minority Interest & Share of Associates	4,348.54	3,015.31
Total Value Addition	10,531.28	9,342.72
Preference Dividend	0.00	403.50
Equity Dividend	686.17	0.00
<b>Per share data (annualized)</b>		
Shares in issue (lakhs)	8,073.67	8,071.51
<b>Earnings Per Share (Rs)</b>	<b>51.07</b>	<b>29.75</b>
Book Value (Rs)	330.78	289.24

19. From the following Balance Sheet, comment on the solvency position (short term and long term) of the company: Calculate the relevant ratio to comment on the solvency position of the firm.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	200,000	Land and building.	140,000
8% Preference Share Capital	60,000	Machinery	80,000
Reserves	30,000	Furniture & fixtures	20,000
Profit & loss account.	20,000	Debtors	80,000
9% Debentures	40,000	Stock	70,000
Creditors	60,000	Cash in hand	30,000
O/s expenses	5,000	Prepaid expenses	10,000
Provision for taxation.	20,000	Preliminary expenses	20,000
Proposed dividend	15,000		
	450,000		450,000