International Institute of Health Management Research
Financial Management (CC-611)
Supplementary Examination 2016-18

Time: 3 hours
Max. Marks : 100

Attempt any five. All questions carry equal marks.

1. From the following balances extracted from the SVS Company prepare financial statements as on 31st December 2015.

(In Thousands)

	(Rs.)		(Rs.)
Stock (1st January 2015)	11000	Return outwards	500
Bills receivables	4500	Trade expenses	200
Purchases	39000	Office fixtures	1000
Wages	2800	Cash in hand	500
Insurance	700	Cash at bank	4750
Sundry debtors	30000	Rent & tax	1100
Carriage inwards	800	Carriage outwards	1450
Commission (Dr.)	800	Sales	60000
Interest on capital	700	Bills payable	3000
Stationery	450	Creditors	19600
Return inwards	1300	Capital	17,900

On 31st December 2015, stock was valued at Rs. 25,000/-

2. The following is the financial statement of ZT company for the year 2015:

Balance Sheet as on 31st December 2015

(Rs. '000)

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Equity Share Capital	100000	Fixed Assets	150000
General Reserve	90000	Stock	42500
Profit & Loss balance	7500	Debtors	19000
Sundry Creditors	35000	Cash	61000
6% Debentures	30000	Proposed Dividends	10000
	272500		**272500**

Trading, Profit & Loss Account as on 31st December 2015

(Rs. '000)

Dr.			Cr.
Particulars	**(Rs.)**	**Particulars**	**(Rs.)**
To Cost of goods sold To Gross profit c/d	180000 120000	By Sales	300000
	300000		**300000**
To Expenses To Net Profit	100000 20000	By Gross Profit b/d	120000
	120000		**120000**

You are required to calculate – Liquidity ratio, Profitability ratio and Turnover ratio.

3. Discuss the scope of financial management and elaborate on the functions?

4. XYZ Company is considering investing in project that costs Rs. 500,000. The estimated salvage value is zero; tax rate is 35 percent. The company uses straight line method of depreciation and the proposed project with cash flows before depreciation & tax (CFBDT) as follows:

Year	CFBDT (Rs.)
1	100,000
2	100,000
3	150,000
4	150,000
5	250,000

Calculate the following- Payback period and Average rate of return.

5. From the following information, calculate P/V ratio, BEP and Margin of safety

Particulars	Amount (Rs.)
Sales	12,00,000
Variable costs	700,000
Fixed costs	200,000
Net profit	300,000

6 The cost of a product at the capacity level of 5000 units is given below. Prepare the production cost budget at 4000 units and 6000 units.

Particulars	Amount (Rs. '000)	Percent
Material cost	25000	100 (variable)
Labour cost	15000	100 (variable)
Power	1250	80 (semi-variable)
Repairs and maintenance	2000	75 (semi-variable)
Stores	1000	100(variable)
Inspection	500	20 (semi-variable)
Administration overheads	5000	25 (semi-variable)
Selling overheads	3000	50 (semi-variable)
Depreciation	10000	100 (fixed)
Total	62750	
Cost per unit	12.55	

7. From the following particulars, prepare the Stores Ledger Account showing how the value of the issues would be recorded under FIFO methods:

01/12/2015	Opening stock 1000 units at Rs. 26/- each
05/12/2015	Purchased 500 units at Rs. 24.50/- each
07/12/2015	Issued 750 units
10/12/2015	Purchased 1500 units at Rs. 24/- each
12/12/2015	Issued 1100 units
15/12/2015	Purchased 1000 units at Rs. 25/- each
17/12/2015	Issued 500 units
18/12/2015	Issued 300 units
25/12/2015	Purchased 1500 units at Rs. 26/- each
29/12/2015	Issued 1500 units