Roll. No. _________________

International Institute of Health Management Research (IIHMR), New Delhi.
POSTGRADUATE DIPLOMA HOSPITAL AND HEALTH MANAGEMENT
(Batch 2017-2019)
Financial Management and Accounting
(CC-611)
Supplementary End Term Examination

Time allowed: 3 hrs **Max. Marks: 100**

(Answer any five questions)

Each question carries 20 marks **(5 x 20 = 100 marks)**

1. From the following balances extracted from the SVS Company prepare financial statements as on 31st December 2018. (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 2018, stock was valued at Rs. 25,000/-.

2. Two companies approaches with a proposal for PNB Ltd., for a loan of Rs. 10 lakhs for 6 months. With no collateral offered. Since the bank has almost exhausted its quota for loans of this type, only one of them can be granted loan on a request. The relevant information are supplied by two companies and it is presented below:

Particulars	Company X(Rs.)	Company Y(Rs.)
Assets:		
Cash	170,000	300,000
Sundry debtors	274,000	424,000
Stock	900,000	13,50,000
Total current assets	13,44,000	20,74,000
Other assets	10,00,000	10,20,000
	23,44,000	30,94,000

Liabilities:		
Current liabilities	500,000	640,000
Long-term loans	800,000	10,00,000
Equity share capital	800,000	12,00,000
Retained earnings	244,000	254,000
	23,44,000	30,94,000

Additional information:

Sales	24,00,000	17,00,000
Rate of gross profit on sales	0.30	0.40

Considering the above data, specify the company which should be granted the credit. Justify the same.

3. What are the objectives of financial management? Write a brief note on Profit Maximization Versus Wealth Maximization?

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. Calculate BEP from the following:
Sales 1000units at Rs. 20 each = Rs. 20,000
Variable cost = Rs. 12 per unit
Fixed cost = Rs. 16,000
If the selling price is reduced to Rs. 18, what is the new BEP?

6. From the following information for a 60%, prepare a budget for production activity at 50%, 80% and 90% capacity:

Production (at 60% activity)	–	6000 units
Material	-	Rs. 150 per unit
Labour	–	Rs. 45 per unit
Expenses	–	Rs.15 per unit
Factory expenses	–	Rs. 400,000 (40 % fixed)
Administration expenses	–	Rs. 300,000 (60% fixed)

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

Materials purchases		Materials issues	
01/01/2015	Opening balance 500 units@ Rs. 4.00	04/01/2015	200 units
05/01/2015	Purchase - 200 units @ 4.25	10/01/2015	400 units
12/01/2015	Purchase - 150 units @ 4.10	15/01/2015	100 units
20/01/2015	Purchase - 300 units @ 4.50	19/01/2015	100 units
25/01/2015	Purchase - 400 units @ 4.00	26/01/2015	200 units
		30/01/2015	250 units