

International Institute of Health Management Research
Financial Management (CC-611)
Term Examination 2020 -22

Time: 2 hours
Max. Marks : 100

I. Answer any five questions (Scan & Upload for all questions): (5 X 20 = 100)

1. Briefly discuss the functions of financial management.
2. You have been supplied data of XYZ, Bangalore for the year ending March 31st, 2020. Indicate its strength and weakness in terms of liquidity and solvency through your analysis.

Balance Sheet as on 31st March 2020

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital	100,000	Plant & Equipments	151,000
10% Preference Share capital	40,000	Cash	12,300
Retained earnings	27,400	Debtors	36,000
Long-term debt	34,000	Stock	60,800
Sundry creditors	31,500		
Outstanding expenses	1,200		
Other current liabilities	26,000		
	<u>260,100</u>		<u>260,100</u>

3. From the following information of CKC & Co., prepare the stores ledger account under FIFO method for November 2020.

1 Nov	Opening stock balance 5000 units at Rs. 30 each
4 Nov	Purchased 4000 units at Rs. 32 each
6 Nov	Issued 4300 units
10 Nov	Purchased 9000 units at Rs. 35 each
12 Nov	Issued 5400 units
18 Nov	Issued 3000 units
24 Nov	Purchased 5800 units at Rs. 34 each
28 Nov	Issued 4000 units

4. One project of ABC firm is doing poorly and is being considered for the replacement. The cash outflow for this proposal is expected to be Rs. 300,000. The anticipated cash inflows after taxes (CFAT) of the investment proposal are as follows:

Year	CFAT (Rs.)
1	50000
2	90000
3	108000
4	120000
5	200000

Calculate IRR for the above proposal.

5. Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 40 %, 60% and 80 % capacity utilization.

Particulars	At 60 % capacity (Rs.)
<i>Variable overheads:</i>	
Indirect Material	60,000
Indirect labour	180,000
<i>Semi-variable overheads:</i>	
Electricity (40% fixed)	5000
Repairs (80% fixed)	3000
Internet (30% fixed)	4000
<i>Fixed overheads:</i>	
Depreciation	16500
Insurance	4000
Salaries	65000
Rent and Taxes	6000

Estimated direct labour hours – 12600

6. In a drug factory producing two different kinds of medicines, the limiting factor is the availability of labour. From the following information, show which product is more profitable.

Cost per unit - Database

Particulars	A	B
Material	50.00	50.00
Labour:		
6 hours at 5.00	30.00	
3 hours at 5.00		15.00
Overheads:		
Fixed (50% of labour)	15.00	7.50
Variable	15.00	15.00
Selling price	135.00	115.00
Total production for the month	7500 units	9000 units

Maximum capacity per month = 4200 hours. Calculate the profitability of both the products and justify your results.

7. From the following Trial balance prepare Final accounts in the books AVB Company, Hyderabad as on 31st March 2020.

Particulars	Debit (Rs.)	Credit (Rs.)
Purchases	15,00,000	
Opening Stock	300,000	
Wages	200,000	
Carriage inwards	50,000	
Salaries	170,000	
Insurance	10,000	
General charges	27,000	
Machinery	250,000	
Debtors	150,000	

Cash at SBI Bank	50,000	
Cash in hand	50,000	
Drawings	50,000	
Capital		600,000
Sales		20,00,000
Creditors		207,000
Total	2807000	2807000

Adjustment:

1. Insurance Rs. 3000 is prepaid.
 2. Provide 10 percent depreciation for Machinery
 3. Provide 2 percent reserve for doubtful debts on debtors.
 4. Closing stock was valued at Rs. 370,000.
-