



CBCS SCHEME

15ME743

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Seventh Semester B.E. Degree Examination, Aug./Sept.2020 Financial Management

Time: 3 hrs.

Max. Marks: 80

Note: Answer any FIVE full questions, choosing ONE full question from each module.

Module-1

- 1 a. What is book keeping? List the objectives of book keeping. (04 Marks)
b. Journalize the following transactions in the books of James and Company.

Date	Particulars	Amount in Rs.
1/01/95	James commences the business with cash	10,000
3/01/95	Paid into bank	1,000
4/01/95	Bought goods for cash	2,000
10/01/95	Paid rent to landlord	500
16/01/95	Received commission	50
22/01/95	Sold goods to Gopal	500
23/01/95	Bought goods from Raman	500
31/01/95	Withdraw cash from office for personal use	200

(04 Marks)

- c. From the following trial balance extracted from the book of Singh and Company, prepare Trading A/C, P & L A/C and Balance Sheet ending 30th Sept 2004.

Debit Balance	Amount in Rs.
Drawings	6480
Land & Buildings	25,000
Plant & Machinery	14,270
Furniture	1250
Carriage inwards	4370
Wages	21470
Salaries	4670
Sales Returns	1760
Bank charges	140
Coal, gas etc	720
Rates and taxes	840
Purchases	42,160
Bills receivables	1,270
Trade expenses	1,990
Sundry debtors	37,800
Opening stock	26,420
Fire insurance	490
Cash at bank	13,000
Cash in hand	850
Total	2,04,950

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Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and/or equations written eg, 42+8 = 50, will be treated as malpractice.

Credit Balance	Amount in Rs.
Capital	90,000
Provision for bad debts	2,470
Sales	91,230
Discount	120
Purchase returns	8460
Sundry creditors	12,170
Apprentice premium	500
Total	2,04,950

Adjustments:

- Charge depreciation on land and buildings @2.5%, plant and machinery @ 10%, furniture at 10%.
- Make a provision of 5% on sundry debtors for doubtful debts.
- Carry forward the unexpired amounts of fire insurance Rs.125, rates and taxes Rs.240 and apprentice premium Rs.400.
- Charge 5% interest on capital as interest on drawings Rs.300.
- Closing stock was valued at Rs.29,390. (08 Marks)

OR

- What do you understand by Tax? Enumerate salient features of Direct and Indirect Taxes. (08 Marks)
 - Differentiate between Public and a Private limited company. (04 Marks)
 - Explain various kinds of partnership. (04 Marks)

Module-2

- Explain factors which influence working capital requirement. (08 Marks)
 - A proforma cost sheet of a company provides the following details:

Particulars	Amount per unit in Rs.
Elements of cost:	
Raw materials	80
Direct labour	30
Overhead	60
Total cost	170
Profit	30
Selling price	200

Following additional details are also provided.

Raw materials in stock on average one month materials in process (50% completion) on average half a month, finished goods in stock on average one month. Credit allowed by suppliers one month credit allowed to debtors is two months average time lag in payment of wages is 1.5 weeks and one month in overhead expenses, 1/4th of the output is sold against cash, cash in hand and at bank is desired to be maintained at Rs.3,65,000. You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of production. (08 Marks)

OR

- Explain the advantages of disadvantages of equity shares from the point of view of (i) Shareholders (ii) Management. (06 Marks)
 - Define debenture. Enumerate types of debentures. (04 Marks)
 - Explain types of debt instruments for long term financing. (06 Marks)

Module-3

- Define capital budgeting. Explain capital budgeting techniques. (08 Marks)
 - Explain: (i) Inventory investment (ii) Strategic investment (iii) Ownership investment (iv) Lending investment (08 Marks)

OR

- 6 a. Define Project Management. Explain the phases of Project Management. (08 Marks)
 b. Differentiate between Wealth Management and Asset Management. (06 Marks)
 c. What is meant by Asset Reliability Management? (02 Marks)

Module-4

- 7 a. Explain with assumptions CAP Model to Determine Required Rate of Return. (08 Marks)
 b. What is a risk? Explain different types of risks. (08 Marks)

OR

- 8 a. Explain the following Accounting Ratio. (04 Marks)
 (i) Current Ratio
 (ii) Acid Test Ratio
 (iii) Debtors Turnover Ratio
 (iv) Creditors Turnover Ratio
 b. Calculate the current assets of the company with the following information:
 Stock turnover = 5 times
 Stock at end is 5000 more than the stock in the beginning.
 Sales = Rs.2,00,000
 Gross profit ratio = 20%
 Current liabilities = Rs.60,000
 Quick ratio = 0.75 (06 Marks)
 c. Explain Solvency Ratios. (04 Marks)

Module-5

- 9 a. Explain different elements of cost. (03 Marks)
 b. From the following data related to manufacturing of a standard product for the month of Sept-1995, prepare a statement showing cost and profit per unit.
 Raw materials used = Rs.40,000
 Direct wages = Rs.24,000
 Machine hours worked = 9500 hrs
 Machine hour rate = Rs.4 per hour
 Office overheads 20% on works cost
 Selling overhead = Re.1 per unit
 Units produced = 20,000 units
 Sold 18000 units @ Rs.10 per unit. (07 Marks)
 c. Calculate the total MCV, MPV, MUV and MMV for the materials X and Y which is required to produce 1 unit product.

Material	Standard Qty in kgs	Standard Price in Rs/kgs	Actual Qty in kgs	Actual Price in Rs./kg
X	10	4	12	3.75
Y	15	5	18	4.50

(06 Marks)

OR

- 10 a. What is budgeting? What are its advantages and limitations? (04 Marks)
 b. Write short notes on:
 (i) Cash budget (ii) Production and purchase budget
 (iii) Flexible budget (iv) Master budget (12 Marks)
