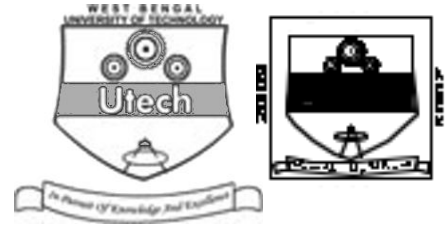


CS/HM (SUPPLE)/SEM-5/BHM-504/09
FINANCIAL MANAGEMENT (SEMESTER - 5)



1.
Signature of Invigilator

2. **Reg. No.**

Signature of the Officer-in-Charge

Roll No. of the Candidate

CS/HM (SUPPLE)/SEM-5/BHM-504/09
ENGINEERING & MANAGEMENT EXAMINATIONS, AUGUST – 2009
FINANCIAL MANAGEMENT (SEMESTER - 5)

Time : 3 Hours]

[Full Marks : 70

INSTRUCTIONS TO THE CANDIDATES :

1. This Booklet is a Question-cum-Answer Booklet. The Booklet consists of **32 pages**. The questions of this concerned subject commence from Page No. 3.
2. a) In **Group – A**, Questions are of Multiple Choice type. You have to write the correct choice in the box provided **against each question**.
b) For **Groups – B & C** you have to answer the questions in the space provided marked 'Answer Sheet'. Questions of **Group – B** are Short answer type. Questions of **Group – C** are Long answer type. Write on both sides of the paper.
3. **Fill in your Roll No. in the box** provided as in your Admit Card before answering the questions.
4. Read the instructions given inside carefully before answering.
5. You should not forget to write the corresponding question numbers while answering.
6. Do not write your name or put any special mark in the booklet that may disclose your identity, which will render you liable to disqualification. Any candidate found copying will be subject to Disciplinary Action under the relevant rules.
7. **Use of Mobile Phone and Programmable Calculator is totally prohibited in the examination hall.**
8. You should return the booklet to the invigilator at the end of the examination and should not take any page of this booklet with you outside the examination hall, **which will lead to disqualification**.
9. Rough work, if necessary is to be done in this booklet only and cross it through.

No additional sheets are to be used and no loose paper will be provided

FOR OFFICE USE / EVALUATION ONLY

Marks Obtained

Question Number	Group – A					Group – B					Group – C					Total Marks	Examiner's Signature
Marks Obtained																	

.....
Head-Examiner / Co-Ordinator / Scrutineer

S-54046 (20/08)



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CS/HM (SUPPLE)/SEM-5/BHM-504/09
FINANCIAL MANAGEMENT
SEMESTER – 5



Time : 3 Hours]

[Full Marks : 70

GROUP – A**(Multiple Choice Type Questions)**

1. Choose the correct alternatives for any *ten* of the following : 10 × 1 = 10
- i) A project is generally considered financially viable if its
- | | | |
|----------------|----------------|--------------------------|
| a) $IRR > K_o$ | b) $IRR < K_o$ | |
| c) $NPV < 0$ | d) $PI < 1.$ | <input type="checkbox"/> |
- ii) For a manufacturing company working under moderate business risk should have
- | | | |
|----------------|-------------------|--------------------------|
| a) $K_d > K_e$ | b) $K_d < K_e$ | |
| c) $K_d = K_e$ | d) none of these. | <input type="checkbox"/> |
- iii) Net Working Capital (NWC) does not include
- | | | |
|------------------|---------------------|--------------------------|
| a) cash balance | b) bills receivable | |
| c) its inventory | d) immovable asset. | <input type="checkbox"/> |
- iv) If fixed cost decreases while variable cost per unit remains constant, the new contribution margin in relation to old will be
- | | | |
|--------------|-------------------|--------------------------|
| a) unchanged | b) higher | |
| c) lower | d) none of these. | <input type="checkbox"/> |
- v) The break-even point in a boutique restaurant would be increased by
- | | | |
|---|--|--------------------------|
| a) a decrease in fixed cost | | |
| b) an increase in contribution margin ratio | | |
| c) a decrease in variable cost | | |
| d) an increase in variable cost. | | <input type="checkbox"/> |



- vi) If opening stock of chocolate is Rs. 10,000, closing stock is Rs. 11,000, purchases are Rs. 70,000 and goods sold @ 30% on cost, then the amount of sales will be
- | | | |
|---------------|----------------|------------------------------|
| a) Rs. 86,000 | b) Rs. 89,700 |
<input type="checkbox"/> |
| c) Rs. 21,000 | d) Rs. 91,000. | |
- vii) Balance sheet is prepared
- | | |
|-------------------------------------|--------------------------|
| a) to check the accuracy of books | <input type="checkbox"/> |
| b) to know the financial position | |
| c) to know the net profit or loss | |
| d) to find out the value of assets. | |
- viii) Hospital must primarily make use of
- | | | |
|----------------------|----------------------|--------------------------|
| a) operating costing | b) process costing | <input type="checkbox"/> |
| c) job costing | d) multiple costing. | |
- ix) Which of the following is regarded as tax saving instrument in decision making ?
- | | | |
|-----------------|--------------|--------------------------|
| a) Depreciation | b) Tax | <input type="checkbox"/> |
| c) Interest | d) Dividend. | |
- x) Goodwill is a/an
- | | | |
|----------------------|-------------------|--------------------------|
| a) intangible assets | b) current assets | <input type="checkbox"/> |
| c) fixed assets | d) none of these. | |
- xi) Working capital is also known as
- | | | |
|------------------------|---------------------|--------------------------|
| a) circulating capital | b) rotating capital | <input type="checkbox"/> |
| c) operating capital | d) all of these. | |

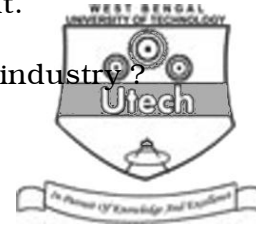
GROUP – B**(Short Answer Type Questions)**Answer any *three* of the following.

3 × 5 = 15

2. Explain the importance of taking short-term sources of finance.
3. Distinguish between fund flow statement and cash flow statement.
4. What is working capital cycle ? Discuss its concepts.



5. Distinguish between cash book and cash flow statement.
6. What are the limitations of ratio analysis in hospitality industry?
7. What is the significance of 'Margin of Safety' analysis?



GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following.

3 × 15 = 45

8. Following are the ratios relating to the trading activities of National Traders Ltd :

Debtors velocity 3 months

Stock velocity 8 months

Creditors velocity 2 months

Gross profit ratio 25%

Gross profit for the year ended 31st December, 2006 amounts of Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and Bills payable amount to Rs. 10,000. Find out : i) Sales, ii) Sundry debtors, iii) Closing stock and iv) Sundry creditors. 15

9. The operating results of a company for the last two years are as follows :

Years	Sales (Rs.)	Profit (Rs.)
2007	5,40,000	12,000
2008	6,00,000	30,000

Find out : i) P/V ratio, ii) Fixed cost, iii) Break-even point, iv) Target sales to earn a profit of Rs. 1,36,000, v) Profit when sales are Rs. 8,00,000, vi) Margin of safety at a profit of Rs. 48,000. 15



10. a) What are the different methods of evaluation of investment proposal ?
- b) Clear Ltd. is considering a new MRI-machine requiring an initial investment of Rs. 5,00,000 forecasted cash inflows before tax and before depreciation are as follows :

Year	Inflows
1	Rs. 1,00,000
2	Rs. 1,05,000
3	Rs. 1,25,000
4	Rs. 1,35,000
5	Rs. 2,00,000

Assuming that the firm uses straight line depreciation and applicable tax rate is 30%. Compute : i) Payback period, ii) ARR and iii) NPV at 10% discount rate.

5 + 3 + 3 + 4

11. Write the salient features of the costing system adopted by hospitals for running the
- pharmacy
 - operation theatre
 - clinical lab
 - X-ray and ECG counters. 15
12. Draft the working capital management policy of a multi-speciality hospital located in an industrial city. 15
13. Write short notes on any *three* of the following : 3 × 5
- Depreciation
 - Equity share
 - Variable cost
 - Liquidity ratio
 - Bank overdraft facility of a hospital.

END