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Reg. No.....

Name.....

**FIVE YEAR B.B.A., LL.B. (HONOURS) DEGREE EXAMINATION
JUNE 2024**

Fifth Semester

FB 13—FINANCIAL MANAGEMENT

(2021 Admissions—Regular/2018 to 2020 Admissions—Supplementary)

Time : Three Hours

Maximum : 75 Marks

Part A

Answer any five questions.

Each question carries 3 marks.

1. Distinguish between wealth maximisation and profit maximisation.
2. Illustrate horizontal analysis.
3. How ratios are used to know the business performance ?
4. State the need for fund flow statements
5. Give the significance of turnover ratios.
6. What do you mean by gross working capital ?

(5 × 3 = 15 marks)

Part B

Answer any three questions.

Each question carries 10 marks.

7. What are the determinants of working capital of a firm ?
8. Discuss the importance and limitations of financial statement.

Turn over

9. From the data calculate :

- (i) Gross Profit Ratio ;
- (ii) Net Profit Ratio ;
- (iii) Return on Total Assets ;
- (iv) Inventory Turnover ;
- (v) Working Capital Turnover ; and
- (vi) Net worth to Debt.

		Rs.
Sales	...	25,20,000
Other Current Assets	...	7,60,000
Cost of sale	...	19,20,000
Fixed Assets	...	14,40,000
Net profit	...	3,60,000
Net worth	...	15,00,000
Inventory	...	8,00,000
Debtors	...	9,00,000
Current Liabilities	...	6,00,000

10. From the following Balance Sheet, prepare Comparative Balance Sheet of Sun Ltd. :

<i>Particulars</i>	<i>Note No.</i>	<i>31st March, 2019 (â,1)</i>	<i>31st March, 2018 (â,1)</i>
(I) EQUITY AND :			
LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital		3,50,000	3,00,000
(2) Non-Current Liabilities			
Long-term Borrowings		1,00,000	2,00,000
(3) Current Liabilities :			
Trade Payables		1,50,000	1,00,000
Total		6,00,000	6,00,000
(II) ASSETS :			
(1) Non-Current Assets			
Fixed Assets (Tangible)		4,00,000	3,00,000
(2) Current Assets			
Trade Receivables		2,00,000	3,00,000
Total		6,00,000	6,00,000

(3 × 10 = 30 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

11. Define capital structure. Discuss the factors influencing capital structure of a Company.

Turn over

12. Prepare Cash Flow Statement of Suryan Ltd. from the following :

<i>Balance Sheets</i>					
<i>Liabilities</i>	1-1-06	31-12-06	<i>Assets</i>	1-1-06	31-12-06
	Rs.	Rs.		Rs.	Rs.
Share Capital	1,00,000	4,00,000	Goodwill	—	20,000
8 % Debentures	—	2,00,000	Machinery	1,25,000	4,75,000
Retained Earnings	60,000	90,000	Stock	20,000	80,000
Creditors	40,000	1,00,000	Debtors	30,000	1,00,000
Bills Payable	20,000	40,000	Cash at Bank	50,000	1,50,000
Provision for Tax	30,000	40,000	Cash in hand	25,000	45,000
	<u>2,50,000</u>	<u>8,70,100</u>		<u>2,50,000</u>	<u>8,70,000</u>

Additional Information :

- (a) During 2006, the business of a sole trader was purchased by issuing shares for Rs. 2,00,000. The assets acquired from him were : Goodwill Rs. 20,000, Machinery Rs. 1,00,000, Stock Rs. 50,000 and Debtors Rs. 30,000.
- (b) Provision for tax charged in 2006 was Rs. 35,000.
- (c) The debentures were issued at a premium of 5 % which is included in the retained earnings.
- (d) Depreciation charged on machinery was Rs. 30,000.

13. The following are the summarized Balance Sheets of a company as on 31st December 2003 and 2004 :

<i>Liabilities</i>		31-12-2003	31-12-2004
		Rs,	Rs.
Equity Share Capital	...	2,00,000	2,40,000
8 % Debentures	...	50,000	—
Securities Premium	...	—	10,000
General Reserve	...	30,000	50,000
Profit and Loss Account	...	48,000	68,000
Sundry Creditors	...	1,30,000	1,50,000
Proposed Dividend	...	20,000	24,000
<i>Provision for Depreciation :</i>			
Plant and Machinery	...	1,40,000	1,50,000
Furniture	...	6,000	4,000
<i>Assets</i>	...	6,24,000	6,96,000
Land and Buildings	...	1,05,000	1,50,000
Plant and Machinery (at cost)	...	2,90,000	3,20,000
Furniture (at cost)	...	9,000	10,000
Inventories	...	1,30,000	1,05,000
Sundry Debtors	...	75,000	85,000
Cash	...	15,000	26,000
		<u>6,24,000</u>	<u>6,96,000</u>

Additional information is as follows :

- (1) Furniture which cost Rs. 5,000, written down value Rs. 1,000 was sold during the year 2004 for Rs. 2,000.
- (2) Plant and Machinery which cost Rs. 20,000 and in respect of which Rs. 13,000 had been written off as depreciation was sold during the year for Rs. 3,000.
- (3) The dividend of 2003 was paid during 2004.

You are required to prepare : (a) A Statement of changes in working capital during 2004 ; and
(b) Funds flow statement for the year 2004.

(2 × 15 = 30 marks)