

**COURSE CODE - 2040103**

**PG DEGREE EXAMINATION - JAN 2009**

**MBA (ALL BRANCHES)/ M.COM / M.COM (FM)**

**FINANCE MANAGEMENT AND MANAGEMENT  
ACCOUNTING**

**(For Candidate Admitted from calendar 2007 onwards)**

**Time: 3 Hours**

**Max. Marks: 75**

**Section –A**

**Answer All the Questions:**

**15 X 1= 15**

1. Define Financial Management.
2. What is an annuity?
3. What do you mean by pay back period?
4. What do you understand by working capital?
5. What is dividend?
6. What is meant by cash flow statement
7. What is meant by working capital?
8. What is Investment decision?
9. Define management accounting.
10. Define capital structure.
11. What is meant by investment?
12. What is meant by comparative statements?
13. What is meant by liquidity Ratio?
14. What is IRR?
15. Write the two limitations of ratio analysis?

**Section-B**

**Answer any Five Questions:**

**5 X 6 = 30**

16. a. Explain the limitations of financial accounting

**(Or)**

- b. What are the basics accounting concepts? Explain their implications.

17. a. From the following particulars you are required to compute

- i) Current asset
- ii) Current liabilities
- ii). Stock in trade

Working capital	Rs. 50000
Current Ratio	1.5
Liquid Ratio	0.75

**(Or)**

- b. Explain the functions of financial management.

18. a. What are the difference between fund flow and cash flow analysis?

**(Or)**

- b. From the following balances you are required to prepare schedule of changes in working capital:

	December 31 <sup>st</sup>	
	1987	1988
Debtors	5000	4700
Bills Receivable	1000	1250
Creditors	2000	2500
Bills Payable	1800	1600
Outstanding Expenses	1000	1200
Prepaid Expenses	800	700
Accrued income	600	750
Income received in Advance	300	250

19. a. Evaluate the following two projects on pay back period criterion and on post pay back profitability criterion.

	Project X	Project Y
	Rs	Rs
Original Investment	35,000	15,000
Annual Cash in flows	15,000	7,500
Economic life of project	7 years	3 years

(Or)

- b. What is capital budgeting? Examine its need and importance.
20. a. What are the nature and scope of finance and explain.

(Or)

- b. Explain the sources of working capital

### Section -C

**Answer any Two Questions: 2 X 15 = 30**

21. What are the limitations of financial statement and explain in detail.
22. Calculate the following ratios from the balance sheet given below
1. Debt Equity Ratio
  2. Liquidity Ratio
  3. Fixed Assets to current Assets
  4. Fixed assets Turnover.

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs 10 each	100000	Goodwill	60000
Reserves	20000	Fixed Assets	140000
P&L A/c	30000	Stock	30000
Secured Loan	80000	Sundry Debtors	30000
Sundry creditors	50000	Advances	10000
Provision for Taxation	20000	Cash Balance	30000
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	300000		300000
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23. a. From the following Balance sheet of Kavitha Industries Ltd. Prepare a fund flow statement for the year 2003-2004.

### Balance sheet

Liabilities	2003	2004	Assets	2003	2004
Share capital	80000	85000	Land	50000	50000
P&L a/c	14500	24500	Plant	24000	34000
Creditors	9000	5000	Debtors	16500	19500
Mortgage loan	-	5000	Stock	9000	7000
			Cash at Bank	4000	9000
	<b>10,3500</b>	<b>11,9500</b>		<b>10,3500</b>	<b>11,9500</b>

24. The expenses for budgeted production of 10000 units in a factory are furnished below:

	Per Unit
Materials	Rs. 70
Labour	25
Variable Overheads	20
Fixed overheads ( Rs. 100000)	20
Variable Expenses (Direct)	10
Selling Expenses (10% Fixed)	5
Distribution Expenses (20% fixed)	13
Administration Expenses (Rs. 50000)	5
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Total Cost of per unit (to make and sell)	155
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Prepare a budget for production of:

- a) 800 units b) 6000 units and c) indicate cost per unit at both the levels. Assume that administration expenses are fixed for all levels of production

25. What are the factors affecting to determine working capital?.