

**MASTER OF BUSINESS ADMINISTRATION
SUPPLY CHAIN MANAGEMENT
(MBASCMFL) 00091**

**Term-End Examination
December, 2012**

MCQ-016 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

*Note : Attempt **any five** questions. All questions carry **equal** marks.*

1. Explain the concept of wealth maximisation. Also explain its superiority over profit maximisation. 5+15

2. What is Dupont Control Chart ? Explain the uses of accounting ratios. 5+15

3. Distinguish between *any two* of the following. 10+10
 - (a) Gross Profit and Net Profit
 - (b) NPV and IRR
 - (c) Liquidity and solvency
 - (d) Gross working Capital and Net working Capital

4. The following is the P/L a/c and Balance Sheet of ABC company. 20

P/L a/c

To opening stock	76,250	By Sales	5,00,000
To Purchases	3,22,250	By Closing	
To G/P c/d	2,00,000	Stock	98,500
	5,98,500		5,98,500
To selling & distribution expenses	22,000	By Gross Profit	2,00,000
To Administrative expenses	98,000	By Dividend	9,000
To Loss on sale of assets	2,000	By Profit on sale of shares	3,000
To Net Profit	90,000		
	2,12,000		2,12,000

Balance Sheet

Share capital	2,60,000	Land & Building	1,50,000
P/L a/c	20,000	Plant & Machinery	80,000
Reserves	70,000	Stock	98,500
Current liabilities	1,30,000	Debtors	61,500
		Bills Receivable	60,000
		Bank	30,000
	4,80,000		4,80,000

Calculate :

1. Gross Profit ratio
2. Net Profit ratio
3. Operating ratio

4. Operating Profit ratio
5. Stock turnover ratio
6. Turnover of fixed assets

5. Write notes on *any two* of the following : **10+10**

- (a) Futures
- (b) ZBB
- (c) Hedging
- (d) Time value of money
- (e) CAPM
- (f) Activity Based costing

6. Explain the significance of : **10+10**

- (a) Capital Budgeting
- (b) Ratio Analysis

7. From the following trial balance of Rama Trading Company Ltd. prepare final accounts. 20

Particulars	Debit	Credit
	Rs.	Rs.
Share capital		4,00,000
Stock (1-4-2010)	2,55,000	
Purchases & Sales	11,00,000	16,50,000
Returns	19,000	
General trade expenses	9,000	
Wages	60,000	
Salaries	93,500	
Travelling expenses	16,000	
Advertisement	7,750	
Rent and taxes	24,500	
Discount received	-	11,000
Bank interest	4,250	
Bad debts	12,500	
Buildings	4,75,000	
Plant & Machinery	4,90,000	
Debtors & Creditors	2,25,000	2,77,500
Loan	-	3,75,000
Cash	7,000	
Reserve fund	-	1,15,000
Preliminary expenses	55,000	
Profit & Loss account	-	25,000
Total	28,53,500	28,53,500

Adjustments :

- (a) Provide Rs. 1,25,000 for taxation

- (b) Dividend at 10% on share capital is to be provided
- (c) Closing stock 2,00,000
- (d) Transfer Rs. 50,000 to reserve fund
- (e) Depreciate plant and Machinery at 10%
- (f) Outstanding wages amounted to Rs. 8,000 and salary Rs. 10,000

8. State the important characteristics : 5x4=20

- (a) Financial Planning
 - (b) Financial forecasting
 - (c) Options
 - (d) Hedging
 - (e) Commercial banks as a source of working capital finance.
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