

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

**Term-End Examination 00172**

**June, 2013**

**MCQ-016 : FINANCIAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. What do you understand by financial decisions ? 5+15  
Discuss the major financial decisions.
  
2. What do you mean by liquidity position of a 5+15 company ? What procedure would you follow to study the liquidity of a business firm.
  
3. Distinguish between *any two* of the following : 10+10
  - (a) NPV and IRR
  - (b) Forwards and Futures
  - (c) Future value Vs present value
  - (d) Profit maximisation and wealth maximisation.

4. Following is the Trading, P/L and Balancesheet 20 of ABC company.

To opening stock	25,000	By sales	1,80,000
To purchases	105,000	By closing stock	15,000
To Gross profit	65,000		
	1,95,000		1,95,000
To Administrative expenses	23,000	By Gross profit	65,000
To selling & distribution expenses	12,000	By Profit on sale of fixed assets	5,000
To Net Profit	35,000		
	70,000		70,000
Balancesheet			
Share capital	50,000	Land & Building	50,000
General reserve	40,000		
P/L a/c	15,000	Machinery	20,000
Creditors	12,000	Stock	15,000
		Debtors	20,000
Bills payable	8,000	Bills receiveable	5,000
		Cash at bank	15,000
	125,000		125,000

Calculate :

- Gross profit ratio
- Net profit ratio
- Operating ratio

- (d) Current ratio
  - (e) Acid test ratio
  - (f) Stock turnover ratio
5. Write notes on *any two* of the following : **10+10**
- (a) Derivatives
  - (b) Components of capital markets
  - (c) Constituents of money market
  - (d) ZBB
  - (e) Ratio analysis
  - (f) CAPM
6. Explain the significance of : **10+10**
- (a) Capital Budgeting
  - (b) Ratio analysis

7. Following is the trial balance of Jyothi Trading Company Ltd. on 31-12-2007. 20

Particulars	Debit	Credit
	Rs.	Rs.
Share capital		80,000
Stock on 1-1-2007	51,000	
Purchases & sales	2,20,000	3,30,000
Returns	3,800	
General trade expenses	1,800	
wages	12,000	
Salaries	18,700	
Travelling expenses	3,200	
Advertising	1,550	
Rent & Taxes	4,900	
Discount		2,200
Bad debts	3,350	
Buildings	95,000	
Plant & machinery	98,000	
Debtors & creditors	45,000	55,500
Cash	1,400	
General reserve		23,000
Preliminary expenses	11,000	
Profit & Loss		5,000
unsecured loan at 10% (taken on 1-7-2007)		75,000
Total	5,70,700	5,70,700

**Adjustments :**

- (a) Provide Rs. 15,000 for taxation
- (b) Dividend at 15% on share capital is to be provided

- (c) Transfer Rs. 10,000 to general reserve
- (d) Stock on 31-12-2007 was Rs. 32,000
- (e) Depreciation on building at 2% and plant and Machinery at 5%

8. State the important characteristics of : 5x4=20

- (a) Factoring
  - (b) Commercial Paper
  - (c) Financial forecasting
  - (d) Hedging
  - (e) Swaps
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