| MGB-001 |

POST GRADUATE DIPLOMA IN GLOBAL BUSINESS LEADERSHIP (PGDGBL)

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Term-End Examination

December, 2010

MGB-001 : FINANCIAL FRAMEWORK FOR BUSINESS DECISIONS

Time : 3 hours   *Maximum Marks : 100*

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

1. From the following Balance sheets prepare cash   20
    flow statement of Mr. Ramesh

Balance Sheet of Mr. Ramesh					
Liabilities	1.1.09	31.12.10	Assets	1.1.09	31.12.10
	Rs.	Rs.		Rs.	Rs.
Current Liabilities	35,000	40,000	Cash	5,000	4,000
Loan from Mrs. Hema	-	25,000	Debtors	40,000	45,000
Bank Loan	40,000	30,000	Stock	30,000	25,000
Capital	1,50,000	1,54,000	Land	30,000	40,000
			Building	50,000	55,000
			Machinery	70,000	80,000
	2,25,000	2,49,000		2,25,000	2,49,000

Additional Information :

(a) During the year Mr. Ramesh brought an additional capital of Rs. 10,000 and his drawings during the year were Rs. 31,000.

(b) Provision for depreciation on machinery - opening balance Rs. 30,000; closing balance Rs. 40,000.

(c) No depreciation need be provided for on other assets.

2. Explain briefly the concept of operating cycle and discuss the reasons for prolonged operating cycle. **20**

3. Discuss the nature and need for providing depreciation. Explain any one method of charging depreciation along with the accounting treatment. **20**

4. From the following data find out (i) Sales and (ii) new break even sales if selling price is reduced by 10% **20**

	Rs.
Fixed cost	4,000
Break even sales	20,000
Profit	1,000
Selling price per unit	20

5. "The technique of marginal costing is more used to provide a reasonable and sound basis for managerial decisions than to arrive at a product cost." Explain with the help of suitable examples. **20**

6. What is a Budget ? Explain the budgeting process. **20**

7. What are financial ratios. Illustrate the ratios used for finding profitability, liquidity, leverage and efficiency of a firm. **20**

8. What is meant by cost - volume profit analysis ? State the objectives of such an analysis. How is this analysis used for decision - making in an organisation ? **20**