

JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT

T2 EXAMINATION- APRIL, 2019

B.Tech IV Semester (All Branches)

COURSE CODE: 10B11PD411

MAX. MARKS: 25

COURSE NAME: Financial Management

MAX. TIME: 1.5 Hours

COURSE CREDITS: 3

Note: All questions are compulsory. Carrying of mobile phone during examinations will be treated as case of unfair means. Make suitable assumptions wherever necessary.

Q1. Calculate the following ratios for both the years and prepare the comparative statement from the information given below. Current ratio, acid test ratio, Stock turnover ratio, Average collection period, Net profit margin and Return on capital employed.

Liabilities	2002	2003	Assets	2002	2003
Equity share capital	1,00,000	1,25,000	Land and Buildings	50,000	75,000
General Reserve	20,000	18,000	Plant Machinery	57,500	55,000
Profit & Loss A/c	10,000	7,500	Stock	10,000	12,500
Creditors	5,000	6,250	Debtors	7,500	10,000
Bills payable	5,000	13,250	Cash & Bank	5,000	7,500
			Bills Receivable	10,000	10,000
	<u>1,40,000</u>	<u>1,70,000</u>		<u>1,40,000</u>	<u>1,70,000</u>

Profit & Loss A/c. Particulars	2002	2003	Particulars	2002	2003
To Op. Stock	5,000	10,000	By Sales	62,500	1,12,500
To Purchase	37,500	47,500	By Closing Stock	10,000	12,500
To Office Exp.	7,500	10,000	By Profit on Sale of Furniture	2,500	----
To Selling exp.	5,000	12,500			
To Financial Expenses	2,500	15,000			
To Net Profit	17,500	30,000			
	<u>75,000</u>	<u>1,25,000</u>		<u>75,000</u>	<u>1,25,000</u>

(8 Marks) CO3

Q2.a) Calculate the Equated Monthly Installment for a loan of Rs. 40 lakh @ 8% p.a. for a 20 year term. Show the amortization schedule for the first five installments.

b) How much must be invested at 10% every year for a company to be able to redeem its preference capital of Rs 800000 in 8 years. How much would be the installment if the same investment is made at the beginning of each year?

(4 + 2 Marks) CO1

Q3. a) Explain the utility of Dupont Analysis.

(2Marks) CO3

Q4. Calculate the post tax cost of debt for a company which issues a debenture of face value of Rs. 1000, carrying an interest rate of 12% and to be redeemed at par after 10 years. The debenture is sold at Rs. 1050. The flotation cost being 5% and the tax rate applicable to the company is 35%.

(2 Marks) CO4

Q5. Calculate the present value of the following cash flow stream.

Year(s)	0	1	2	3,6
Cash flow	-100000	30000	50000	20000
Discount rate	11%			

(2 Marks) CO2

Q6. Answer the following briefly (max 50 words):

- What is the role of the finance function in an organization?
- How are current assets different from fixed assets?
- Why the Balance Sheet is called the sources and application statement?
- What is the limitation of majority rule voting?
- When are preference shareholders given preference over equity shareholders?

(5 Marks) CO1