

Code : 302202

BBA 2nd Semester Theory Examination, 2017

Financial Management-I

Time : 3 hours

Full Marks : 60

Instructions :

- (i) There are seven questions in this Paper.
- (ii) Attempt five questions in all.
- (iii) Question No. 1 & 2 is compulsory.
- (iv) The question are of equal value.

Choose the correct answer (any Six):

- (a) The formula used to calculate current ratio is
 - (i) Current assets/Current liabilities
 - (ii) Current liabilities / Current assets
 - (iii) Inventory / Current liabilities
 - (iv) Current liabilities / Inventory
- (b) For a healthy business, the current ratio lies between
 - (i) 0 to 1.5
 - (ii) 1.5 to 3
 - (iii) 3 to 4.5
 - (iv) 4.5 to 6

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(c) The return which the company pays on borrowed funds, termed as

- (i) Dividend
- (ii) Interest
- (iii) Bonus
- (iv) All of the above

(d) The following is (are) the type(s) of Capital budgeting decision(s)

- (i) Diversification
- (ii) Replacements
- (iii) Expansion
- (iv) All of the above

(e) The following is(are) the external source(s) of cash

- (i) Long terms loans
- (ii) Short term borrowings
- (iii) Issue of new shares
- (iv) All of the above

(f) Carriage Inward is normally debited to

- (i) Profit and Loss account
- (ii) Manufacturing Account
- (iii) Marketing Account
- (iv) None of the above

g) The standard liquid ratio is

- (i) 2:1
- (ii) 1:2
- (iii) 1:1
- (iv) 1:3

(h) Which of the following is advantage of Standard Costing?

- (i) Measuring Efficiency
- (ii) Facilitates cost control
- (iii) Determination of Variance
- (iv) All of the above

(i) Expenditure incurred on material, labour, machinery, production and inspection are summed up to find the

- (i) Total cost of product
- (ii) Selling price of product
- (iii) Factory cost of product
- (iv) None of the above

(j) The method of unit costing is adopted by

- (i) Transport services
- (ii) Steel industry
- (iii) Mines
- (iv) Bicycle industry

Answer any three of the following:

(a) Why is accounting regarded as an aid to management?

4×3=12

(b) Explain any two-accounting concept.

(c) Pass necessary journal entries:

Purchase goods of the invoice value of Rs. 10,000, 10% trade discount.

Supply good costing Rs. 1000/- to Ramesh at a price of 10% above cost and at a trade discount of 10%.

Withdraw good for personal use costing Rs. 5000/-

Purchase stationary for Rs. 500/-

(d) What is trial balance? Explain its objective.

(e) "The breakeven analysis is a useful device of financial planning". Comment.

3. Explain the concept of working capital flow. Give examples of transactions that effect working capital & that do not effect working capital.

4. The sales and profit of a company during two periods were as follows:

Period	Sales	Profit
i.	1,00,000	10,000
ii.	1,05,000	20,000

(a) Find out breakeven point.

(b) What amount of sale will generate a profit Rs. 40,000?

(c) What will be the profit if the sale are Rs. 1,20,000?

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What is the cost center? State briefly the different type of cost center.

From the following trial balance and additional information, you are required to prepare trading and profit and loss account and a balance sheet.

Particulars	Debit	Credit
Capital		20,000
Sundry Debtor	5400	
Drawings	1800	
Machinery	7000	
Sundry Creditors		2800
Wages	10000	
Purchases	19000	
Opening Stock	4000	
Bank Balance	3000	
Carriage	300	
Salaries	400	
Rent & Taxes	900	
Sales		29000
	51800	51800

Additional information:

- Closing stock Rs. 1200/-
- Outstanding rent and taxes Rs. 100/-
- Charge depreciation on machinery at 10%
- Wages prepaid Rs. 400/-
- (a) "Budget and standards are not the same thing. They have different purposes and are set up and used in different ways". Comment.

(b) The following information is given:

Standard Hour per unit	15
Standard Rate	Rs. 4 per hour
Actual data :	
Actual Production	1,000 units
Actual hours	15,300 hours
Actual rate	Rs. 3.90 per hour

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You are required to calculate Labour Cost Variance,
Labour Rate Variance and Labour Time (or efficiency)
Variance.

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