

Industrial & Financial Management

HU503

TIME ALLOTTED: 3 HOURS

FULL MARKS: 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable

GROUP – A

(Multiple Choice Type Questions)

SL	1. Answer any ten from the following, choosing the correct alternative of each question: 10×1=10 Question	Marks	Co	Blooms Taxonom y Level
(i)	To financial analysts, "gross working capital" means the same thing as _____. a) Fixed assets b) Current assets c) Working capital d) Cost of capital	1	1	K2
(ii)	The assets that can be easily converted into cash within a short period, i.e., 1 year or less are known as a) Current assets b) Fixed assets c) Intangible assets d) Investments	1	2	K2
(iii)	Copyrights, Patents and Trademarks are a) Current assets b) Fixed assets c) Intangible assets d) Investments	1	2	K3
(iv)	The trial balance checks a) Nature of business b) Valuation of closing stock c) Correctness of cash in hand d) Arithmetical accuracy	1	3	K1
(v)	Inventory Turnover measures the relationship of inventory with _____ a) Average Sales b) Cost of Goods Sold c) Total Purchases d) Total Assets	1	4	K3
(vi)	The elements of the accounting equation are I. Assets, II. Liabilities, III. Trial Balance, IV. Capital	1	4	K5

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- a) I, II and III
b) I, II and IV
c) I, III and IV
d) II, III and IV
- (vii) _____ that point where no profit or no loss position is observed. 1 1 K3
a) Centre Point
b) BEP
c) Starting Point
d) Ending Point
- (viii) In cash budget, _____ transactions are considered. 1 1 K4
a) Cash
b) Credit
c) All financial
d) None of the above
- (ix) Objective of financial management is: 1 2 K3
a) Profit maximization
b) Wealth maximization
c) Assets maximization
d) Sales maximization
- (x) Margin of Safety 1 2 K1
a) Sales-fixed cost
b) Sales- Variable cost
c) Sales- Total cost
d) Sales- B.EP
- (xi) Journal proper uses to record _____. 1 1 K3
a) Bad debts recovered
b) All cash purchases of assets other than goods
c) Writing of bad debts
d) Purchase of goods on credit
- (xii) Which of the following expense is not considered in Trading account? 1 2 K3
a) Wages;
b) Carriage Inward
c) Office Expenses
d) Import Duty

GROUP – B

(Short Answer Type Questions)

(Answer any three of the following) 3 x 5 = 15

2. (i) Define Working Capital. 2 1 K2
(ii) Discuss the Components of working Capital with Examples. 3 1 K2

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3. (i) Define Trial balance. 3 2 K2
(ii) Name the errors which are not detected by preparing Trial Balance? 2 2 K2
4. Journalise the following transactions during month of November, 2022: 5 2 K4
Date:
1-11-2022 Goods Purchased from Joy ₹.6,000
3-11-2022 Sold goods of Neha ₹.14,000
9-11-2022 Cash withdrawn for household purpose ₹.5000
19-11-2022 Telephone Bill paid by Cheque ₹.3000
27-11-2022 Interest received ₹.1200
5. (i) Define Zero Base Budgeting. 2 1 K2
(ii) Differentiate between Zero Base Budgeting and Traditional Budgeting. 3 3 K3
6. You are given the following information relating to a product: Sales price per unit ₹.10; Variable Cost per unit ₹.6 5 2 K5
Total fixed cost ₹.40,000. Find out:
i) Number of units to be produced to reach BEP
ii) Number of units to be produced and sold in order to earn a profit of ₹.10,000

GROUP – C
(Long Answer Type Questions)

(Answer any three of the following) 3 x 15 = 45

7. The following is the Trial Balance of Sun Enterprise as on 31-03-2022. You are required to prepare Trading and Profit and Loss Account for the year ended 31st March, 2022 and also Balance Sheet as on that date after making the following transactions: 5+5+5 4 K4

Trial Balance as on 31-03-2022

Debit Balance	Amount (₹)	Credit Balance	Amount (₹)
Purchases	30,000	Interest earned	800
Debtors	40,000	Sales	64,200
Salaries	6,000	Purchase Return	1,000
Wages	5,400	Creditors	24,000
Rent	3,000	Capital	20,000
Sales Return	2,000	Provision for Bad Debt	1,200
Drawings	4,800	Provision for Depreciation	400
Paining & Stationery	1,600		
Insurance	2,400		
Opening Stock	10,000		
Office Expenses	2,400		
Furniture & Fittings	4,000		
	1,11,600		1,11,600

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Additional Information:

- i. Depreciate Furniture & Fittings by 10% on original cost.
- ii. Make a Provision for Doubtful debts to 5% on debtors.
- iii. Insurance is prepaid to the extent of ₹.200.
- iv. Office Expenses is outstanding to the extent of ₹.800
- v. The proprietor Mr. Tarun Bose took stock valued at ₹.600 for his personal use.
- vi. Closing Stock was valued at ₹.12000.

8. (i) What points should you consider for improvement of Margin of Safety? 5 3 K3

(ii) The Sales and Profit During the two periods are given below: 10 4 K3

Year	Sales	Profits
2021	40,00,000	4,00,000
2022	60,00,000	8,00,000

Calculate:

- a) P/V ratio; b) Fixed Cost; c) Breakeven point d) Sales to earn a profit of ₹.10,00,000 e) Profit when sale is ₹.80,00,000

9. (i) What is DU-Pont Control Chart? 5 2 K2

(ii) **Balance Sheet of Moon Ltd as on 31st March 2022** 10 3 K5

Share Capital	4,00,000	Goodwill	2,50,000
General Reserve	2,88,000	Buildings	4,00,000
8% Debentures	3,00,000	Machinery	3,50,000
Mortgage Loan	2,50,000	Closing Stock	2,00,000
Creditors	90,000	Debtors	80,000
Bills Payable	35,000	Bills receivable	90,000
Bank overdraft	60,000	Cash	65,000
O/S expenses	15,000	Prepaid expenses	3,000
	14,38,000		14,38,000

Additional information:

Opening stocks ₹.1,50,000: Opening debtors Rs.1,50,000 and net credit sales ₹.6,00,000.

From the above particulars, you are required to calculate:

- a) Current Ratio; b) Acid Test Ratio c) Stock turnover ratio d) Debtors turnover ratio e) Average collection Period

10. (i) What is Budgetary Control? 3 1 K2

(ii) Briefly explain the steps in budgetary control process. 6 3 K4

(iii) Discuss the importance of Cash budget. 6 2 K2

11. Write Short Notes (*any three*): 5×3 3 K3

- i. Direct and Indirect Expenses
- ii. Golden rule of Accounting
- iii. GST
- iv. Gross Profit and Net Profit
- v. Factors influencing the capital structure