IIHMR UNIVERSITY

Institute of Health Management Research

EXAMINATION CELL IIHMR UNIVERSITY

MBA Hospital and Health Management

Batch-24 (2019-2021)

Financial Management

Term Examination

1 Year

December 2019

Time - 3 Hour **MM-50**

The question paper contains 2 printed pages.

Q. 1. Write short notes on any seven of the following (20-30 words, please stick to word limit): (2 marks each) (14 Marks)

(1) Two Examples of Intangible Assets
(2) Two Examples of Current Assets
(3) If the rate of depreciation is 20%, and depreciable asset is 300000, then what is the depreciation at the end of three years
(4) Reserves and Surplus
(5) Cash Credit
(6) Bank Overdraft
(7) EBDITA
(8) Debentures
(9) Venture Capital

Q. 2. Pass the journal entries for the following transactions in January 2014: (10 Marks)

1. Purchase from Ramesh goods worth Rs. 25000 & sold on the same day 40% of the goods at profit of 10%.
2. Provide Depreciation on machinery value at Rs. 50,000 @ 6% p.a. for three months.
3. Ram bought goods from us at 15% trade discount Rs. 9,000.
4. Approached Mohan for loan of Rs. 30,000. He paid the amount after deducting interest for two months @ of 6% P.A.
5. Ram appointed as a manager on a salary of Rs. 5,000 p.m.
6. Anil cleared his account, less 5% cash discount Rs. 3610.
7. Proprietor borrowed Rs. 70,000 from his friend Mohan and Rs. 45,000 from his sister Neetu.
8. Sunil sold goods to us worth Rs. 40,000 of 10% trade discount and 5% cash discount, only 60% of the amount paid by cheque.
9. Sold furniture belongs to the proprietor for Rs. 50,000 and invested into the business only 60% of the amount received.
10. Goods lost by fire worth Rs. 1,000, Insurance Co. pays the claim for Rs. 800.
11. Started business with Cash Rs. 50,000, Building worth Rs.75,000, Machinery Rs.40,000, Bank balance Rs. 35,000.
12. Bought goods from Hem for Rs. 20,000 at a trade discount of 10% and cash Discount of 2%. Paid 50% amount immediately.
13. Cash Sales Rs. 20,000; out of which Rs. 14,000 deposited into the bank.
14. Paid Salary to Kishan by cheque Rs 4,000.
15. Goods worth Rs. 800 were given as charity out of business.

Q. 3. Prepare a trading a/c, P&L a/c and balance sheet from the following trial balance (10 Marks)

Trial Balance as on 31.03.2010

Heads of Accounts	Dr.	Cr.
Opening Stock	15,000	—
Salary	2,400	
Purchase and Sales	80,000	1,20,000
Machinery	40,000	
Returns	4,000	5,000
Commission Received	—	6,000
Investments	10,000	—
Interest on Investment	—	1,200
Carriage on Purchase	3,000	—
Rent and Rates	4,000	—
Debtors and Creditors	22,800	15,700
Bills Receivable and Bills Payable	3,400	4,100
Cash-in-hand	6,400	—
Wages	18,600	—
Discount Allowed	5,200	—
Royalty Paid	12,000	—
Discount Received	—	6,000
Drawings and Capital	1,200	70,000
	2,28,000	**2,28,000**

Closing Stock was Rs. 15,250

Q. 4. What is the difference between NPV and BCR? Calculate the NPV and BCR for the following inflows, if required rate of return is 10% - (5 Marks)

YEAR	INFLOWS (IN Rs.)
0	-10,00,000
1	400000
2	558,900
3	5,00,000
4	3,46,430
5	22,278

Q. 5. Pooja deposited Rs. 800,000 on retirement in a bank. What can she withdraw annually for a period for 12 years if the interest rate is 12%? (5 Marks)

Q. 6. Answer the following - (2x3=6 Marks)

1. If Current assets is Rs. 2,30,000, Current Liabilities is Rs. 2,40,000, and Inventory is 20000. Calculate Acid Test Ratio, and comment on the liquidity position of the company.
2. If Return on Fixed Assets Ratio for Company A is 10% and for company B is 8%, and Return on Assets for both is 15%, which company will you invest in and why?
3. Give the formula and interpretation of Times Interest Earned Ratio and also give the interpretation.