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Register Number:

Name of the Candidate:

DIPLOMA EXAMINATION, 2010
(ACCOUNTING AND FINANCE)
(PAPER-IV)

140.CORPORATE ACCOUNTING AND FINANCIAL MANAGEMENT

Dec.)

(Time: 3 Hours

Maximum: 100 Marks

Answer any FIVE questions (5×20=100)

1. Explain the function of a financial manager in large scale organization.
2. Discuss the objectives of Financial Management.
3. Critically examine the merits and demerits of raising funds by issuing different types of shares.
4. Enumerate the different sources of long-term finance.
5. Explain the requirements while preparing the profit and loss account under part-II of schedule VI to the companies Act.
6. Explain the factors which influence the working capital requirements of a firm.
7. Explain the tools and techniques used for inventory management.
8. Enumerate the major steps involved in capital budgeting.
9. From the following particulars prepare a statement showing working capital needed to finance a level of activity of 12,000 units of output per annum.

Analysis of selling price per unit	Rs
Raw materials	05
Labour	03
Over head	<u>02</u>
Totalcost	10
Profit	<u>02</u>
Selling price	<u>12</u>

Additional Information:

- a) Raw materials are to remain in store on an average-one month.

- b) Materials are in process, on an average-2 months
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- c) Finished goods are in stock on an average-3 months
- d) Credit allowed to debtors is 4 months.
- e) Credit allowed by suppliers is 2 months

It may be assumed that production and overheads accrue evenly throughout the year.

10. A Company is considering investment in a project that costs Rs.2,00,000. The project has an expected life of 5 years and zero salvage value. The company uses straight line method of depreciation. The company's tax is 40%. The estimated earnings before depreciation and before from the project are as follows:

Year	Earnings before depreciations and tax (Rs)	Present value factor at 10%
1	70,000	0.909
2	80,000	0.826
3	1,20,000	0.751
4	90,000	0.683
5	60,000	0.621

You are required to calculate the net present value at 10% and advise the company.
