

**K J SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**  
**VIDYA NAGAR, VIDYA VIHAR, MUMBAI – 400 077**  
**PGDM (HCM) – Ist Trim. 2018-20 batch**  
**Fundamentals of Finance**  
(End Trimester Examination)

**Max. Marks: 50**

**Duration: 3 Hrs.**

Sept. 24 , 2018.

**Instructions:**

- (1) Question No.1 is compulsory, which is of 14 marks.**
- (2) Answer any THREE questions from the rest, which are of 12 marks each.**
- (3) Answer each new question on a fresh page.**
- (4) Answer all sub questions of a main question together.**
- (5) Don't write extra answers. Only first four will be assessed.**
- (6) If these instructions are ignored, appropriate marks will be reduced.**

Q.1 Following information is collected from a company

Sales of the company in the year 2017 and 2018 were Rs. 2250 and 2850 respectively. The total purchase by the company during the year 2017 and 2018 were Rs. 1500 and Rs. 2100 respectively. The operating expenses of the business are Rs.375 and Rs.525 in the year 2017 and 2018 respectively. Opening stock of the year 2017 is 120.

Following is the Balance sheet of the said company

<b>Liabilities</b>	<b>2017</b>	<b>2018</b>	<b>Assets</b>	<b>2017</b>	<b>2018</b>
Share Capital	1350	1350	Fixed Assets	870	690
Reserves	150	525	Stock	150	300
Bank Overdraft	0	15	Debtors	560	1200
Creditors	120	300	Cash	40	0
<b>TOTAL</b>	<b>1620</b>	<b>2190</b>	<b>TOTAL</b>	<b>1620</b>	<b>2190</b>

Prepare Profit and Loss Account on the basis of the information given for two years 2017 and 2018 and calculate following ratios for two years 2017 and 2018. Also give your comment / opinion on the performance of the company.

- a) Gross Profit Ratio
- b) Stock turnover Ratio
- c) Return on Capital Employed

- Q.2 (a) What are the different segments of Indian financial markets?  
(b) Explain in brief various financial services offered in the financial markets.
- Q.3 (a) Explain the concept of discounting under the time value of money.  
(b) Write and explain the formula to find out present value of future uneven cash inflow.
- Q.4 (a) What are the sources of long term finance for a business?  
(b) Who are the participants in a foreign currency market of any country? How do you classify these participants?
- Q.5 Write short notes on any **TWO** of the following  
(a) Spot and Forward transaction in foreign currency market.  
(b) Types of preference shares  
(c) Difference between interest and dividend

End of the paper