



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Bachelor in Commerce (Honours) in Banking & Financial Accounting

Course Name – Financial Modelling

Course Code – BCM405

(Semester – 4)

Time allotted: 3 Hours

Full Marks : 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) A machine has been purchased in September 2018. Depreciation charged for this asset will be for-
 - a. 7 months
 - b. 5 months
 - c. 12 months
 - d. No depreciation
 - (ii) For calculating annuity amount in loan repayment schedule, use following formula in excel-
 - a. = PMT()
 - b. = IPMT()
 - c. = SUM()
 - d. None of the above
 - (iii) Problems common in developing financial models include-
 - a. Negative cash balance
 - b. Unrealistic assumption
 - c. Circular reference
 - d. All of the above
 - (iv) Income tax has specified tax calculation based on-
 - a. SL method
 - b. WDV method
 - c. Sum of digit method
 - d. All are possible
 - (v) Which one is the correct formula for finding average in excel
 - a. = Avg(AB)
 - b. = Average(A1 : B1)
 - c. = AVERAGE (A1 : B1)
 - d. = Average(A1B1)
 - (vi) What is the colour formatting code used in Excel?
 - a. Formula: Blue; direct links: black; Hard coded: green
 - b. Formula: green; direct links: Blue; Hard coded: Black
 - c. Formulas: Black; Direct links: Green; Hard coded : Blue
 - d. Formula: Green; Direct links: Black; Hard coded: Blue

- (vii) Amortization concept is used for-
- a. Fixed asset
 - b. Current asset
 - c. Long term liabilities
 - d. Fictitious assets
- (viii) What is net block?
- a. Sum total of all assets of the company valued at their cost of acquisition
 - b. Shareholder's equity plus total liabilities
 - c. Assets that help company to reap economic benefits over a period of time
 - d. Gross block less accumulated depreciated.
- (ix) Cash received from sale of old machine is shown in the cash flow statement as
- a. Operating cash flow
 - b. Investing cash inflow flow
 - c. Investing cash outflow
 - d. Financing cash inflow
- (x) Teesary stock occurs when some shares are-
- a. Purchased from market on permanent basis
 - b. New shares issued
 - c. Purchased with the intention of sale them again in future
 - d. None of the above

Group – B

(Short Answer Type Questions)

3 x 5 = 15

Answer any *three* from the following

2. Explain the treatment of following items in cash flow statement: 2+2+1
Changes in current asset, Income tax, Depreciation.
3. From the stated information prepare a statement of balance sheet 5
Property, plant and equipment 27,375.42; Goodwill 99.09; Non-current investment 15,307.29; Deferred tax asset 724.58; Other non-current asset 2,442.21; Current asset 12,588.06;
Equity share capital 679.22; Other equity 20,129.93; Net current borrowings 13,686.09; Net current provision 850.71; Deferred tax liabilities 97.95; Other non-current liabilities 1,444.50; Current liabilities 21,647.80
Figures are in rupees lakhs. Group them in long term asset, current asset, proprietors fund, long term liabilities and current liabilities.
4. Explain working capital schedule and cash flow schedule. Analyze them with difference. 5
5. Draw basic difference between straight line and reducing balance depreciation calculation. Mention the formula of ascertaining depreciation rate 5
6. Highlight some of the common errors in financial statement. Show the method of solving them. 5

Group – C

(Long Answer Type Questions)

3 x 15 = 45

Answer any *three* from the following

7. (a) A company has purchased a vehicle for use in production activities. Cost is Rs.5,00,000. Another Rs.1,00,000 incurred for making it ready for use. 10% is cash down payment. Balance is payable in five equal installments. Loan will carry 10% annual installments. Calculate annual installment amount. 5

- (b) From above data develop a loan repayment schedule. 10

8. (a) From the data given below, prepare depreciation schedule for the year ended 31.03.2018 12
(Rs. Crores)

Assets	Op. Bal.	Addition	Deletion	Opening Depreciation.	Addition	Deletion
Land Freehold	10.07	Nil	Nil	NIL	NIL	NIL
Leasehold	8.27	0.45	NIL	0.19	0.22	NIL
Building Freehold	361.92	12.65	NIL	21.92	14.46	NIL
Leasehold	12.96	NIL	NIL	0.61	0.39	NIL
Plant	577.56	102.79	0.46	121.88	76.69	0.20
Furniture	21.79	5.56	0.03	5.62	3.63	0.02
Computer	36.43	10.73	0.14	10.20	9.32	0.13
Office equipment	8.47	2.13	0.03	2.32	1.85	0.01
Vehicles	9.18	3.79	2.26	1.04	2.14	1.28

- (b) What are the figures to be shown in profit and loss and balance sheet? 3

9. How a financial model is build up? Explain them step by step. 15

10. From the following information prepare cash budget of 3 quarters. 15
Cash in hand on 1.4.2018 is Rs.500.

20% of sales are realized in the month of sale, discount allowed is 2% and balance is realized after 2 months.

Purchases are paid in the following month.

25% of wages are paid in the following month and the balance 75% is paid in the same month.

There is a time lag of 1 month in the payment of other expenses.

GST is due Rs.25,000 on or before 30.6.2018.

Month	Purchases	Wages	Miscellaneous	Sales
Feb	84,000	10,000	7,000	120,000
Mar	100,000	12,000	8,000	130,000
Apr	104,000	8,000	6,000	80,000
May	106,000	10,000	12,000	116,000
Jun	80,000	8,000	6,000	88,000

11. (a) From the following data prepare a production schedule. Company is manufacturing three products 6

Product	Sales(units)	Opening stock	Closing stock
1	40,000	5,000	20,000
2	60,000	15,000	10,000
3	30,000	10,000	5,000

- (b) A company has prepared a production budget. Each units require three different materials A, B and C. Relevant data are- 9

Materials	Estimated consumption	Opening stock Raw materials	Closing stock Raw materials
A	100,000	20,000	25,000
B	150,000	40,000	30,000
C	200,000	50,000	40,000

If price of A , B and C are Rs.5, Rs.10 and Rs.4 respectively, then prepare purchase schedule.
