

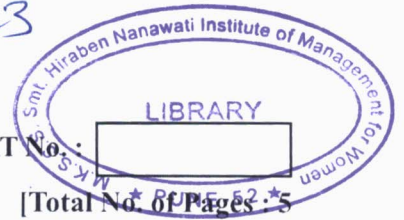
Total No. of Questions : 5]

P-3745

July 23

SEAT No.:

[Total No. of Pages : 5]



[6025]-22

F.Y. M.B.A.

GC-08 : FINANCIAL MANAGEMENT
(2019 Pattern) (Semester - II) (202)

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All Questions are compulsory & carry 10 marks each.
- 2) Simple Non - scientific calculator is allowed.
- 3) Working Notes should be part of the answer.

Q1) Attempt any Five Questions :

- i) The responsibilities of finance manager are linked to _____.
A) Ensuring Liquidity B) Profitability
C) Asset Management D) All of these
- ii) _____ is regarded as a yard stick of economic efficiency of a firm.
A) Wealth Maximisation B) Profit Maximisation
C) Forecasting D) Planning
- iii) Term 'cash' includes _____.
A) Cash & bank Balances B) All the current Assets
C) All the current Liabilities D) Borrowed funds
- iv) Capital structure means _____.
A) Long term Debt & Equity B) Current Assets & Liability
C) Total assets D) Shareholder's Equity
- v) High degree of financial leverage means
A) High debt proportion B) Low Debt proportion
C) Equal Debt & Equity D) No Debt.

P.T.O.

- vi) Capital Budgeting is a part of _____.
- A) Investment Decision B) Working capital management
C) Financing Decision D) Dividend Decision
- vii) When NPV is positive then, Profitability Index (PI) would be _____.
- A) > 1 B) < 1
C) $= 1$ D) $= 0$

Q2) Attempt Any Two

Write brief notes on :

[2 × 5 = 10]

- a) Time value of money (TVM)
b) Internal Rate of Return (IRR)
c) Duties of finance manager
d) Fund flow statement.

- Q3) a)** A simplified Income statement of XYZ Ltd. is given below. Calculate & Interpret its Degree of operating leverage, Degree of financial Leverage & Degree of combined leverage.

XYZ Ltd.

Income statement for the year ending 31st March

	(Rs.)
Sales	10,50,000 = 00
Variable cost	7,67,000 = 00
Fixed cost	75,000 = 00
EBIT	2,08,000 = 00
Interest	1,10,000 = 00
Taxes (30%)	29,400 = 00
Net Income	68,600 = 00

OR

- b) Using the information & format given below compute the balance sheet items of a company having sale of Rs 36,00,000

Sales / Total Assets	3
Sales / Fixed Assets	5
Sales / Current Assets	7.5
Sales / Inventories	20
Sales / Debtors	15
Current Ratio	2
Total Assets / Net worth	2.5
Debt/Equity	1

Balance sheet as on (Rs.)

Liabilities	Amount	Assets	Amount
Net worth	-----	Fixed Assets	-----
Long term Debt	-----	Inventories	-----
Current Liabilities	-----	Debtors	-----
		Liquid Assets	-----
	-----		-----

- Q4) a) PQR Ltd. whose cost of capital is 10%, is considering two mutually exclusive projects X & Y & the details are.

(Rs.)

Particulars	Project X	Project Y
Cash flow year 1	10,000 = 00	50,000 = 00
2	20,000 = 00	40,000 = 00
3	30,000 = 00	20,000 = 00
4	45,000 = 00	10,000 = 00
5	60,000 = 00	10,000 = 00
	1,65,000 = 00	1,30,000 = 00

The Initial Investment of both the projects is Rs 75,000.

Calculate NPV & PI of both the project & comment

(PVF for yr 1 - 5 are 0.909, 0.826, 0.751, 0.683 & 0.621)

OR

- b) Following Information has been extraded from the balance sheet of M/S. Ram & co. as on 31st March.

	Rs in Lakhs
Equity share capital	400
12% Debentures	400
18% Term loan	1,200
	<u>2,000</u>

- i) Determine the weighted average cost of capital of the company. This company has been paying dividends at a consistant rate of 20%.
- ii) What difference will it make if the current price of share is Rs. 160, on Ke (face value of the share is Rs 100)

- Q5) a) A company has to prepare a statement of working capital needed to finance a level of activity of 3,00,000 units of output for the year. The cost structure of company's product for above mentioned activity level is as given.

Particulars	Cost per unit (Rs)
Raw material	20
Direct labour	5
Overheads	15
Total cost	<u>40</u>
Profit	15
Selling price	<u>55</u>

Additional Information :

Desired Raw material Stock -	2 months
Work - in - Progress (50% complete) -	½ months product
Finished goods in Godown -	1 month
Credit extended by suppliers -	1 month
Credit Allowed to Debtors -	2 Months
Minimum Cash balance -	Rs. 25,000 = 00
Production pattern is to be assumed to be even through out the year.	

OR

- b) Following is the summary of the financial Ratios of a company relating to its liquidity position

Ratio	Year 1	Year 2	Year 3
1) Current Ratio	2	2.13	2.28
2) Acid Test Ratio	1.20	1.10	0.90
3) Debtors Turnover Ratio	10 times	8 times	7 times
4) Stock Turnover Ratio	6 times	5 times	4 times

The current Ratio of this company is increasing while Acid test Ratio is decreasing.

Explain the contributing factor/s for this apparently divergent trend



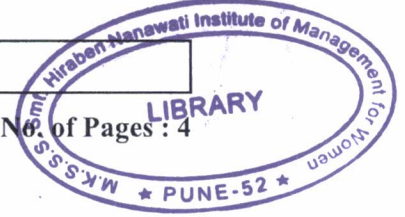
21 Feb 23

Total No. of Questions : 5]

PA-4166

SEAT No. :

[Total No. of Pages : 4



[5946]-202

M.B.A.

**GC-08 : FINANCIAL MANAGEMENT
(2019 Pattern) (Semester-II)**

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates :

- 1) All questions carry 10 marks each.
- 2) All questions are compulsory.
- 3) In case of answering numericals, working notes should be part of the answer.
- 4) Simple/Non-scientific calculator is allwed.

Q1) Attempt any Five:

[5 × 2 = 10]

- a) Enlist the functions of a finance manager.
- b) What is a "common size statement?"
- c) What is financial leverage? How is it different from operating leverage?
- d) Discuss in brief the concept of Net Present Value (NPV)
- e) What is 'Trading on Equity'?
- f) Differentiate between current ratio & quick ratio/acid test ratio.
- g) Cost of equity capital K_e is always more than cost of Debt capital K_d ____
This statement is
i) False ii) True iii) Can't say

Q2) Answer any Two:

[2 × 5 = 10]

- 1) Elaborate the determinants of capital structure.
- 2) Discuss in brief the factors responsible for determining the need of working capital.
- 3) Compare the traditional methods of capital budgeting with the modern methods/techniques of capital budgeting.
- 4) What are Turnover Ratios ? Explain any two turnover ratios.

P.T.O.

Q3) a) Following data is extracted from the books of XYZ ltd.

	(Rs)
sales	5,00,000
less: variable cost	1,50,000
contribution	3,50,000
less: fixed cost	1,00,000
EBIT	2,50,000
less: Interest	50,000
EBT	2,00,000

Calculate: i) Degree of operating leverage.

ii) Degree of Financial leverage.

iii) Degree of combined leverage.

Also,

Calculate DOL, DFL & DCL if sales increase by 6% with other factors remaining same.

OR

b) Based on the given information of PQR Ltd,

Calculate: i) Gross profit ratio

ii) Current ratio

iii) Stock Turnover Ratio (based on COGS)

iv) Debt equity ratio

v) Average collection period.

Income statement of PQR Ltd.

	(Rs)
sales	10,00,000
raw materials consumed	2,00,000
wages	2,00,000
manufacturing expenses	1,00,000
cost of goods sold	5,00,000
administrative expenses	50,000
selling & distribution expenses	50,000
Net profit	4,00,000

Balance sheet of PQR Ltd as on 31st March

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity capital	2,00,000	Fixed assets	2,50,000
Reserves	1,50,000	Stock	2,50,000
Debentures	2,00,000	Debtors	1,00,000
Creditors	1,00,000	Cash & bank	1,00,000
Bank O.D.	50,000		
Total	7,00,000	Total	7,00,000

- Q4) a) Alfa Ltd has currently an ordinary share capital of Rs. 25 lakh, consisting of Rs. 25,000 shares of Rs. 100 each.

The management is planning to raise another Rs. 20 lakh to finance a major programme of expansion through one of the 3 financial plans, given below.

- Entirely through Equity Shares
- Rs.5 lakh through equity shares & Rs.15 lakh through long-term borrowings at 16% P.A. interest.
- Rs.10 lakh through ordinary shares & Rs.10 lakh through preference shares with 14% dividend.

This company is expected to earn EBIT of Rs.8 lakh. Assuming a tax rate of 35% determine the EPS in each alternative & comment on implications of financial leverage. Which alternative should be selected?

OR

- b) XYZ Ltd sells its products on a gross profit of 20% on sales. Following information is extracted from its annual accounts for the year ended on 31st March.

Sales at 3 month's credit	Rs. 40,00,000
Raw material	Rs. 12,00,000
Wages- avg time lag 15 days	Rs. 9,60,000
Mfg.expenses-paid one month in arrears	Rs. 12,00,000
Admin. expenses, paid one month in arrears	Rs. 4,80,000
Sales promotion expenses-payable half yearly in advance.	Rs. 2,00,000

21/2/23

10.00 + 12.30

This company enjoys one month's credit from its suppliers of raw materials & maintains 2 month's stock of raw materials & 1½ month's stock of finished goods. Cash balance of Rs.1,00,000 is maintained. Assuming 10% margin, find out the working capital needs of XYZ Ltd.

- Q5) a) ABC Ltd, whose cost of capital is 10% is considering two mutually exclusive projects X & Y. The details of which are:

Particulars	Project X(Rs.)	Project Y(Rs.)
Investment:-	70,000	70,000
Cash inflow: year 1	10,000	50,000
2	20,000	40,000
3	30,000	20,000
4	45,000	10,000
5	60,000	10,000
	1,65,000	1,30,000

Calculate NPV, PI of Project X & Project Y. Which project should be selected? Why?

PVF @ 10% for year 1 to 5 are (0.909, 0.826, 0.751, 0.683, 0.621)

OR

- b) Calculate the cost of capital in following cases.

- i) X Ltd issues 12% debentures of face value Rs.100 each & realizes Rs.95 per debenture. These debentures are redeemable after 10 years at a premium of 10%

&

- ii) Y Ltd issues 14% preference shares of face value of Rs.100 each at Rs.92 these shares are repayable (redeemable) at par after 12 years. Assume that both the companies are paying income tax at 50%.



12 Aug 22

Total No. of Questions : 5]

P6869

SEAT No. :

[Total No. of Pages : 5

[5860] - 202

M.B.A. - I

202 : GC - 08 : FINANCIAL MANAGEMENT
(2019 Pattern) (Semester - II)

Time : 2½ Hours]

[Max. Marks : 50

Instructions to the candidates:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- 3) Use of simple calculator is allowed.

Q1) Answer the following Multiple Choice Question (Any 5).

[10]

- i) Funds are financial resources in the form of:
 - a) Corporate capital
 - b) Business Funds
 - c) Cash Equivalents
 - d) All of these
- ii) The sum of short term and long term sources of finance is known as :
 - a) Capital structure
 - b) Both of these
 - c) Financial structure
 - d) None of these
- iii) The decisions of investing in long term or fixed assets on the basis of cost - benefit analysis or risk - return analysis are known as:
 - a) Working capital decisions
 - b) Financial Decisions
 - c) Capital budgeting decision
 - d) None of these
- iv) The decisions relating to the use of profit or income of an entity or organization are known.
 - a) Finance decision
 - b) Dividend decisions
 - c) Investment decision
 - d) Any of these
- v) The concept that value of a rupee to be received in future is less than the value of a rupee on hand today is named as what.
 - a) Recovery factor concept
 - b) Time value of money
 - c) Compounding factor concept
 - d) None of these
- vi) The method of converting the amount of cash and cash equivalents value in present is known as:
 - a) Compounding
 - b) Annuity
 - c) Discounting
 - d) None of these

P.T.O.

- vii) The decisions which are concerned with allocation of funds to the short term investment proposal are known as:
- Capital investment
 - Working Capital decisions
 - Capital budgeting
 - None of these
- viii) Through leverage analysis the financial manager measure the relationship between.
- Cost and earning
 - Sales revenue and earning
 - Cost and sales revenue
 - Cost sales, revenue and earning

Q2) Write short notes: (Any 2)

[10]

- Financial forecasting.
- Factoring.
- Operating cycle.
- Trading on equity.

Q3) The following is the Balance Sheet of Global India Pvt. Ltd., Ahmednagar as on 31st March 2022.

[10]

Balance Sheet as on 31.03.2022.

Liabilities	Amount	Assets	Amount
Share capital	2,00,000	Land and Building	1,40,000
Profit and loss A/C	30,000	Plant and Machinery	3,50,000
General Reserve	40,000	Stock in Trade	2,00,000
12% Debenture	4,20,000	Debtors	1,00,000
Creditors	1,00,000	Bills Receivable	80,000
Bills payable	50,000	Bank	40,000
Total	8,40,000	Total	8,40,000

Calculate:

- Current Ratio.
- Quick Ratio.
- Inventory to working capital.
- Debt to Equity.
- Proprietary Ratio.

OR

2

The following Balance Sheet of Amrish Ltd. in as follow:

Balance Sheet As on 31.03.2022

Liabilities	Amount	Assets	Amount
Equity capital	1,00,000	Goodwill	5,00,000
6% per share	5,00,000	Plant and Machinery	6,00,000
General Reserve	1,00,000	Land and Building	7,00,000
Profit and loss A/c	4,00,000	Further	1,00,000
provision for tax	1,76,000	Inventory	6,00,000
Bills payable	1,24,000	Bills Receivable	30,000
Bank o/d	20,000	Debtor	1,50,000
Creditors	80,000	Bank	2,00,000
12% Debenture	5,00,000	Short term Investment	20,000
Total	29,00,000	Total	29,00,000

Calculate:

- Current Ratio.
- Liquid Ratio.
- Current Asset to Fix Asset.
- Debt to Equity.
- Proprietary Ratio.

- Q4) a) Swaraj Ltd. is considering investing in a project that is expected to cost ₹ 12,00,000 and has an effective life of 5 year. The projected cash inflow for this period is as follows: [5]

Year	Amount (₹)
1	3,00,000
2	3,00,000
3	4,50,000
4	4,50,000
5	7,50,000

Calculate:

- Pay Back Period.
- Net Present value @10% rate of discount.
- Profitability Index.

OR

- a) A firm whom 10% is consider in to mutual exclusive proposal. X & Y. Then details of which are as follow:

Year	Proposal 'X'	Proposal 'Y'
1	1,00,000	6,50,000
2	2,50,000	6,00,000
3	3,50,000	6,00,000
4	5,50,000	5,75,000
5	7,50,000	5,25,000

Calculate IRR of the following proposal X and Y. for an intial investment of ₹15,00,000.

- b) Gaurav Ltd. has following capital structure.

[5]

Source	Amount ₹
Equity capital (Expected divided 12%)	10,00,000
10% preference share	5,00,000
8% loan	15,00,000

Your required to calculate weighted Average cost of capital (WACC) Assuming that 50% as the rate of income Tax.

OR

- b) Calculate weighted average cost of capital from the following.

Source of Capital	Book value of capital rupee	Specific cost %
Equity share	25,00,000	11
Preferance share	18,00,000	13
Bank loan	13,00,000	10

- Q5) The Board of Directors of sarthak limited request you to prepare a statement showing the working capital requirements for a level of activity of 30,000 units of output for the year.

The cost structure for the company's product for the above mentioned activity level is given below.

Particular	Cost per unit (RS)
Raw materials	20
Direct labor	5
Overheads	15
Total	40
Profit	10
Selling Price	50

- Past experience indicates that raw materials are held in stock, on an average for 2 months.
- Work in progress (100% complete in regard to materials and 50% for labour and overhead) will be half a month's production.
- Finished goods are in stock on an average for 1 month.
- Credit allowed to supplier : 1 month.
- Credit allowed to debtors : 2 month.
- A minimum cash balance of ₹ 25,000 is expected to be maintained.

Prepare a statement of working capital requirements.

[10]

OR

Calculate the working capital requirement of "RJM Ltd,".

Particular	Cost per unit (Rs)
Raw material	800
Direct labour	300
Over heads	600
Total cost	1700
Profit	300
Selling price	2000

Additional information.

- Output 60,000 units per annum.
- Raw material in stock 1 month.
- W/P - half month (consider 100% Raw material and 50% labour and OH).
- Finish goods in stock 1 month.
- Credit allowed by suppliers - 1 month.
- Credit allowed to debtors 2 month.
- Delay in payment of wages half month.
- Delay in payment of overheads half month.

Assume that production is carried out evenly throughout a year. All the sales are credit sales.