21 Feb. 2023

Total No. of Questions : 5]

SEAT No. :

PA-4166

[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 alllwed.*

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.

i) Entirely through Equity Shares

ii) Rs.5 lakh through equity shares & Rs.15 lakh through long-term borrowings at 16% P.A. interest.

iii) 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

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, findout 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, P I 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%.

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Total No. of Questions : 5]

SEAT No. :

[Total No. of Pages : 5

P6869

[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 therm sources of finance is know 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

vii) The decisions which are concerned with allocation of funds to the short term investment proposal are known as:

a) Capital investment
b) Working Capital decisions
c) Capital budgeting
d) None of these

viii) Through leaverage analysis the financial manager measure the relationship between.

a) Cost and earning
b) Sales revenue and earning
c) Cost and sales revenue
d) Cost sales, revenue and earning

Q2) Write short notes: (Any 2) **[10]**

a) Financial forecasting.

b) Factoring.

c) Operating cycle.

d) 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	10,000
Bills payable	50,000	Bank	40,000
Total	8,40,000	Total	8,40,000

Calculate:

1) Current Ratio.

2) Quick Ratio.

3) Inventory to working capital.

4) Debt to Equity.

5) Proprietary Ratio.

OR

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:

i) Current Ratio.

ii) Liquid Ratio.

iii) Current Asset to Fix Asset.

iv) Debt to Equity.

v) 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:

i) Pay Back Period.

ii) Net Present value @10% rate of discount.

iii) 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.

[5]

b) Gaurav Ltd. has following capital structure.

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

a) Past experience indicates that raw materials are held in stock, on an average for 2 months.

b) Work in progress (100% complete in regard to materials and 50% for labour and overhead) will be half a month's production.

c) Finished goods are in stock on an average for 1 month.

d) Credit allowed to supplier : 1 month.

e) Credit allowed to debtors : 2 month.

f) 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.

1) Output 60,000 units per annum.

2) Raw material in stock 1 month.

3) W/P - half month (consider 100% Raw material and 50% labour and OH).

4) Finish goods in stock 1 month.

5) Credit allowed by suppliers - 1 month.

6) Credit allowed to debtors 2 month.

7) Delay in payment of wages half month.

8) Delay in payment of overheads half month.

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

NOV 2019

Total No. of Questions : 5]

SEAT No. :

P4726

[Total No. of Pages : 5

[5659] - 2002

M.B.A.

202 : FINANCIAL MANAGEMENT

(2016 Pattern) (Semester - II)

Time : 2 ¼ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *All questions are compulsory.*
2) *Each question has an internal option.*
3) *Each question carries 10 marks.*
4) *Figures to right indicate marks for that question/sub question.*
5) *Use of simpal calculator is permitted.*
6) *Draw neat diagram and illustrations supportive to your answer.*
7) *Your answer should be specific and to the point.*

Q1) a) Explain wealth maximisation and profit maximisation. **[10]**

OR

b) Explain the functions of finance manager.

Q2) a) i) A firm has sales of Rs. 75,00,000/-, variable cost 42,00,000/- and Fixed cost 6,00,000/-. It has Debt of 45,00,000/- at 9%. What are the operating, Financial And Combined Leverege **[5]**

ii) Sagar Ltd has following capital structure.

Source	Rs.
Equity Capital (Expected dividend 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. **[5]**

OR

b) i) Mayank Ltd has following details calculate WACC based on book value weights and market value weights. **[5]**

P.T.O.

Type of Capital	Book Value	Market Value	Specific Cost
Equity	6,00,000	9,00,000	15%
Preference	1,00,000	1,10,000	8%
Debt	4,00,000	3,80,000	5%
Retained Earning	2,00,000	3,00,000	13%
Total	13,00,000	16,90,000	

ii) Calculate the leverages from the following. **[5]**

(Operating. Financial And Combined)

Sales = 25,000 units.

Interest p.a. = Rs. 30,000/-

Selling Price Per unit = Rs. 24/-

Tax Rate = 50%

Variable Cost per unit = Rs. 16/-

No. of equity shares = 10,000

Fixed cost = Rs. 80,000/-

Q3) a) Following are the summarised Balance sheet of ABD Ltd As on 31 march. 2018 And 2019. Your Required to prepare Fund Flow statement for the year ended. **[10]**

Liabilities	2018	2019	Assets	2018	2019
Share capital	4,00,000	5,00,000	Goodwill	-	10,000
General Reserve	1,00,000	1,20,000	Land & Building	4,00,000	3,80,000
P & L A/C	61,000	61,200	Plant & Machinary	3,00,000	3,38,000
Bank Loan	1,40,000	2,70,400	Stock	2,00,000	1,48,000
Creditors	3,00,000	-	Debtors	1,60,000	1,28,400
Provision for Tax	60,000	70,000	Cash	1,000	17,200
Total	10,61,000	10,21,600	Total	10,61,000	10,21,600

Additional Information :

i) Depreciation on plant & machinary 14, 000 And land & Building Rs. 10,000/-

ii) Dividend of Rs. 23, 000/- was paid.

iii) Provision for Tax was made during the year Rs. 33,000/-

OR

b) The Balance Sheet of Sanjay Ltd. as follows. **[10]**

Liabilities	Rs.	Assets	Rs.
Capital	2,50,000	Fixed Assets	2,60,000
Reserves	1,16,000	Investment	40,000
Loan	1,00,000	Stock	1,20,000
Creditor &		Debtors	70,000
Current Liabilities	1,29,000	Cash/Bank	20,000
		Other current Assets	25,000
		Misc. Exp.	60,000
Total	5,95,000	Total	5,95,000

Other details :

i) Sales - 6,00,000/-

ii) Profit Before Int & Tax - 1,50,000/-

Calculate :

1) Current Ratio
2) Stock Turnover Ratio
3) Liquid Ratio
4) Return on Capital Employed Ratio
5) Return on Networth

Q4) a) i) Why is discounted cash flow a superior method for capital budgeting? **[5]**

ii) A company considering the process of replacement of an Asset. The cost of an Asset is Rs. 15 lakhs. The cost of the company capital is 10%. The expected cash Inflow for 5 years as follows.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Inflow	4 Lakhs	4 Lakhs	6 Lakhs	6 Lakhs	4 Lakhs
PVF @ 10%	0.909	0.826	0.751	0.683	0.621

Calculate NPV @ 10% And Profitability Index. **[5]**

OR

b) i) Does IRR model make significantly different decision than NPV method? [5]

ii) AB Ltd. is planning to invest in new project. The Investment Budget of company is Rs. 5,60,000/- The company has following Investment Alternative. [5]

Particulars	Year	Project 'S'	Project 'Q'
Investment	0	5,60,000	5,60,000
Cash In flow	1	80,000	4,00,000
	2	1,60,000	3,20,000
	3	2,40,000	1,60,000
	4	3,60,000	80,000
	5	4,80,000	80,000

Compute

1) NPV @ 10%
2) Profitability Index

Q5) a) The cost structure of company's product is as follows. **[10]**

Cost Per Unit	Rs.
Raw Material	40
Direct Labour	10
Overheads	30
Total cost	80
Profit	20
Selling Price	100

i) Annual Production is 2,50,000

ii) It is the policy of the company is to maintain the stock of Raw material equivalent to one months production.

iii) Half a month's Production will remain in the process throughout the year (Stage of completion 50%)

iv) The finished goods in warehouse on an overage for a month.

v) The company sells its goods on credit to customer for 2 months.

vi) The supplier allows 03 month credit.

vii) The lag in payment for wages and overheads for one month.

viii) Minimum cash Balance Rs. 50,000/- is expected to be maintained. Prepare working capital statement.

OR

b) SB Ltd. is commencing a new project to manufacture a plastic component. The annual production of 1,00,000 units. **[10]**

Cost Per Unit	Rs.
Raw Material	80
Direct Labour	30
Overhead (Including Depreciation) Rs. 10/-	60
Total Cost	170

Additional Information :

i) Selling Price Per Unit Rs. 100/-

ii) Raw material in stock, Avg. 4 weeks.

iii) Work in progress, Avg. 2 weeks.

iv) Finished goods in stock, Avg. 4 weeks

v) Credit allowed to customer, Avg. 8 weeks.

vi) Credit allowed by supplier, Avg. 4 weeks.

vii) Lag in payment in of wages and overheads 1.5 weeks.

viii) Cash in hand Rs. 50,000/-

You may assume production is carried out on evenly throughout the year 52 weeks and wages overhead accure similarly. All sales are credit basis only. Your required to prepare working capital statement as per cash cost Approch.

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May 2019
9 May 2019

Total No. of Questions : 5]

SEAT No. :

[Total No. of Pages : 5

P5554

[5565]-2002
M.B.A
202 : FINANCIAL MANAGEMENT
(2016 Pattern) (Semester - II)

Time : 2¼ Hours] *[Max. Marks : 50*

Instructions to the candidates:
1) *All questions are compulsory.*
2) *Each question has an Internal option.*
3) *Each question carries 10 marks.*
4) *Figures to right indicate marks for that question/sub-question.*
5) *Your answers should be specific and to the point.*
6) *Draw neat diagrams and illustrations supportive to your answer.*
7) *Use of simple calculator is permitted.*

Q1) a) "The wealth maximising objective is superior to the profit maximisation objective", Explain. **[10]**

OR

b) Describe the finance functions as divided into three broad categories.

Q2) a) i) Calculate three leverages from the following data; **[5]**

Units sold (no.)	40000
Unit Sale Price	Rs. 9
Fixed Cost	Rs. 35000
Variable Cost per Unit	Rs. 7
8% debt capital	Rs. 80000

ii) The entire capital structure of a company is provided. Determine the after tax Weighted Average Cost of Capital (WACC), assuming the tax rate of 25%. **[5]**

Components of Capital	Amount (Rs.)
Equity Capital (Expected Dividend 11%)	15,00,000
10.5% Preference Shares	10,00,000
9% Debentures	20,00,000

P.T.O.

OR

b) i) Calculate the Operating, Financial and Combined Leverage from the following information; [5]

Sales	Rs. 60000
Variable Cost	Rs. 28000
Interest	Rs. 6000
Fixed Cost	Rs. 19000

ii) Calculate the Weighted Average Cost of Capital (WACC) based on Book Value Weights and Market Value Weights of the company with following capital structure. [5]

Type of Capital	Book Value (Rs.)	Market Value (Rs.)	Post Tax Costs %
Equity	10,00,000	14,00,000	14
Preference Shares	4,00,000	4,50,000	9
Debt	10,00,000	8,00,000	7

Q3) a) The following is Balance Sheet as on 31st March 2016 of the company.

Liabilities	Rs.	Assets	Rs.
Equity shares of Rs. 10 each	600000	Fixed Assets 3500000	
Reserve Fund	400000	Less: Depreciation 500000	3000000
Profit and Loss A/c	500000	Stock	600000
Long Term Loans	2000000	Debtors	500000
Creditors	450000	Cash	100000
Other Current Liabilities	250000		
	4200000		4200000

Additional Information :

i) Profit earned during the year is Rs. 450000

ii) Market Price of Share is Rs. 500

iii) Ignore provisions regarding taxations

Calculate the following ratios : [10]

i) Debt - Equity Ratio

ii) Current Ratio

iii) Acid Test Ratio

iv) Earning per Share

v) Price Earning Ratio

OR

b) The following is summarized Balance Sheet as on 31st March 2015 and 2016 of the company. Prepare a schedule of changes in working capital and funds flow statement for the year ended on 31st March 2016. **[10]**

Liabilities	2015	2016	Assets	2015	2016
Share Capital	80000	90000	Machinery	26000	38000
Profit and Loss A/c	13000	24000	Building	45000	45000
Long Term Loans	1000	5000	Stock	10000	7000
Sundry Creditors	8000	5000	Sundry Debtors	16000	22000
			Cash in hand	5000	12000
	102000	124000		102000	124000

Q4) a) i) Despite weaknesses, the payback period method is popular in practice? Explain. **[5]**

ii) A company is considering the purchase of a new machine. The cost of machine is Rs. 2250000. The cost of company's capital is 10%, The following cash inflows are expected during six year period. The PVF @10% is also provided for 6 year period.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash Flows (Rs.)	535000	586000	559000	480000	614000	637000
PVF @ 10%	0.909	0.826	0.751	0.683	0.621	0.564

Comment on suitability of the project by using NPV and PI. **[5]**

OR

b) i) Explain the merits and demerits of the time-adjusted methods of evaluating the investment projects. [5]

ii) There are two capital investment projects X and Y with initial cost of each is Rs. 300000. The cash inflows for both projects are given for five year period.

	Year 1	Year 2	Year 3	Year 4	Year 5
Project X (Rs.)	50000	70000	60000	120000	80000
Project Y (Rs.)	60000	90000	80000	60000	40000

Appraise the projects based on payback period. [5]

Q5) a) Prepare a statement showing working capital requirement to finance a level of activity of 10400 units per year. The cost structure is provided below :

Particulars	Cost /unit (Rs.)
Raw Materials	10
Direct Labour	5
Overheads	7
Profit	5

Additional Information;

i) Average raw material in stock - one month

ii) Average material in process - 2 weeks (Assume 50% of completion stage with full material consumption)

iii) Average finished goods in stock - one and half month

iv) Credit allowed by suppliers - one month

v) Credit allowed to debtors - one month

vi) Time lag in payment of wages - 2 weeks

vii) Time lag in payment of overheads - 1 month

viii) Cash basis sales - 25%

ix) Cash balance is expected to be Rs. 15000

The production is carried out evenly throughout the year. [10]

OR

b) From the following information prepare a estimated working capital requirement statement: Projected annual sales 31200 units. Selling Price per unit is Rs. 80. **[10]**

Particular	**Cost per Unit as % of selling price**
Raw Materials	45%
Direct Labour	25%
Overheads	15%

Additional Information;

i) Average raw material in stock - 3 weeks

ii) Average work in progress - 5 weeks (Assume 50% of completion stage with full material consumption)

iii) Average finished goods in stock - 2 weeks

iv) Credit allowed by creditors - 4 weeks

v) Credit allowed to debtors - 3 weeks

vi) Time lag in payment of wages and overheads - 2 weeks

vii) Cash balance is expected to be Rs. 40000

viii) All sales are on credit basis only.

The production is carried out evenly throughout the year.

4 May 2018

Total No. of Questions :5]

P1342

[5365]-202

M.B.A.

202 : FINANCIAL MANAGEMENT

(Revised 2013 Pattern)

Time : 2½ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *Use only accounting calculators.*
2) *All questions are compulsory.*
3) *Figures to the right indicate marks.*

Q1) a) What are the goals, objective and functions of finance management. Describe the various modern approaches to financial management. **[10]**

OR

b) Explain the main functions and key strategies used by a financial manager. **[10]**

Q2) a) i) The following are the summarized trial balance of XYZ Ltd as on 31-12-2015 and 2016 respectively. You are required to prepare statements showing.

1) The net increase in working capital during the year 2016

2) The sources and application of funds during the year. Taxation has been and is to be ignored.

Particulars	31-12-2015		31-12-2016	
	Dr	Cr	Dr	Cr
	(Rs)	(Rs)	(Rs)	(Rs)
1. Issued share capital		2,00,000		2,00,000
2. Capital Reserve				47,600
3. 5.5% debentures				50,000

Particulars	31-12-2015		31-12-2016	
	Dr	Cr	Dr	Cr
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
4. Debenture Discount			1000	
5. Free holds				
- At cost	1,12,500			
- At revaluation			1,51,000	
6. Plant and machinery at cost	2,48,000		2,96,000	
7. Provision for depreciation of plant & machinery		1,14,200		1,25,350
8. Current assets	1,86,150		1,78,950	
9. Current Liabilities		1,09,250		82,550
10. Balance on P & L A/C from previous year		92,200		1,22,000
11. Net profit for the year		29,800		36,850
12. Dividend paid for the year 2016			20,000	
13. Provision for doubt ful debts		1200		1350
14. Trade investment at cost			18,750	
	5,46,650	5,46,650	6,65,700	6,65,700

Further information

1) The capital reserve as on 31-12-2016 represented :

   i) The profit on sale for cash of one of the free hold property.

   ii) The surplus arising on the revaluation of the remaining free holds.

2) During the year 2016 machinery costing Rs. 24,000 (Accumulated depreciation Rs. 15,500) was sold for Rs. 10,300.

3) On 1st July 2016 debentures worth Rs. 50,000 were issued for cash at a discount of Rs. 1500.

4) The Net Profit for the year 2016 is arrived at after crediting profit on the sale of machinery and after charging debenture interest and writing off debenture discount Rs. 500. **[5]**

ii) What is the purpose of cash flow Analysis. Enumerate any two differences between cash flow and fund flow Analysis. **[5]**

OR

b) i) Interpret the following Ratios **[5]**

	ABC Ltd.	XYZ Ltd.
1. Current Ratio	2:5	2:5
2. Liquid Ratio	1:1	2:1
3. Gross Profit Ratio	20%	30%

ii) Explain in detail the meaning, Nature, objective and limitation of Financial Analysis. **[5]**

Q3) a) PQR Ltd is considering investing in a project that is expected to cost Rs. 12 Lakhs. The expected cash inflows (Before Tax and depreciation are given below). The company is using straight line method of depreciation Calculate :

i) Pay Back period

ii) NPV if capitalization Rate is 10%

Cash in flow (before tax and dep.)

Year	Rs.
1	3,00,000
2	3,00,000
3	4,50,000
4	4,50,000
5	7,50,000
	22,50,000

The present value factor @ 10% are year 1- 0.909 year 2-0.826 year 3-0.751 year 4-0.683 year 5-0.621 **[10]**

OR

b) A Firms whose cost of capital is 10% is considering two mutually exclusive proposals *x* and *y*. The details of which are as follows : **[10]**

Particulars	Project X (Rs.)	Project Y (Rs.)
Investments cash inflows	15,00,000	15,00,000
at the end of :		
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
	35,00,000	44,50,000

Calculate :

i) Profitability index 10% Capitalization Rate

ii) Average Rate of Return

Q4) a) A proforma cost sheet of a company are as follows :

Particulars	Cost per unit (Rs)
Raw materials	52.0
Direct labour	19.5
Overheads	39.0
Total cost per unit	110.5
Profit	19.5
Selling price	130.5

Additional Information :

Average raw materials in stock is one month; average material in process-half month; credit allowed by supplier-one month; credit allowed to debtors-two months; Time lag in payment of wages-one and half weeks overheads-one month; $\frac{1}{4}^{th}$ of the sales are on cash basis-expected month; cash balance Rs. 1,20,000. Prepare a statement showing working capital requirements to finance a level of activity of 70,000 units of output. **[10]**

OR

b) The Board of Directors of ABC Ltd requests you to prepare a statement showing the working capital requirements for a level of activity of 1,56,000 units production using the following information.

Particulars	Per unit (Rs)
Raw materials	90
Direct labour	40
Overheads	75
Total cost	205
Profit	60
Selling price per unit	265

i) Raw materials are in stock on an average 1 month

ii) Materials are in process 100% consumption on an average two weeks.

iii) Finished goods are in stock on an average one month.

iv) Credit allowed by suppliers one month.

v) Time lag in payment from debtors two months.

vi) Lag in payment of wages 1½ weeks.

vii) Lag in payment of overheads one month. 20% of the output is sold against cash. Cash in hand and bank expected Rs. 60,000. Assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month. For calculating WIP consider overhead and wages @ 50% and Raw material 100%. **[10]**

Q5) a) i) Calculate the weighted average cost of capital using the following information X Ltd has the following capital structure

	Particulars	(Rs)
1)	Equity share capital [20,000 shares]	4,00,000
2)	6% Preference share capital	1,00,000
3)	8% Debenture capital	3,00,000
		8,00,000

Additional information :

The market price of equity share is Rs. 20. It is expected that the company will pay a current dividend of Rs. 2 per share which will grow @ 7% forever. Rate of Tax 40% **[5]**

ii) What are the various types of cost of capital? Explain any two uses of cost of capital. **[5]**

OR

b) i) From the following information calculate. WACC on the basis of weights asigned as per

1) Book value

2) Market value

Cost of equity 18%; cost of long-term debt 8% [post tax]; cost of preference capital 14%

Source of capital	Book value	Market value
	Rs.	Rs.
Equity capital	5,00,000	7,50,000
Long term debt	4,00,000	3,75,000
Preference capital	1,00,000	1,00,000
	10,00,000	12,25,000

[5]

ii) Explain the Net income Approach of capital structure using suitable graph and example. **[5]**

4 May 2018

Total No. of Questions :5]

P1428

SEAT No. :

[Total No. of Pages : 4

[5365]-2002

M.B.A.

202 : FINANCIAL MANAGEMENT

(Semester-II) (2016 Pattern)

Time : 2¼ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *All questions are compulsory.*
2) *Each questions has an internal option.*
3) *Each question carries 10 marks.*
4) *Use of simple calculator is permitted.*

Q1) a) Describe modern approaches to financial management. **[10]**

OR

b) Explain functions of finance manager and key strategies of financial management. **[10]**

Q2) a) i) Explain factors affecting capital structure. **[5]**

ii) Mamta limited has following capital structure. **[5]**

Source	Rs.
Equity capital (Expected dividend 12%)	5,00,000
10% Preference Shares	2,50,000
8% Loan	7,50,000

You are required to calculate the WACC, Assuming 50% as the rate of Income tax before and after tax.

OR

b) i) Explain concept and measurement of cost of capital. **[5]**

ii) The entire capital structure of a company is provided along with the tax adjusted cost of each component. Determine the WACC. **[5]**

Source	Amount (Rs.)	Tax adjusted cost of capital
12% Debenture	30,00,000	8%
9% Preference share capital	20,00,000	9%
Equity Shares	50,00,000	14%

P.T.O.

Q3) a) The following data are extracted from the published accounts of two companies, ABC Ltd. and XYZ Ltd. In an industry.

Particulars	ABC Ltd	XYZ Ltd
Sales	Rs. 32,00,000	Rs.30,00,000
Net profit after tax	1,23,000	1,58,000
Equity Capital (Rs. 10 per share fully paid)	10,00,000	8,00,000
General reserves	2,32,000	6,42,000
Long-term debt	8,00,000	5,60,000
Creditors	3,82,000	5,49,000
Bank credit (short-term)	60,000	2,00,000
Fixed assets	15,99,000	15,90,000
Inventories	3,31,000	8,09,000
Other current assets	5,44,000	4,52,000

Prepare a statement of comparative ratios showing liquidity, profitability, activity and financial position of the two companies. **[10]**

OR

b) Prepare fund flow statement. **[10]**

Liabilities	31/03/2008	31/03/2009	Assets	31/03/2008	31/03/2009
Bank OD	1,16,000	55,000	Fixed Assets	62,000	70,000
Creditors	99,800	1,19,200	Addition	8,000	17,000
Prop. Div.	16,000	24,000		70,000	87,000
Debentures		10,000	Depreciation	25,000	36,000
P & L	35,200	48,500	Net	45,000	51,000
Gen. Reserves	26,000	38,000	Investment	10,000	15,000
Share capital	75,000	1,00,000	Stock	1,81,500	1,90,000
			Debentures	1,31,500	1,38,700
	3,68,000	3,94,700		3,68,000	3,94,000

Q4) a) ABC Ltd. is planning investment in new project. The investment of the company is Rs. 30,00,000. The company has following two alternatives. Assume cost of capital at 12%

Particulars	Project A	PV at 12%
1	7,00,000	0.893
2	10,00,000	0.797
3	9,00,000	0.712
4	8,00,000	0.636
5	4,00,000	0.567

Find out Payback period, Net present value and Profitability of index. **[10]**

OR

b) A leading apparel Mfg. Co. is considering a replacement of its existing cutting machine with a new automatic machine to improve the productivity. The cost of new machine is Rs. 25 lakhs. The cost of the company's capital is 10%. The incremental cash flows projected during five years period are estimated as follows.

Year	1	2	3	4	5
Cash flows (Rs. In lakhs)	2.5	5.0	8.0	10.0	12.5
PVF at 10%	0.909	0.826	0.751	0.683	0.621

Comment on the suitability of the project by using NPV and PI. **[10]**

Q5) a) From the following projections of XYZ Ltd. for the next year, you are required to work out the Working Capital (WC) required by the company. **[10]**

Annual Sales	Rs. 14,40,000
Cost of production including depreciation Rs. 1,20,000	12,00,000
Raw material purchases	7,05,000
Monthly expenses	30,000
Anticipated opening stock of raw materials	1,40,000
Anticipated closing stock of raw materials	1,25,000
Inventory Norms :	
Raw Materials (month)	2
Work-in-progress (days)	15
Finished goods (month)	1

The firm enjoys the credit of 15 days on its purchases, and allows 1 month's credit on its supplies. The company has received an advance of Rs. 15,000 on sales orders. You may assume that production is carried on evenly throughout the year, and minimum cash balance desired to be maintained is Rs. 10,000

OR

b) From the following information you are required to estimate the net working capital.

Particulars	Cost per unit (Rs.)
Raw Material	Rs. 400
Direct Labour	Rs. 150
Overhead (Excluding depreciation)	Rs. 300
Total Cost	850

Additional Information :

i) Selling price : Rs. 1000 per unit

ii) Output : Rs. 52,000 units per annum

iii) Raw materials in stock : Average 2 weeks

iv) Work in progress (Assume 50% of completion stage with material consumption) Average 2 weeks

v) Finished goods in stock : Average 4 weeks

vi) Credit allowed by suppliers : Average 4 weeks

vii) Credit allowed to Debtors : Average 8 weeks

viii) Cash at Bank : Rs. 50,000

Assume that production is carried out evenly throughout the year. Assume 52 weeks equal to one year. All sales are on credit basis. **[10]**

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12/12/2023

Total No. of Questions : 5]

P7880

SEAT No. :

[Total No. of Pages : 6

[6118]-2002

First Year M.BA.

202-GC-08 : FINANCIAL MANAGEMENT

(2019 Pattern Revised) (Semester-II)

Time : 2½ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *All questions are compulsory.*
2) *Each question carry equal marks.*
3) *Use of simple calculator is allowed.*

Q1) Solve any five **[5×2=10]**

a) maximisation of wealth of Shareholders is reflected in.

i) Sales maximisation ii) Number of Shareholders

iii) Market price of equity shares iv) Stock market index

b) Which of the following is a measure of debt service capacity of a firm

i) Current Ratio ii) Debt-equity Ratio

iii) Debtors turnover Ratio iv) Interest coverage ratio

c) In case, the firm is all equity financed, WACC would be equal to

i) Cost of debt ii) Cost of equity

iii) Neither (i) Nor (ii) iv) Cost of equity plus cost of debt

d) Which is not a part of investment decision in financial management.

i) Dividend payout decision

ii) Capital budgeting decision

iii) Working capital management

iv) Credit policy towards customers

e) The figures shown in financial statement are converted to percentage so as to establish each element to the level of the statement in

i) Common size statement ii) Comparative statement

iii) Cash flow statement iv) Trend ratios

f) How wealth of shareholder is calculated ?

g) Write the formula to compute operating leverage and financial leverage.

h) Define fund flow statement.

P.T.O.

[2×5=10]

Q2) Solve any 2

a) How the wealth maximisation is better operative criterion than profit maximisation.

b) Write a note on comparative financial statements.

c) Explain the concept of trading on equity.

Q3) a) JKL Ltd. has the following book value capital structure as on 31-03-2023: **[10]**

Source	Amount (₹)
Equity share capital (2,00,000 shares)	40,00,000
11.5% preference shares	10,00,000
10% Debentures	30,00,000

The equity share of the company sells for ₹ 20 the next expected dividend is Rs. 2 per share. It is expected to grow at 5% p.a. for ever. Assume a 35% corporate tax Rate. Required:

i) Compute WACC of the company based on the existing capital structure.

ii) Compute the new WACC, if the company raises an additional ₹ 20 lakhs debt by issuing 12% debentures this would result in increasing the expected equity dividend to ₹ 2.40 and leave the growth rate unchanged, but the price of equity share will fall to ₹ 16 per share.

OR

b) ABC Ltd. has an annual sale of 50,000 units at ₹100 per unit the company works for 50 weeks in the year. The cost break up is given as below.

Element of Cost	Cost/Unit (₹)
Raw material	30
Labour	10
Overheads (including depreciation ₹5)	20
Total cost	60
Profit	40
Selling price	100

The company has the practice of storing raw materials for 4 weeks requirement. Wages and other expenses are paid after a las of 2 weeks. The debtors enjoy a credit of 10 weeks and company gets a credit of 4 weeks from supplier. The processing time is 2 weeks and finished goods inventory is maintained for 4 weeks.

From the above information determine a working capital requirement. Allowing for 15% contingencies by cash cost approach.

Q4) a) AB Ltd. has the following profit & loss A/c for the year. Ending 31st March 2023 and the Balance sheet as on that date **[10]**

Profit & Loss Account

Particulars	Amount (₹ in Lakhs)	Particulars	Amount (₹ in Lakhs)
Opening stock	1.75	Sales : Credit	12.00
Add : manufacturing cost	10.75	Sales : Cash	3.00
Less : Closing stock	(1.50)		
Cost of goods sold	11.00		
Gross profit	4.00		
	15.00		15.00
Administrative exp	0.35	Gross profit	4.00
Selling exp	0.25	Royalty income	0.09
Depreciation	0.50		
Interest	0.47		
Income tax	1.26		
Net profit	1.26		
	4.09		4.09

Balance Sheet

Liabilities	Amount (₹ in Lakhs)	Assests	Amount (₹ in Lakh)
Equity shares of Rs. 10	3.50	Plant & Machinery	7.50
10% preference shares	2.00	Goodwill	1.40
Reserve & surplus	2.00	Stock	1.50
Long term loan (12%)	1.00	Debtors	1.00
Debentures (14%)	2.50	Prepaid expenses	0.25
Creditors	0.60	marketable Securities	0.75
Bills payable	0.20	Cash	0.25
Accrued expenses	0.20		
Provision for tax	0.65		
	12.65		12.65

Comment on the financial position of the company on the basis of following ratios.

i) Current ratio

ii) Debt equity Ratio

iii) Interest coverage Ratio

iv) Stock Turnover Ratio

v) Debtors turnover Ratio

OR

b) XYZ Ltd. has obtained the following data concerning the average working capital cycle for other companies in the same industry. Using the data determine working capital cycle for the company and briefly comment on it

Raw material stock turnover	20 days
Credit received	40 days
WIP turnover	15 days
Finished goods stock turnover	40 days
Debtors collection period	60 days
	95 days

The company has provided following information

Particular	Amount
Sales	30,00,000
Cost of production	21,00,000
Purchases	6,00,000
Average raw material in stock	80,000
Average WIP	85,000
Average FG	1,80,000
Average creditors	90,000
Average Debtors	3,50,000

Q5) a) Machine a Cost ₹ 1,00,000 payable immediately. Machine B costs ₹1,20,000 half payable immediately and half payable in one year's time. The cash receipts expected are as follows. **[10]**

year (at end)	Machine A (₹)	Machine B (₹)
1	20,000	0
2	60,000	60,000
3	40,000	60,000
4	30,000	80,000
5	20,000	0

At 7% opportunity cost. Which machine should be selected on the basis of NPV ? Will your decision change if proposals are evaluated on the basis of IRR?

OR

b) A firm whose cost of capital is 10% is considering two mutually exclusive project X and Y. the details of which are.

Year	Project X (₹)	Project Y(₹)
0	1,00,000	1,00,000
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

Evaluate the project on the basis of Net present value, profitability Index and IRR and suggest most profitable investment.