

Total No. of Questions : 5]

SEAT No. :

P6869

[5860] - 202

[Total No. of Pages : 5

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

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- 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 leverage 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

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The following Balance Sheet of Amrish Ltd. is as follows:

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.

- 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.