Dec - 2018

Total No. of Questions : 5]

SEAT No. :

P2185

[Total No. of Pages : 4

[5465]-2002

M.B.A.

202 : FINANCIAL MANAGEMENT

(2016 Pattern) (Semester - II)

Time : 2¼ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *Attempt all questions.*
2) *Figures to the right indicates marks.*
3) *Use of simple calculator is allowed.*

Q1 'Wealth maximisation is better than profit maximisation' Do you agree? Justify your comment. **[10]**

OR

Explain modern approaches to Financial Management. **[10]**

Q2) a) Calculate weighted average cost of capital from the following: **[10]**

Source of capital	Book value of capital in rupees	Specific cost %
Equity shares	25,00,000	11
Preference shares	18,00,000	13
Bank loan	13,00,000	10

b) What are the factors affecting capital structure? **[10]**

OR

a) The market price per share of equity of PQR Ltd. is Rs.250. The expected dividend is Rs.25 per share and expected growth rate is 8% p.a. Calculate cost of equity.

b) What are the different sources of finance available in present scenario?

Q3) Prepare Fund flow Statement from the following information. **[10]**

Liabilities	F.Y. 2015-16	F.Y. 2016-17	Assets	2015-16	2016-17
Equity shares	80,000	1,15,000	Plant	15,000	20,000
Creditors	21,200	14,000	Stock	24,200	27,200
P&L A/c	2,800	6,200	Debtors	36,200	34,000
			Cash Balance	28,600	54,000
	1,04,000	1,35,200		1,04,000	1,35,200

OR

P.T.O.

Comment on the following ratios of ABC Ltd. **[10]**

Ratio Value	2015-16	2016-17
Gross profit	30%	24%
Net Profit	24%	26%
Debtors Turnover Ratio	6	4
Current Ratio	2.5:1	4.5:1
Quick Ratio	1:1	2:1
Inventory Turnover Ratio	7	5
Fixed Assets Turnover	5	5
EPS	6	6
Debt to Equity Ratio	4	2
Return on equity	17%	18%

Q4) A company is considering an investment proposal to install new milling controls at a cost of Rs.50,000. The facility has a life expectancy of 5 years and no salvage value. The tax rate is 35%. Assume the firm uses straight line depreciation and the same is allowed for tax purposes. The estimated cash flows before depreciation and tax (CFBT) from the investment proposal are as follows:

Year	CFBT - Rupees
1	10,000
2	11,000
3	15,000
4	20,000
5	25,000

Calculate Pay back period and ARR **[10]**

OR

A Firm whose cost of capital is 10% and considering two mutually exclusive proposals X and Y. The details of which are as follows:

Particulars	Proposal X	Proposal Y
Initial investment	15,00,000	15,00,000
Cash inflows for 1st year	1,50,000	6,00,000
2nd year	2,50,000	6,50,000
3rd year	3,50,000	5,50,000
4th year	5,50,000	4,50,000
5th year	4,00,000	3,50,000

Calculate NPV @10% (PV factor 0.909, 0.826, 0.751, 0.683 and 0.621 for respective 5 year) **[10]**

Q5) A Proforma cost sheet of a company provides the following particulars:

Elements of cost	Amount per unit
Raw material	80
Direct labour	30
Overheads	60
Total cost	170
Profit	30
Selling price	200

The following further particulars are available

Raw materials are in stock for one month

Credit allowed by supplier is one month

Credit allowed to customers is two months

Lag in payment of wages 1½ weeks

Lag is payment of overheads one month

Materials are in process for an average of half month (50% to be considered for labour and other overheads)

Finished goods are in stock for an average of one month

¼ output is sold against cash

Cash in hand and at bank is expected to be Rs.25,000.

Prepare working capital needed to finance a level of activity of 1,04,000 units of product.

You may assume that production is carried on evenly throughout the year. Wages and overheads accrue similarly and a period of 4 weeks is equivalent to a month. **[10]**

OR

The management of Ram Industries has called a statement showing the working capital needs to finance a level of activity of 1,80,000 units of output for the year. The cost structure of a product as follows: **[10]**

Elements of cost	Cost per unit (Rs.)
Raw materials	20
Direct labour	5
Overheads (including depreciation of Rs.5 per unit)	15
	40
Profit	10
Selling price	50

28/11/18

Additional information:

Minimum desired cash balance is Rs.20,000

Raw materials are held in stock on an average for two months

Work in progress (Assume 50% completion stage in respect of labour and overheads) will approximate to half a month's production.

Finished goods remain in warehouse on an average for a month

Suppliers of materials extend a month's credit and debtors are provided two month's credit. Cash sales are 25% of total sales.

There is a time lag in payment of wages of a month and half a month in case of overheads.

Prepare statement showing working capital needs.

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SEAT No. :

P1428

[Total No. of Pages : 4

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M.B.A.

202 : FINANCIAL MANAGEMENT

(Semester-II) (2016 Pattern)

May 18

Time : 2½ 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	15,90,000	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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Total No. of Questions : 5]

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[5265]-202

M.B.A.

202 : FINANCIAL MANAGEMENT

(Revised 2013 Pattern) (Semester - II)

Time : 2½ Hours] *[Max. Marks : 50*

Instructions to the candidates:

1) *All questions are compulsory.*
2) *Each question carries 10 marks.*
3) *Figures to the right indicate marks.*
4) *Simple calculator is allowed.*

Q1) a) Define Financial management. What are the various approaches to Financial Management. **[10]**

OR

b) Discuss goals of Financial Management. Write key strategies of Financial Management. **[10]**

Q2) a) From the following Balance Sheet of "Shail Shree Ltd." as on 31st March 2012 and 31st March 2013, you are required to prepare: **[10]**

i) Change in working capital.

ii) Funds flow statement.

Liabilities	31/03/12 Rs.	31/03/13 Rs.	Assets	31/03/12 Rs.	31/03/13 Rs.
Share Capital	1,00,000	1,10,000	Building	40,000	38,000
Gen. reserve	14,000	18,000	Plant & M/c	37,000	36,000
P&L A/c	4,000	3,000	Investment (long term)	10,000	21,000
Creditors	8,000	5,400	Stock	30,000	23,400
Bills Payable	1,200	800	Bills Receivables	2,000	3,200
Provision for Tax (non-current)	16,000	18,000	Debtors	18,000	19,000
Provision for Doubtful Debts	400	600	Cash at bank	6,600	15,200
	1,43,600	1,55,800		1,43,600	1,55,800

OR

Dec 17

b) From the Balance Sheet of "XYZ Ltd." as on 31st March 2015. [10]

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sh. Capital (equity)	10,00,000	Building	8,00,000
Gen. Reserve	9,00,000	Plant	4,00,000
P & L A/c	75,000	Machinery	2,00,000
6% Debentures	3,00,000	Investment (long term)	1,00,000
Current Liabilities		Current Assets	
Sundry creditors	2,00,000	Stock	4,25,000
Bills Payable	1,50,000	Sundry Debtors	1,90,000
Bank Over Draft	1,00,000	Cash at Bank	6,10,000
	27,25,000		27,25,0000

i) Calculate the following Ratios:

1) Current Ratio.

2) Acid test Ratio.

3) Fixed Asset turnover Ratio.

(consider sales Rs. 30,00,000)

ii) Explain (Interpreat) the impact of following transactions on current Ratio with reasons (ie. whether current ratio will Improve, Reduce or no change / no impact)

1) Company make payment of Bank Over Draft Rs. 1,00,000/-.

2) Company purchases stock of Rs. 2,00,000/- by cash.

Dec 17

Q3) a) A firm considering purchase of a machine, machine "A" and machine "B" are available and each costing Rs. 1,00,000 only. While comparing the profitability of machines discounting rate at 10% to be used. Earning after taxation are expected to be as follows. **[10]**

Year	Machine "A"	Machine "B"	PV Factor @ 10%
1	25,000	80,000	0.909
2	32,000	68,000	0.826
3	35,000	35,000	0.751
4	25,000	43,000	0.683
5	20,000	50,000	0.621

Evaluate and advise the firm, which machine to be purchase by using.

i) Profitability Index (PI).

ii) Accounting Rate of Return (ARR)

OR

b) ABC Ltd. wants to undertake a project, you are required to make suggestion with reasons by using following tools and discounting factor at 12%. **[10]**

i) Pay Back period method.

ii) Net present value method.

The cash flows of projects are expected as follows.

Year	Project "A"	Project "B"	PV factor @ 12%
1	85,000	70,000	0.892
2	1,15,000	90,000	0.797
3	1,50,000	1,15,000	0.711
4	1,25,000	75,000	0.635
5	75,000	65,000	0.567
6	70,000	60,000	0.506

Dec 17

Q4) a) i) Ellaborate on various sources of working capital.

ii) From the following extracts of "Mach Tech Ltd.", you are required to calculate operating cycle duration.

Particular	Rs. in lakhs
Sales	3,000
Op. Inventory	610
Cl. Inventory	475
Op. Receivables	915
Cl. Receivables	975

[10]

OR

b) Prepare an estimate of working capital requirements from the following details. **[10]**

Production	60,000 units
Selling Price per unit (sp)	Rs. 5
Raw materials	60% of sp
Direct wages	10% of sp
Over heads	20% of sp
Material in hand	2 months
Production time (WIP)	1 month
Finished Goods in store	3 months
Credit for materials	2 months
Cash Balance	Rs. 20,000

In the production all the required materials are charged in the initial stage.

One month (1 month) delay in payment of wages and overheads.

Assume 10% margin for contingencies.

Note : In calculating WIP, F.G. & Debtors, take all required expenses at 100%.

Dec 17

Q5) a) i) ABN corporation provided the following financial data from which calculate: **[10]**

1) Operating Leverage,
2) Financial leverage.
3) Combined leverage

Particulars	Rs. in lakhs
Sales	40
Variable cost	25
Fixed cost	06
10% Debts	30
Equity capital	45

ii) Write note on net operating Income Approach.

OR

b) i) Discuss the net Income Approach with the help of assumptions and Graph/Diagram.

ii) P Q R. Ltd. supplied following information, calculate Weighted Average Cost of Capital (WACC).

Source of Finance	Book value (Rs.)	Cost
Equity capital	10,00,000	12%
Pref. Capital	2,00,000	10%
Debt. Capital	8,00,000	8%

[10]

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Total No. of Questions : 5]

SEAT No. :

P2208

[Total No. of Pages : 4

[5165]-2002

M.B.A. (Semester - II)

202 : FINANCIAL MANAGEMENT

(2016 Pattern)

Time : 2.15 Minutes] *[Max. Marks : 50*

Instructions to the candidates:

1) *All questions are compulsory with internal options.*
2) *Each questions carries equal marks.*

Q1) a) Define financial Management. Explain Goals of financial Management.**[10]**

OR

b) Explain the functions of finance Manager in detail & elaborate the relationship of financial Management with other functional disciplines.**[10]**

Q2) a) Explain various factors affecting capital structure of the organisation**[5]**

b) Calculate weighted Average cost of capital [WACC] from the following. Data of RIL Industries.

Source	Rs. in Lakh
Equity share capital [20,000 shares]	40
16% prefrence share capital	10
14% Debentures	30
	80

The company pays dividend at 10%. Compute weighted Average cost of capital (WACC) based of existing Capital structure. **[5]**

OR

a) State the importance of capital structure decisions in detail. **[5]**

b) Priyadarshini Pvt. Ltd. has following capital structure. **[5]**

Sources	Rs.
Equity capital (Expected dividend 12%]	10,00,000
10% Preference capital	5,00,000
8% Loan	15,00,000

Calculate weighted Average cost of capital assuming tax Rate of 50% before & after tax.

P.T.O.

May 17

Q3) a) From the following Balance sheets prepare fund flow statement & also prepare statement showing changes in working capital.

Balance Sheet

Liabilities	31/12/94	31/12/95	Assets	31/12/94	31/12/95
Equity share capital	1,00,000	1,20,000	Building	55,400	1,13,200
Pref share capital	-	10,000	Machinery	35,600	51,300
General Reserve	6,000	11,000	Furniture	2,400	2,500
Profit & Loss A/C	7,500	20,700	Stock	36,500	38,000
5% Debentures	-	26,000	Debtors	32,100	38,000
Sundry creditors	43,500	48,400	Bank	4,800	4,000
Bank overdraft	9,800	10,900			
	1,66,800	2,47,000		1,66,800	2,47,000

Adjustment

Depreciation written off during the year on Machinery Rs. 12,800 & furniture Rs. 400. **[10]**

OR

b) Prepare Balance sheet on the basis of following information given in terms of ratios. **[10]**

i) Debtors Turnover Ratio - 4

ii) Creditors Turnover Ratio - 6 (to purchases)

iii) Capital Turnover Ratio - 2 (to sales)

iv) Stock Turnover Ratio - 8 (to cost of sales)

v) Fixed Asset turnover Ratio - 8 (to sales)

vi) Gross Profit Ratio - 25%

vii) Gross Profit during the year - Rs. 1,00,000

viii) Reserves & Surplus - Rs. 35,000

ix) Closing stock is more by Rs. 20,000 than opening stock

x) There were no longterm liabilities.

xi) All sales are on credit basis.

Prepare Balance sheet.

May 17

Q4) a) From the following Information of Rushi Pvt. Ltd. suggest which of the machine to be purchased Expected Earnings after tax are given below Each Machine requires investment of Rs. 4,00,000.

Year	Machin A cashflow	Machine - B cashflow
0	(4,00,000)	(4,00,000)
1	40,000	1,20,000
2	1,20,000	1,60,000
3	1,60,000	2,00,000
4	2,40,000	1,20,000
5	1,60,000	80,000

Cost of capital is 10%. Calculate Net present value & profitability index. **[10]**

OR

b) Balkrishna Industries Ltd. has following Investment proposal which requires investment of Rs. 53,00,000 & has following income as cash inflows.

Year	Cash Inflows
1	16,00,000
2	18,00,000
3	20,00,000
4	15,00,000
5	15,00,000
6	10,00,000

Assume Cost of capital as 10%. Calculate pay - back period, Net present value & Profitability index. **[10]**

Q5) a) 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 (exculding depreciation)	Rs. 300
Total cost	850

May 17

Additional Information.

Selling Price	- Rs. 1000 per unit.
Output	- Rs. 52,000 units per annum
Raw materials in stock	- Average 4 weeks.
Work in progress (Assume 50% of completion stage with full material consumption)	- Average 2 weeks.
Finished goods in stock	- Average 4 weeks.
Credit allowed by suppliers	- Average 4 weeks.
Credit allowed to Debtors	- Average 8 weeks.
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]**

OR

b) Mithila Industries Ltd. commencing a new project. Following per unit cost information is given. Annual production is 1,00,000 units. **[10]**

Particulars	Cost per unit
Raw Materials	40
Direct Labour	15
Overheads	25
Depreciation	05
Total cost	85

Additional information.

i) Selling price is Rs. 100 per unit.

ii) Raw materials in stock average 4 weeks.

iii) Work in progress average 2 weeks. (Assume 50% of completion stage with full material consumption)

iv) Finished Goods in stock average 4 weeks.

v) Credit allowed to customers 8 weeks.

vi) Credit allowed to suppliers average 4 weeks.

vii) Lag in the payment of wages & overheads 1.5 weeks.

viii) Cash in hand expected to be Rs. 50,000.

Production is carried out evenly throughout the year (52 weeks) & wages & overheads accrue similarly all sales are on credit basis. Calculate net working capital as per 'Cash Cost Approach Method' of working capital.

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