



# Sanjay Ghodawat University, Kolhapur

2018-19

Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

Year and Program

School of Commerce and Management

Department: Management

FY MBA

Course Code

Course Title: Financial Management

Semester – Even II

MMC 504

Day and Date

End Semester Examination

Time: 3 hrs, Max Marks: 100

Wednesday 22<sup>nd</sup> May 2019

10:30 Am to 1:30 Pm

Instructions:

- 1) All Questions are compulsory.
- 2) Assume figures whenever required

- |     |   | Marks | COs | Blooms Level |
|-----|---|-------|-----|--------------|
| Q.1 | Answer the following  |       |     |              |
| a)  | The objective of financial management should be to maximize profits and not wealth” Do you agree with this statement? Discuss | 10    | CO1 | L2           |
| b)  | “Financial Leverage always increases the EPS” Do you agree with this statement? Illustrate with suitable example OR           | 10    | CO2 | L3           |
| b)  | No project is acceptable unless the yield is 10%, Cash flows are as follows. Capital Investment Rs 300000                     | 10    | CO2 | L3           |

Year	1	2	3	4	5
EBDT	50000	70000	60000	80000	100000
D.F @ 10%.	0.909	0.826	0.751	0.683	0.621

No Salvage value, Company follow straight line of Depreciation, Tax rate 50% Calculate the NPV.

- |     |  |    |     |    |
|-----|--|----|-----|----|
| Q.2 | Answer/Solve the following   |    |     |    |
| a)  | Illustrate the various forms of dividends  | 10 | CO3 | L3 |
| b)  | Prepare working capital requirement from following information                   | 10 | CO4 | L3 |
|     | a) Budgeted Production 600000 units  |    |     |    |
|     | b) stock holding- Raw material -2 month, WIP- 0.5 month, finished goods- 1 month |    |     |    |
|     | c) Credit granted to customer 2 month, credit available from supplier 1 month.   |    |     |    |
|     | d) Minimum cash balance Rs. 25000  |    |     |    |
|     | e) Cost structure as under   |    |     |    |

Particular	Cost per unit (Rs)
Raw material	10
Direct Labor	2.50
Overhead	7.50
Total cost	20
Profit	5
Selling price	25

OR

- b) ABS Ltd. a manufacturing firm facing problem of working capital management, you are asked to examine the consequences of the shortage and excess of working capital. 10 CO4 L3

Q.3 Answer/Solve the following

- a) The finance Dept. of XYZ company gathered following information. 10 CO5 L3  
 Carrying cost 20%  
 Fixed cost per order Rs 1200  
 No. of units required 60000 per annum.  
 Purchase price per unit Rs 2000  
 Calculate EOQ and Time gap between two orders.

OR

- a) Illustrate the significance of inventory management for manufacturing concern. 10 CO5 L3

Q.4 Answer the following

- a) "Cash is the most liquid asset, but does not earn any substantial return for the business, but still everybody and every firm maintain some cash balance" Do you agree? If yes discuss with supportive points. 10 CO6 L2
- b) Analyze the importance of cash management with suitable example. 10 CO6 L4
- c) Estimate monthly cash inflow for the Swaraj company Ltd. for the quarter ending 31<sup>st</sup> March, from the following details. 10 CO6 L6  
 i). Opening balance as on 1<sup>st</sup> January. Is Rs. 44000  
 ii). It's estimated for the month of January and February Rs. 200000 each and for March Rs 240000. The sale of November and December of previous year has been Rs. 200000 each.  
 iii). Cash and credit sales are estimated 20% and 80% respectively.  
 iv). The receivable from credit sales are expected as 50% on an average of one month from the date of sales and balance 50%

after two months.

OR

- c) XYZ Ltd. has requested you to prepare cash budget for the period January to June. 10 CO6 L6

The estimated sales for January to March are 150000 per month. And from April to June Rs 200000 per month. The sales for November & December of the previous year have been Rs 120000 each.

Cash and credit sales are expected to be 30% and 70% respectively. The receivable from credit sales are expected to be 40% receivable on an average 1 month from the date of sale and 60% on an average 2 month from date of sale.

The anticipated receipts are

- i) Rs. 70000 from the sale of Machinery in March
- ii) Rs 3000 interest on securities in June.

Company plans to purchase material worth Rs 60000 p.m. in Jan to mar. and Rs 80000 per month from Apr. to June.

The payment of purchase is made one month after purchase. The purchase for the December of previous year is Rs 60000.

Miscellaneous cash purchases are expected to be Rs 3000 per month.

Wages payments are expected to be Rs 25000 per month.

Admin and Selling exp. expected to be Rs 15000 per month. Manufacturing exp. 32000 per month.

Dividend payment of Rs 30000 and Tax payment of Rs 35000 are scheduled in June. A machine worth Rs 18000 is to be purchased on cash in Feb.

Q.5 Answer the following

- a) "The EOQ model attempts to minimizing the total cost of holding inventory" critically examine with suitable example. 10 CO5 L4
- b) Annual Requirement in quantity 4000 kg. Ordering cost per order Rs 5. Price of Material per kg Rs. 2. Carrying cost 8% Evaluate optimum quantity of order and time gap between two orders. 10 CO5 L5

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