

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% preference 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.**

- 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			
	<b>1,66,800</b>	<b>2,47,000</b>		<b>1,66,800</b>	<b>2,47,000</b>

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.

- 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

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.

- Selling price is Rs. 100 per unit.
- Raw materials in stock average 4 weeks.
- Work in progress average 2 weeks.  
(Assume 50% of completion stage with full material consumption)
- Finished Goods in stock average 4 weeks.
- Credit allowed to customers 8 weeks.
- Credit allowed to suppliers average 4 weeks.
- Lag in the payment of wages & overheads 1.5 weeks.
- 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.

