Total No. of Questions : 5]

SEAT No. :

PD-2811

[Total No. of Pages : 7

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M.B.A.
FM 552 MJ-GC-10: FINANCIAL MANAGEMENT
(2024 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) ***All questions have internal options.***
4) ***Use of simple calculator is allowed.***

Q1) **Solve any five :** **[10]**

a) What do you mean by financial management?

b) List the Factors affecting capital Structure of The Firm.

c) Profitability ratios measure:

i) the speed at which the firm is turning over its assets

ii) the ability of the firm to earn an adequate return on sales, totalassets, and invested capital

iii) the firm's ability to pay off short term obligations as they are due

iv) the debt position of the firm in light of its assets and earning power

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d) Capitalization is the sum of a corporation's stock, long term debts &________?

i) Liquid Liability

ii) Retained earnings

iii) Fixed asset.

iv) Short term debts

e) Financial, leverage refers to the rate of change in earnings per share for a given change in earnings ______________________

i) Before tax

ii) Before interest

iii) Before interest and tax

iv) After interest and tax

f) List out the discounted cash flow techniques of Capital Budgeting.

g) A project costs Rs, 1,00,000 annual cash flow of Rs. 20,000 for 8 years. Its payback period is ________.

i) 1 year

ii) 2 years

iii) 3 years

iv) 5 years

h) What is Operating cycle?

Q2) **Attempt any two :**

a) Identify factors affecting working capital requirement **[5]**

b) Explain in brief modern approaches of financial management. **[5]**

c) Write short note on: Trend Analysis **[5]**

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Q3) a) **Following are the Income statement and Balance Sheet of Laxmi Enterprises** **[10]**

Income statement for the year 2024-2025

Particulars	**Rs.**
Sales	10,00,000
Raw material 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 and distribution expenses	50,000
Net pofit	4,00,000

Balance sheet as on 31st March 2025

Liabilities	**Amount**	**Assets**	**Amount**
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 Overdraft	50,000		
Total	**7,00,000**		**7,00,000**

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Calculate-

i) Working capital turnover ratio

ii) Fixed asset turnover ratio

iii) Stock turnover ratio

iv) Debt equity ratio

v) Sales to capital employed

OR

b) **From the following Balance Sheet of Parag Ltd., prepare common size Balance Sheet and interpret the results.**

Particulars	**2022 (₹)**	**2023 (₹)**	**Particulars**	**2022 (₹)**	**2023 (₹)**
Equity Share capital	200,000	3,30,000	Fixed Assets	240,000	350,000
Preference Share capital	100,000	150,000	Stock	40,000	50,000
Reserve and Surplus	20,000	30,000	Debtors	100,000	125,000
Profit and Loss A/C	15,000	20,000	Bills receivables	20,000	60,000
Bank Overdraft	50,000	50,000	Prepaid expenses	10,000	12,000
Creditors	40,000	50,000	Cash in hand	40,000	53,000
Provision for taxation	20,000	25,000	Cash at Bank	10,000	30,000
Proposed Dividend	15,000	25,000			
Total	**460,000**	**680,000**		**460,000**	**680,000**

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Q4) **a) A Pro-forma Cost Sheet of a company provides the following particulars:** **[10]**

Elements of Cost	**Cost Per Unit (Rs.)**
Raw Material	80
Direct Labour	30
Overheads	60
Total Cost of Production	170
Profit	30
Selling Price	**200**

Following further particulars are available:

i) Raw materials are in stock on an average one month.

ii) Materials are in process on an average half a month (100% material and 50% wages & overheads)

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

iv) Credit allowed by supplier one month

v) Credit allowed to debtors two months

vi) Lag in payment of wages and overheads are 1 month

vii) One fourth of the output is sold against cash.

viii) Cash on hand and at bank is expected to be Rs.25000.

You are required to prepare a statement showing the working capital requirement as per total cost method to finance a level of activity of 60,000 units of production annually. The production is carried out evenly throughout the year.

OR

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b) Calculate the Cost of Capital in following cases. [10]

i) X Ltd. Issues 12% Debentures of face value Rs.100 each 7 realises Rs.95 per Debenture. These Debentures are redeemable after 10 years at a Premium of 10%

OR

ii) Y Ltd. Issues 14 % Preference Share of Face Value 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%.

***Q5)* a)** A firm Who's Cost of capital is 10% is considering 2 maturity exclusive projects, the details are: **[10]**

Particulars	Project "X"	Project "Y"
Investment Cash flow	70,000	70,000
Year 1	10,000	50,000
Year 2	20,000	40,000
Year 3	30,000	20,000
Year 4	45,000	10,000
Year 5	60,000	10,000

Calculate NPV@ 10% and Profitability Index (PI) for the two projects. Also advice which project should be selected based on both methods.

OR

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b) Machine a Cost Rs.1,00,000 payable immediately. Machine B costs Rs.1,20,000 half payable in one years' 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?

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