



WINTER-2023			
Exam Seat No.:			
Academic Year:2023-2024	Semester:II		
Name of Programme:MBA	Pattern:2022		
Name of Course:Financial Management	Course Code:MBA22203		
Max. Marks:60	Duration:2hr 30mins		

	<p>Instructions: Candidates should read carefully the instructions printed on the Question Paper and on the cover page of the Answer Book, which is provided for their use.</p> <ol style="list-style-type: none">1. This question paper contains <u>5</u> page(s).2. Answer to each new question is to be started on a new page.3. Assume suitable data wherever required, but justify it.4. Draw the neat labelled diagrams, wherever necessary.5. The last columns indicates the Course Outcome and level of Blooms Taxonomy of the Question/sub-question.6. Solve (a) or (b) and (c) or (d) from Q.no.3, 4 and 5	
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Question No. 1 Attempt following Question

- 1 a) Describe Functions of Financial Manager. (6) CO1

Question No. 2 Attempt following Question

- 2 a) The following are the Balance Sheets of Phonix Limited as on 31st March, 2023. (6) CO3

Liabilities	Rs.	Assets	Rs.
share capital	10,00,000	Land & Building	15,00,000
General reserve	7,00,000	Plan and machinery	10,00,000
Profit & Loss A/c	8,00,000	Furniture	7,00,000
16% debentures	15,00,000	Sundry Debtors	5,00,000
Sundry Creditors	6,00,000	Prepaid Exps	3,00,000
O/s Exps	4,00,000	Stock	8,00,000
Bank overdraft	3,00,000	Cash in Hand	3,00,000
	53,00,000		53,00,000

Sales during the last year was Rs. 30,00,000 with the gross profit of Rs. 6,00,000, Credit Purchases Rs.24,00,000.

You are required to calculate -

1. Current Ratio
2. Liquid Ratio
3. Debt Equity Ratio
4. Inventory Turnover Ratio
5. Debtors Turnover Ratio
6. Working Capital Turnover Ratio

Question No. 3 Attempt following Question

- 3 a) Orange Foods Ltd - provide you following information for calculating requirement of working capital. (10) CO3

Budgeted Sales Rs. 7,80,000

Particulars	Rs.
Raw Material	3
Labour	4
Overhead	2
Profit	1
Selling Price	10

1. Raw Material are carried in stock for 3 weeks and finished goods for 2 weeks.
2. Suppliers will give 5 weeks credit and customers will require 8 weeks credit.
3. O/s Expenses are 5% of Sales
4. Estimated Cash Rs. 25,000/-

Note – Year consist 52 weeks.

OR

- 3 b) Sunshine Ltd following information is available about the projections for the for the current year - (10) CO3

Particulars	Amount per unit (Rs.)
Raw Material	40
Direct Labour	15
Overheads	30
Total Cost	85
Profit	15
Sales	100

Other information -

1. Raw Material in Stock-Average 4 weeks consumption, Work-in-Progress (Raw Material 100%, Labour & Overheads 60%), on an average half a month. Finished Goods in stock on an average one month.
2. Credit allowed by Suppliers is one month.
3. Credit allowed to Debtors is two months
4. Average time lag in payment of wages is ½ weeks and 4 weeks in Overhead Expenses.
5. Cash in Hand and at Bank is desired to be maintained at Rs.50000.
6. All Sales are on credit basis only.
7. Annual Production 78,000 Units, Year consist 52 Weeks.

3 c) Define Working Capital and Explain Features of Working Capital. (6) CO1

OR

3 d) Describe Operating Cycle. (6) CO1

Question No. 4 Attempt following Question

4 a) Flexi Limited, Pune, wants to raise long term fund amounting to Rs.40,00,000/- by issuing equity shares, Preference Shares and Debentures in any of the following ratios - (10) CO4

Alternative I - 5:3:2

Alternative II - 2:3:5

Alternative III - 3:3:2

The specific cost of capital is as follows :

Equity Shares - 24%

Preference Shares - 18%

Debentures - 14%

You are required to advise the management as to the best alternative for the Company on the basis of WACC. Ignore Taxes

OR

4 b) Following key information pertaining to Samurai Ltd for the year 2022-23. (10) CO4

Particulars	Rs. (In Lakhs)
Sales	82.50
Variable Cost	46.20
Fixed Cost	6.60
9% Debentures	50
Equity Shares (Rs. 100 each)	60
Corporate Tax	35%

You are required to Calculate

1. ROI
2. EPS
3. Operating Leverage
4. Financial Leverage
5. Combine Leverage

4 c) Explain Trading on Equity.

(6) CO2

OR

4 d) Summarize Weighted Average Cost of Capital.

(6) CO2

Question No. 5 Attempt following Question

5 a) Blue Moon Ltd. Whose cost of capital is 10% is considering two mutually exclusive proposals project P and Q, the details are as follows -

(10) CO5

Particulars	Project P (Rs.)	Project Q (Rs.)
Investment (out flow)	20,00,000	20,00,000
Cash inflows at the end of year		
1	2,70,000	3,70,000
2	3,90,000	5,20,000
3	5,30,000	6,50,000
4	6,90,000	7,25,000
5	9,50,000	8,00,000

Find which project the company should select on the basis of:

1. Net present value method
2. Payback period method

OR

5 b) Red Chilly Enterprises having the following two proposal of investment –

(10) CO5

Particulars	Proposal A	Proposal B
Cost of Investment	20,00,000	28,00,000
Life of Assets (Year)	4	5
Scrap Value	NIL	NIL
Net income after depreciation & tax		
2019	50,000	30,000
2020	2,00,000	3,40,000
2021	3,50,000	3,40,000
2022	2,50,000	3,40,000
2023	---	3,40,000

Depreciation is to be provided under Straight Line Method. Cost of Capital 12%.

You are required to assess the profitability of the projects on the basis of the following methods –

1. Discounted Payback Period
2. Profitability Index

- 5 c) Big Basket Trading Company is evaluation an investment proposal of Rs. 7,00,000 with expected cash flows as - (6) CO3

Year	CFAT (Rs.)
1	2,00,000
2	2,40,000
3	3,00,000
4	2,00,000

The company's cost of capital is 10% compute the NPV and PI for this project.

OR

- 5 d) Compute ARR if – (6) CO3

cost of assets is Rs. 8,00,000,

Useful Life of Assets 5 years,

cash flows after taxes for 5 years are 90,000, 1,20,000, 1,45,000, 1,65,000, 1,90,000.