



K. K. Wagh Institute of Engineering Education & Research, Nashik
(An Autonomous Institute From A.Y. 2022-23)

SUMMER-2024	
Exam Seat No.:	
Academic Year:2023-2024	Semester:II
Class: F.Y.	Program:MBA
Branch Code:M.B.A.	Pattern:2022
Name of Course:Financial Management	Course Code:MBA22203
Max. Marks:60	Duration:2.30 Hrs.

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.

1. This question paper contains 5 (five) 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. Q. No. 1 and 2 compulsory, Attempt (a) or (b) and (c) or (d) from Q. No. 3,4,5

Question No. 1 Attempt following Question

1a) Describe following Internal Sources of Finance -

(6) CO1

1. Bank Overdraft.
2. Advances from Customers.
3. Factoring.

Question No. 2 Attempt following Question

2a) Prepare Trend Analysis Statement of Kishor Ltd. From the following information -

(6) CO3

Particulars	2022-23	2023-24
<u>Assets</u>		
Buildings	10,000	20,000
Plant And Equipment	15,000	10,000
Stock	50,000	70,000
Debtors	50,000	60,000
Total	1,25,000	1,60,000

Liabilities		
Paid up capital (₹ 10 shares – Rs.7-50 paid up)	56,000	56,000
Profit & loss A/c	13,000	15,000
Trade creditors	26,000	39,000
Bank	30,000	50,000
Total	1,25,000	1,60,000

Question No. 3 Attempt following Question

3a) Arjit Ltd - provide you following information for calculating requirement of working capital.

(8) CO3

Budgeted Sales Rs. 7,80,000.

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

Raw Material are carried in stock for 3 weeks and finished goods for 2 weeks.

Suppliers will give 5 weeks credit and customers will require 8 weeks credit.

O/s Expenses are 5% of Sales.

Estimated Cash Rs. 25,000/-

Note – Year consist 52 weeks, Company follows total approach for calculating working capital.

OR

3b) Sonu Ltd. the projected profit and loss account for the year 2023-2024 is as under -

(8) CO3

Particulars	Rs.
Sales	36,50,000
Consumption of material	20,07,500
Labour	7,30,000

Overheads	5,47,500
Profit	3,65,000

The following additional information is furnished -

1. Stock of material will be equal to 75 days of consumption.
2. Stock of finished goods will be equal to 45 days production.
3. Credit period to be allowed to sundry debtors will be on an average 60 days.
4. The credit period to be enjoyed from suppliers of materials will be 50 days.
5. Time lag in payment of labour and overheads will be 15 days.
6. The amount of cash on hand and at bank will be on an average 52,500.
7. 30% of sales will be for cash.
8. A year consist 365 days, Company follows total approach for calculation of working capital.

You are required to estimate the amount of working capital required.

- 3c) Define Working Capital and Explain Features of Working Capital. (8) CO1

OR

- 3d) Describe Factors affecting Working Capital. (8) CO1

Question No. 4 Attempt following Question

- 4a) Swapnil 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 – (8) 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

- 4b) Kumar Industries Limited has obtained funds from the following sources, the specific costs are also given against them – (8) CO4

Source of funds	Amount (Rs.)	Cost of capital
Equity shares	30,00,000	15%
Preference shares	8,00,000	8%
Retained Earnings	12,00,000	11%
Debentures	10,00,000	9% (before tax)

You are required to calculate weighted average cost of capital. Assume that corporate tax rate is 30%

4c) Explain Trading on Equity.

(8) CO2

OR

4d) Define Capital Structure, Explain Factors affecting Capital Structure.

(8) CO2

Question No. 5 Attempt following Question

5a) Udit Ltd. Whose cost of capital is 10% is considering two mutually exclusive proposals project P and Q, the details are as follows – (8) 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

5b) Rafi Ltd. Whose cost of capital is 10% is considering two mutually exclusive proposals project X and Y, the details are as follows – (8) CO5

Particulars	Project X (Rs.)	Project Y (Rs.)
Investment (out flow)	15,00,000	15,00,000
Cash inflows at the end of year		
1	1,00,000	2,70,000
2	2,50,000	3,20,000

3	3,50,000	4,50,000
4	5,50,000	5,25,000
5	7,50,000	6,00,000

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

1. Net Present Value Method
2. Payback Period Method

- 5c) Asha Foods Company is evaluation an investment proposal of Rs. 7,00,000 with expected cash flows as –

(8) 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

- 5d) Sachin Ltd, Compute IRR if –

(8) CO3

1. Cost of assets is Rs. 5,00,000.
2. Useful Life of Assets 5 years.
3. Net Profit after tax for 5 years are 72,000, 80,000, 1,00,000, 1,12,000, 1,27,000.

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