



**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 Functions of Financial Manager (6) CO1

**Question No. 2 Attempt following Question**

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

**Balance sheet of Phonix Ltd.**

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

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**

3a) Ford 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

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, Company follows total approach for calculating working capital.

**OR**

3b) JP Morgan Ltd following information is available about the projections for the for the current year - (8) CO3

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

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, Company follows total approach for calculating working capital

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

**OR**

- 3d)
  - Describe Operating Cycle.
  - Total Approach for Working Capital. (8) CO1

**Question No. 4 Attempt following Question**

4a) Archer 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) Following key information pertaining to Pfizer Ltd for the year 2023-24 (8) 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	

You are required to Calculate -

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

4c) Explain Trading on Equity. (8) CO2

**OR**

4d) Summarize Weighted Average Cost of Capital. (8) CO2

**Question No. 5 Attempt following Question**

5a) Caterpillar 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) New York Enterprises having the following two proposal of investment – (8) CO5

Particulars	Proposal A	Proposal B
Cost of Investment	20,00,000	28,00,000
Life of Assets (Year)	4	5
Scrap Value		

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.

5c) Tyson 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) Delta Air 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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