

**TILAK MAHARASHTRA VIDYAPEETH, PUNE**  
**MASTER OF COMMERCE (M.COM.)**  
**EXAMINATION :JUNE - 2022**  
**FIRST SEMESTER**  
**Sub: Financial Management (MCA-112)**

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**Date:9/6/2022**

**Total Marks :100**

**Time: 2.00 pm to 5.00 pm**

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**Instructions:** 1) All questions are compulsory.  
2) Figures to the right indicate full marks.

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**Q.1 Answer the following questions. (Attempt any two) (30)**

1. A firm is 500 units of product whose selling price is Rs. 10 per unit. Variable cost is Rs. 6 per unit. Calculate the operating leverage for each of the following situation.
- a) When fixed cost is Rs. 500
  - b) When fixed cost is Rs. 1000
  - c) When fixed cost is Rs. 1500

2. Prepare a cash budget from the following data for 3 months ending 31<sup>st</sup> Mar. 2022

Months	Sales	Purchase	Wages	Other expenses
Nov.	80,000	45,000	10000	13000
Dec.	1,05,000	55,000	15000	21000
Jan.	1,15,000	50,000	30000	17500
Feb.	1,25,000	80,000	37500	25000
Mar.	1,20,000	65,000	29500	17000

Adjustments :

- 1) Tax due in the month of Mar Rs. 17500
- 2) Interest to be receivable on investment Rs. 2500 monthly
- 3) Cash on hand on 1<sup>st</sup> Jan Rs. 3500.
- 4) Dividend of Rs. 7500 to be paid during March.
- 5) Lag in payment of purchase 2 months
- 6) 30% of sales received in the month of sales discount allowed 5% Balance is payable equally in the following two months.
- 7) 20% wages are paid in next month.  
80% wages are paid in same month

Other expenses are paid in the following month

- 3 From the following information calculate weighted average cost of capital

A company has following capital structure

Equity (dividend 15%)	20,00,000
10% pref. shares	5,00,000
8% Loan	15,00,000

You are require to calculate weighted average cost in existing situation

A Company requires additional investment Rs. 5,00,000 in 12% debentures also calculate weighted average cost [assuming 50% tax] express your opinion

4. Explain the External factors for determining capital structure.

**Q.2 Answer the following. (Attempt any three) (30)**

1. Explain Cost of maintaining Receivables
2. Discuss Agency theory
3. Calculate average collection period at the end of each quarter.

Month	Sales	Receivable	Month	Sales	Receivable
Jan.	200	460	July	200	340
Feb.	225	360	Aug.	200	360
Mar.	230	315	Sep.	220	360
Apr.	150	310	Oct.	230	390
May.	150	300	Nov.	245	500
June	180	320	Dec.	250	520

4. State MM approach
5. Discuss Combine leverage

**Q.3 Write short notes. (Attempt any four) (20)**

1. Types of factoring
2. Cost of capital
3. Net operating income approach
4. Internal factors affecting on capital structure
5. ROI approach
6. EBT

**Q.4 Select the Correct Alternatives (Attempt Any Ten) (20)**

1. Following is the measure adopted by credit manager
  - a. aging schedule
  - b. NI approach
  - c. MM approach
  - d. ROI approach
2. Cash discount IS normally given to those customer \_\_\_\_\_.
  - a. Who pay after certain period
  - b. who agree to pay after 3 months
  - c. who pay on the spot
  - d. who agree to pay after 2 months
3. EBT stands for
  - a. Earn Before Tax
  - b. Earning Base Tax
  - c. Earning Best Tax
  - d. Earning Before Tax
4. Combine leverage is
  - a. operating leverage
  - b. Financial
  - c. operating leverage x financial leverage
  - d. operating leverage ÷ Financial leverage

5. \_\_\_\_\_ is the major objective of financial manager.
- |                        |                        |
|------------------------|------------------------|
| a. Diversification     | b. Wealth maximization |
| c. profit maximization | d. acquisition         |
6. Long term plans are made for
- |                               |                                    |
|-------------------------------|------------------------------------|
| a. Management of senior level | b. Management of Junior level      |
| c. Management of middle level | d. Management of supervisory level |
7. ROI stands for
- |                          |                         |
|--------------------------|-------------------------|
| a. Related on Investment | b. Return on Interest   |
| c. Related on Interest   | d. Return on Investment |
8. External factors for determining capital structure does not include :
- |                    |                         |
|--------------------|-------------------------|
| a. Control         | b. Market condition     |
| c. Cost of Capital | d. Investors preference |
9. NI stands for
- |                        |                          |
|------------------------|--------------------------|
| a. Net Income          | b. Net Investment        |
| c. Net income approach | d. Net investment aspect |
10. Overall cost of capital ( $K_0$ ) = \_\_\_\_\_
- |           |          |
|-----------|----------|
| a. EBIT/V | b. EBT/V |
| c. EBI/V  | d. E/V   |
11. Following is the examples of financing of current asset\_\_\_\_\_.
- |                  |                      |
|------------------|----------------------|
| a. Trade credit  | b. preference shares |
| c. Equity shares | d. debenture         |
12. Under\_\_\_\_\_ agreement the customer is permitted to overdraw upto pre fixed limit.
- |                    |              |
|--------------------|--------------|
| a. short term loan | b. term loan |
| c. cash credit     | d. overdraft |
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