

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

Date: 8/12/2022

Total Marks :60

Time: 10.00 Am to 12.30 pm

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

Q.1 Answer the following questions. (Attempt any two) (32)

1. F Ltd has the following capital structure on 31st march 2017

Particulars	Amounts
Equity share capital (20000 equity shares)	20,00,000
14% preference share capital	10,00,00
12% debentures	20,00,000
Total	50,00,000

The company is paying 10% dividend on equity shares you are required to

- a) Compute a weighted average cost of capital

Compute revised weighted average cost of capital if company raises an additional Rs- 2000000 debt by issuing 14% debentures.

2. Calculate degree of operating leverage, degree of financial leverage, degree of combined leverage from the following information

Output in units	75000
Fixed cost	10000
Variable cost per unit	0.30
Interest on borrowed fund	5000
Selling price per unit	0.70

3. Following information is related to period January to June prepare cash budget for the period of April to June

Months	Sales	Materials	Wages	Expenses
January	18000	9000	3000	900
February	22000	12000	3300	1200
March	27000	15000	3600	1500
April	30000	18000	4000	1800
May	33000	22000	4200	2100
June	36000	24000	4500	2400

- 1) Cash balance of 1st January was Rs- 18000
2) A new machine costing Rs- 30,000 is to be installed. Payment to be made in two equal installments in may and June
3) 5% commission on sales to be paid in the following month.
50% of sales are on cash basis and balance paid in two equal installments in next two months

4. Following data relates to sales and cost of PQR Ltd.

particulars	Existing	Expected
Sales	1000 units at Rs- 20	1400 units at Rs- 20
Variable cost	Rs- 14 per unit	Rs- 14 per unit
Fixed cost	Rs-1000	Rs- 1000

Calculate operating leverage

Q.2 Answer the following. (Attempt any one) (08)

1. Meaning of strategic planning. What are different types of long term strategies?
2. What are different cost associated with receivables?
3. Explain the factors determining cash needs

Q.3 Write short notes. (Attempt any two) (10)

1. Cost of capital
2. Credit standards
3. Objective of financial manager.
4. EBIT

Q.4 Select the Correct Alternatives (Attempt Any Ten) (10)

1. Sales minus ----- = contribution
 - a) variable cost
 - b) factory cost
 - c) fixed cost
 - d) total cost
2. Weighted average cost of capital = total cost /-----
 - a) total capital
 - b) total debt
 - c) total preference capital
 - d) total equity capital
3. Combined leverage = operating leverage *-----
 - a) contribution
 - b) EBT
 - c) EBIT
 - d) financial leverage
4. Acquisition is ----- type of strategy
 - a) growth
 - b) financial
 - c) non growth
 - d) non financial
5. ----- Motive refers to the desire of a firm to take advantage of unexpected opportunities
 - a) Transaction motive
 - b) precautionary motive
 - c) speculative motive
 - d) both a and b
6. Current assets include -----
 - a) bills payable
 - b) bills receivable
 - c) creditors for goods
 - d) bank overdraft
7. ----- Is a cost of maintaining receivables
 - a) Variable cost
 - b) fixed cost
 - c) operating cost
 - d) defaulting cost
8. Cash management tool enables the management of firm to know the ----- position
 - a) cash
 - b) stock
 - c) firm
 - d) material

9. Excess working capital result in -----
- a) Block of cash
 - b) loosing interest
 - c) lack of production
 - d) lack of smooth flow of production
10. The asset which can be converted into cash whenever required with-out loosing its value is -----
- a) Current assets
 - b) current liability
 - c) fixed assets
 - d) variable assets
11. The net working capital measures -----
- a) ability
 - b) creditability
 - c) liquidity
 - d) none of these
12. One significant element in the dividend strategy is-----
- a) capital structure
 - b) maximization of capital
 - c) dividend payout ratio
 - d) working capital
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