

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF COMMERCE (M.COM)
EXAMINATION: DECEMBER - 2023
FIRST SEMESTER

Sub: Financial Management (MCA-112)

Date: 09/12/2023

Total marks: 100

Time: 10.00 am to 01.00 pm

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

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

1. Calculate degree of Operating Leverage degree of Financial leverage and degree of combine leverage for the firm

Output in units	150,000
Fixed cost	20,000
Variable cost per unit	0.30
Interest on borrowed funds	10,000
Selling price per unit	0.70

2. The existing sales of Mahesh ltd are Rs. 2 crores. The current customers are drawn from company having High or Good credit rating. With partially liberalized credit standards the company's sales are likely to go up by Rs. 24 lakh, the mix of new customers being 67 percent and 33 percent from the group rated Amit and Limited respectively. The average collection period is likely to be 45 days and the expected bad debts 10% for new customers. The contribution to sales ratio for Moon Ltd. is 20%. The cost of funds is 15%

3. A Ltd has Rs. 5,00,000 as its capital contributed by shares and dividends as follows:

Particulars	Book value	Market value
Equity Shares	1,00,000	1,50,000
Preference Shares	50,000	60,000
Debentures	1,00,000	90,000
Total	2,50,000	3,00,000

The following costs are incurred on the above mention issues of capital. Corporate tax rate is 50%

1. Price of shares is currently Rs. 150 and rate of dividend is Rs. 8 per share which is expected to grow at the end of the year by 7%

2. Rate of preference dividend is 11% and market price is Rs. 125

Debentures are carrying interest rate of 9%

Compute weighted average cost of capital using

- Book value as weighted
- Market value as weighted

4. Prepare a Cash Budget for three months ending 30th June, 2022 from the following

Months	Sales	Purchase	Salary	Selling Expenses
Jan	1,60,000	80,000	12,000	7,600
Feb	2,00,000	1,60,000	16,000	8,400
March	1,20,000	1,60,000	16,000	12,200
April	2,40,000	2,00,000	20,000	7,600
May	3,20,000	2,86,000	24,000	8,600
June	2,80,000	2,00,000	20,000	13,600

Additional Information

- 30% of credit Sales will be realize in second month and 70% in next month.
- Creditors given one month credit period.
- Delay in payment of Salary half a month
- Selling expenses are paid in same month.
- Advance tax is Rs.8000 and payable in April.
- Cash sales is 25% of total sales.
- Opening Cash balance Rs. 80,000

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

- EBIT-EPS analysis of a firm
- Explain types of Long Term Strategies.
- Explain various sources of short term finances.
- C Ltd issued 5,000 equity shares of Rs. 100 each at a premium of 10%. The company is paying 15% dividend to Equity Shareholders since last five years and expected to continue in future also.
Calculate the cost of Equity Capital.
- Non-financial objectives of a firm , Explain

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

- Acquisition discusses the term
- Collection Programme
- Senior Management
- Letter of credit
- Acquisition
- Purpose of receivables

Q. 4 A. Answer in one Sentence (Attempt any five) (10)

- Full form of EPS.
- What is Variable Cost?
- What is Fixed cost?
- What are shares?
- What is Recurring cost?
- What is profitability?
- What is Compensation?

B. Select the correct Alternatives (Attempt any ten)

(10)

1. Operating Leverage has great impact on _____
 - a. Variable Cost
 - b. Semi variable Cost
 - c. Recurring Cost
 - d. Fixed Cost
2. Following is the example of cash payment _____
 - a. Purchase of Asset
 - b. Collection from debtors
 - c. Sales
 - d. Interest received
3. Acquisition is Type of strategy.
 - a. Survival
 - b. Short term
 - c. Non growth
 - d. Growth
4. Short term plans are made by _____
 - a. Senior Management
 - b. Junior Management
 - c. Directors
 - d. Shareholders
5. EPS means _____
 - a. Earnings per share
 - b. Earning price share
 - c. Earning per stock
 - d. Economy per share
6. When fixed cost increase operating leverage.....
 - a. No effect
 - b. Remain stable
 - c. Increase
 - d. Decrease
7. ...has to achieve equilibrium between liquidity and profitability.
 - a. Financial manager
 - b. Sales Manager
 - c. Purchase Manager
 - d. Production Manager
8. The main purpose of granting credit is.....sales
 - a. Parallel
 - b. Decrease
 - c. Boost
 - d. Complete
9. Following is the example of cash receipt
 - a. Payment of loan
 - b. Purchase of Asset
 - c. Payment of Creditors
 - d. Sale of Asset
10. NOI approach Stands for.....
 - a. Net operating Income
 - b. Non operating Investment
 - c. Non operating Income
 - d. Non operating Investment
11. Short term bank finance does not include.....
 - a. Letter of credit
 - b. Bills of purchasing
 - c. Overdraft
 - d. Housing loan
12.motives refer to the desire of affirm to take advantage of unexpected opportunity.
 - a. Unforeseen
 - b. Speculation
 - c. Precautionary
 - d. Compensation