

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: 60

Time: 10.00 am to 12.30 pm

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

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

1. ABC company wishes to arrange overdraft facility with its bankers during the period April to June 2023. In this period company will be mostly manufacturing for stock. Prepare a Cash Budget for the above period from the following data, which indicates the extent of bank facilities the company will require at the end of the month.

Month	Sales Rs	Purchases Rs	Wages
February 2023	2,00,000	1,10,000	20,000
March 2023	2,20,000	1,20,000	25,000
April 2023	2,40,000	1,30,000	30,000
May 2023	2,60,000	1,40,000	35,000
June 2023	2,80,000	1,50,000	40,000

- a) 50% of Credit sales are realized in the month following the sales and the remaining 50% in the second month following.
- b) Creditors are paid in the month following the month of purchases
- c) Wages are paid in the same month.
- d) Expected Cash at bank on 1-4-2023 Rs 20,000.
2. Explain capital structure theory in detail.
3. Calculate degree of Operating Leverage, degree of Financial leverage and degree of combined leverage for the firm
- | | |
|----------------------------|--------|
| Output in units | 75,000 |
| Fixed cost | 10,000 |
| Variable cost per unit | 0.30 |
| Interest on borrowed funds | 5,000 |
| Selling price per unit | 0.70 |
4. Explain the major components of credit policies

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

1. Explain cash budget.
2. Explain factors determining cash needs.
3. A Ltd has the following Capital structure :

Equity (Expected dividend 15%)	20,00,000
10% Preference Shares	5,00,000
8% Loan	15,00,000

You are required to calculate the weighted average cost of capital. Assuming 50% as the rate of income – tax before and after tax.

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

1. Non financial objectives of a firm.
2. Purpose of receivables.
3. Collection Programme.
4. EBIT-EPS analysis of a firm.

Q. 4 Select the correct Alternatives (Attempt any ten) (10)

1. Acquisition is type of strategy.
 - a. Survival
 - b. Short term
 - c. Non growth
 - d. Growth
2. Short term plans are made by
 - a. Senior Management
 - b. Junior Management
 - c. Directors
 - d. Shareholders
3. EPS means
 - a. Earnings per share
 - b. Earning price share
 - c. Earning per stock
 - d. Economy per share
4. When fixed cost increase operating leverage.....
 - a. No effect
 - b. Remain stable
 - c. Increase
 - d. Decrease
5. NOI approach Stands for.....
 - a. Net operating Income
 - b. Non operating Investment
 - c. Non operating Income
 - d. Non operating Investment
6. Short term bank finance does not include.....
 - a. Letter of credit
 - b. Bills of purchasing
 - c. Overdraft
 - d. Housing loan
7.motives refer to the desire of affirm to take advantage of unexpected opportunity.
 - a. Unforeseen
 - b. Speculation
 - c. Precautionary
 - d. Compensation
8. ...has to achieve equilibrium between liquidity and profitability.
 - a. Financial manager
 - b. Sales Manager
 - c. Purchase Manager
 - d. Production Manager
9. The main purpose of granting credit is.....sales
 - a. Parallel
 - b. Decrease
 - c. Boost
 - d. Complete

10. Following is the example of cash receipt
- a. Payment of loan
 - b. Purchase of Asset
 - c. Payment of Creditors
 - d. Sale of Asset
11. Operating Leverage has great impact on
- a. Variable Cost
 - b. Semi variable Cost
 - c. Recurring Cost
 - d. Fixed Cost
12. Following is the example of cash payment
- a. Purchase of Asset
 - b. Collection from debtors
 - c. Sales
 - d. Interest received
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