

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF COMMERCE (M.COM)

EXAMINATION: MAY- 2024
FIRST SEMESTER

Sub: Financial Management(MCA-112)

Date: 15/05/2024

Total marks: 60

Time: 2.00pm to 4.30pm

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. The Ketancompany existing sales are Rs. 180 lakh. It is currently extending credit period is of net 30 days to its customers. The company's contribution to sales ratio is 20%. Cost of fund is 15%.
The company is contemplating to increase its sales by Rs. 16 lakh to be achieved by means of lengthening the existing period to net 45 days. The Bad Debt losses on additional sales is expected to be 5%.
Should the company go in for a policy change or not?

2. Akash Ltd. has following capital structure on 31st March 2022

Particulars	Amount
Equity Share Capital (20,000 shares)	20,00,000
14% Preference Share Capital	10,00,000
12% Debentures	20,00,000
Total	50,00,000

The company is paying 10% dividend on equity shares

You are require to

1. Compute a weighted average cost of capital of existing capital structure
 2. compute revised weighted average cost of capital if company raises an additional Rs. 20,00,000 debt by issuing 14% debentures
3. Calculate degree of Operating Leverage degree of Financial leverage and degree of combine leverage for the firm
- | | |
|----------------------------|----------|
| Output in units | 1,50,000 |
| Fixed cost | 20,000 |
| Variable cost per unit | 0.30 |
| Interest on borrowed funds | 10,000 |
| Selling price per unit | 0.70 |
4. Prepare a Cash Budget for three months ending 30th June, 2022 from the following

Months	Sales	Purchase	Salary	Selling Expenses
Jan	80,000	45,000	20,000	5,000
Feb	80,000	40,000	18,000	6,000
March	75,000	42,000	22,000	6,000
April	90,000	50,000	24,000	7,000
May	85,000	45,000	20,000	6,000
June	80,000	35,000	18,000	5000

Additional Information

1. 10% of Purchases and 20% of sales are for cash.
2. Creditors given one month credit period.
3. Delay in payment of Salary half a month
4. Selling expenses are paid in same month.
- 5.. Opening Cash balance Rs. 15,000
6. Average collection period from debtors half month.

Q.2 Answer the following questions. (Attempt any Two) (16)

1. Explain Internal factors affecting Capital structure.
2. Explain objectives of short term finance.
3. D Ltd .issued 1000 equity shares of Rs. 100 each at par. Floating cost of shares is 5% of share price. Company is paying 10% dividend at an expected growth rate of 5%. Calculate the cost of Equity Capital.
4. Explain EBIT.

Q.3 Write short notes. (Attempt any three) (12)

1. Hypothecation
2. Variable Cost
3. Net Income
4. Recurring Cost
5. Operating Leverage.
6. Credit Standards.