

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF COMMERCE (M.COM)
EXAMINATION: MAY- 2024
FIRST SEMESTER
Sub: Financial Management (MCA-112)

Date: 24/05/2024

Total marks: 100

Time: 10.00am to 01.00pm

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 Financial leverage and combined leverage.

Output in units	15000
Fixed Cost	14000
Variable cost per unit	1.50
Interest on Borrowed Funds	8000
Selling price per unit	5.00

2. A. F Ltd. has the following capital structure on 31st Mar. 2023

Particulars	Amount
Equity Share Capital (20,000 shares)	20,00,000
14% pref. share capital	10,00,000
12% Debentures	<u>20,00,000</u>
	<u>50,00,000</u>

The company is paying 10% dividend on equity shares.

You are require to

- a. Compute a weighted average cost of capital of existing capital structure.
- b. Compute a revised weighted average cost of capital if company raises an additional Rs. 20,00,000 debt. by issuing 14% debentures
3. ABC Co. wishes to arrange overdraft facility with banker. Prepare cash Budget from April to June from the following information.

Months	Sales	Purchase	Wages
Feb.	1,80,000	1,24,800	12000
Mar.	1,92,000	1,44,000	14000
April	1,08,000	2,43,000	11000
May	1,74,000	2,46,000	10000
June	1,26,000	2,68,000	15000

Additional information :

- 1) All sales are on credit 50% credit sales are realized in the month following the sales 50% in the second months.
- 2) Creditors are paid in the month following the month of purchase.
- 3) Opening cash Balance Rs. 25000
- 4) Wages are paid in the same month.
4. The following information is available of a firm during a period of 12 months.

Sales	24,00,000
Selling price per unit	Rs. 10
Variable Cost	Rs. 7
Total cost	Rs. 9

Credit period allowed to customer 1 month

Credit period is to be extended from 1 month to 2 month it will increase the sales by 25%
Return on investment 25%. Suggest Policy to credit.

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

1. Explain short term bank finance.
2. Factors determining cash needs.
3. B Ltd issued 1000, 9% pref. shares of Rs. 100 each at a discount of 5% and redeemable after 5 years at 10% premium.
Compute the cost of preference shares.
4. State Financial Planning and Strategic Planning.
5. Discuss the Sources of financing Current Assets

Q.3 Write short notes. (Attempt any five) (40)

1. Profit maximization
 2. Debentures
 3. Shares
 4. Net Investment
 5. Cost of maintaining Receivables
 6. External factors affecting capital structure
 7. Financial Planning
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