



Sanjay Ghodawat University, Kolhapur
Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

2017-18

FYBBA
MMC 504

School of Commerce & Management
Financial Management
End Semester Examination

MBA
Semester- EVEN(II)
Time: 3 hrs, Max Marks:100

Day and Date

24th May 2018

10:30 AM to 1:30 PM

Instructions:

- 1) All Questions are compulsory.
- 2) Use of Scientific Calculator is not allowed.

Marks Cos

Q.1

Solve the following

NOP Textiles Ltd has asked its Finance Manager to Estimate the Working Capital Requirement for the organization for a level of activity of 3,12,000 units of production for the period 2017-2018. The following information is available about the organization

Particulars	₹ Per Unit
Raw Materials	45
Direct Labors	20
Overheads	40
Profit	30
Selling Price Per Unit	135

a)

10 CO504.3

- 1) Raw Material is in stock on average of 1 month.
- 2) Materials are in process on average : 2 weeks
- 3) Finished Goods are in stock on average : 1 month
- 4) Credit allowed by supplier :1 month
- 5) Time lag in payment of Debtors : 2 months
- 6) Lag in payment of wages :1^{1/2} weeks
- 7) Lag in payment of overheads : 1 month

The Cash in hand and Bank is ₹30,000. It is to be assured that production is carried evenly throughout the year. Wages and Over heads accrue similarly and the time period of 4 weeks is equivalent to a month.

Estimate working capital requirements of the firm.

Calculate the Net Present Value and Pay Back Period for Project X & Project Y and suggest which Project is to be selected.

b)

Years	Project X	Project Y
1	-	5000
2	8000	3000
3	10,000	12,000
4	15000	17000
5	11000	8000
6	9000	9000

10 CO504.2

The Investment For Project X and Project Y is 30,000. Consider the Present value factor @ 10%.

Q.2 Solve any Two

- | | | | |
|----|---|----|---------|
| a) | Define financial Planning and discuss its steps in detail. | 10 | CO504.1 |
| b) | Differentiate Traditional And Modern Approach of Financial Management | 10 | CO504.1 |
| c) | Define Financial Management and explain its importance. | 10 | CO504.1 |

Q.3 Solve any Two

- | | | | |
|----|---|----|---------|
| a) | Explain Profitability index and Return on Investment. | 10 | CO504.2 |
| b) | Which are the different forms of dividends? | 10 | CO504.2 |
| c) | Find out leverages | 10 | CO504.2 |

Sr No	Company P	Company N
Sales Volume (units)	70,000	20,000
Selling Price Per Unit	40	150
Variable Cost Per Unit	10	70
Fixed Cost	6,00,000	12,00,000
Interest on Debenture	38,000	58,000

Q.4

Solve any Two

- | | | | |
|----|--|----|---------|
| a) | What does Permanent & Temporary working capital indicates? | 10 | CO504.3 |
| b) | How does operating cycle works? | 10 | CO504.3 |
| c) | Which are the different factors affecting working capital? | 10 | CO504.3 |

Q.5

Solve any Two

From the following information calculate,

(1) Re-order level (2) Maximum level (3) Minimum level (4)

Average level

Normal usage: 200 units per week

- | | | | |
|----|-----------------------------------|----|---------|
| a) | Maximum usage: 250 units per week | 10 | CO504.4 |
|----|-----------------------------------|----|---------|

Minimum usage: 40 units per week

Re-order quantity (EOQ): 600units

Log in time: 6 to 8 weeks

Normal reorder Period: 7 weeks

- | | | | |
|----|--|----|---------|
| b) | A company uses a particular material in a factory which is 20,000 units per year. The cost per unit of material is ₹ 10. The cost of | 10 | CO504.4 |
|----|--|----|---------|

placing one order is ₹ 100 and the inventory carrying cost is 20% on average inventory .From above information calculate Economic Order Quantity.

- c) Explain Concept of Cash Management and Motives For Holding Cash

10 CO504.4
