

Seat No.	
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M.B.A. (Part - I) (Semester - II) (CBCS) Examination, May - 2015**FINANCIAL MANAGEMENT (Paper - X)****Sub. Code : 57113****Day and Date : Saturday, 23 - 05 - 2015****Total Marks : 80****Time : 11.00 a.m. to 2.00 p.m.**

- Instructions :**
- 1) Q. No. 1 and Q. No. 5 are compulsory.
 - 2) Attempt any two questions from Q. No. 2, 3, & 4.
 - 3) Figures to the right indicate full marks.

Q1) The following data are extracted from the published accounts of two companies "A Ltd and "B" Ltd in an industry.

Particulars	"A Ltd"	"B Ltd"
Sales	32,00,000	30,00,000
Net profit after tax	1,23,000	1,58,000
Equity capital [Rs 10 per share fully paid]	10,00,000	8,00,000
General Reserves	2,32,000	6,42,000
Long term debt	8,00,000	5,60,000
Creditors	3,82,000	5,49,000
Bank loan [Short-term]	60,000	2,00,000
Fixed Assets	15,99,000	15,90,000
Inventories	3,31,000	8,09,000
Other current assets	5,44,000	4,52,000

Calculate the following ratios:

- a) Current Ratio
- b) Return on total assets Ratio
- c) fixed assets turnover Ratio
- d) Stock turnover Ratio
- e) Earning per share Ratio

[20]**OR****P.T.O.**

- a) New Ltd sells its products on a gross profit of 20% on sales. The following information is available for the current year ended march 31.

Particulars	Rs.
Sales at 3 months credit	40,00,000
Raw material	12,00,000
Wages paid:- Average time lag 15 days	9,60,000
Manufacturing wages paid:- one month in arrears	12,00,000
Administrative expenses paid:- one month in arrears	4,80,000
Sales promotion expenses-payable half yearly in advance	2,00,000

The company enjoys one month's credit from the suppliers of raw materials, and maintains 2 months stock of raw materials, and 1½ month's stock of finished goods. The cash balance is maintained at Rs. 1,00,000. Assume 10% margin. Find out the amount of working capital requirement of New Ltd. [10]

- b) A machine costing Rs. 1,10,00,000 has a life of 10 years, at the end of which its scrap value is likely to be Rs. 10,00,000. The firm's cut-off rate is 12%. The machine is expected to yield an annual profit after tax of Rs. 10,00,000, depreciation being reckoned on straight line basis for tax purposes. At 12% the present value of the rupee received annually for 10 years is 5.650, and the value of rupee one received at the end of the tenth year is 0.322. Ascertain the Net present value of the project. [10]

Q2) a) What do you mean by Financial management? Explain the profit maximisation objective of financial management in detail. [10]

- b) What do you understand by finance functions? Explain the re-curring finance functions in detail. [10]

Q3) a) What is "Ratio Analysis"? Explain the Liquidity group ratios with its formulaes. [10]

- b) Explain the following techniques of financial statement analysis:-[10]
- Trend analysis
 - Common size statements.

- Q4)** a) Define working capital? Explain the various sources of financing working capital requirement. [10]
- b) Explain any five factors that determines the quantum of working capital requirements. [10]

Q5) Write short notes (any four):- [20]

- a) Wealth maximisation objective
- b) Activity Ratios
- c) Internal Rate of Return
- d) Concept of optimal capital structure
- e) Cost of capital
- f) Steps in the preparation of funds flow statement

