

Seat No.	
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**M.B.A. (Part - I) (Semester - II) (CBCS) (New)**  
**Examination, December - 2017**  
**FINANCIAL MANAGEMENT (Paper - X)**  
**Sub. Code : 68311/57113**

**Day and Date : Tuesday, 12 - 12 - 2017**

**Total Marks : 80**

**Time : 2.30 p.m. to 5.30 p.m.**

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

**Q1) Vibrant Textiles Ltd. has approached you with the following information:**

Elements of cost	Rs. Per unit
Raw material	8
Direct labour	2
Overheads	<u>6</u>
Total cost	16
Profit	<u>4</u>
Selling price	20

Present level of activity is 5,200 units p.a.

Raw material in stock on average six weeks

Materials are in process on average half a month

Finished goods are in stock on average six weeks

Credit allowed by creditors is for one month

Credit allowed to debtors is for two months

Lag in payment of wages is 1.5 weeks

Cash in hand required to be maintained Rs.7,300

Assuming that the production and overheads occur evenly throughout the year, prepare a statement of working capital requirement for the company at the present level of activity. [20]

**P.T.O.**

**Q2)** Following particulars are taken from the books of Resurgent Ltd. for the year ended 31<sup>st</sup> March, 2017.

Working capital	Rs. 75,000
Current ratio	1.6
Liquid ratio	1.35
Stock turnover ratio	9 times
Debtors; turnover ratio	73 days
Fixed assets/Proprietor funds	75 %
Gross profit ratio	25%
Net profit to share capital	15 %
Share capital	Rs. 2,00,000

You are required to prepare a profit and loss account for the year ended 31<sup>st</sup> March, 2017 and balance sheet as on that date with as many details as possible. Assume that there are no long term loans and bank overdraft. **[20]**

- Q3) a)** 'Function of finance is of paramount importance in the organisation' Comment. **[10]**
- b) Write a note on comparative financial statements with a suitable example. **[10]**
- Q4) a)** What is 'cost of capital'? Explain the concept of cost of equity. **[10]**
- b) Briefly discuss the determinants of working capital. **[10]**
- Q5) Write short notes on any four of the following **[20]****
- a) Net Present Value.
  - b) Optimal Capital Structure.
  - c) Cash Flow Statement.
  - d) Debt Equity Ratio.
  - e) Wealth Maximisation.
  - f) Internal Rate of Return.

