

S.D.E.

M.B.A. (I.T.) SEM-IV (2013 COURSE) : SUMMER - 2018

SUBJECT: FINANCIAL MANAGEMENT & CONTROL

Day: **Tuesday**  
Date: **05/06/2018**

S-2018-4530

Time: **02.00 P.M. TO 05.00 P.M.**  
Max. Marks: 70

**N.B.:**

- 1) Attempt any **THREE** questions from Section –I and any **TWO** questions from Section –II.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to both the sections should be written in the **SEPARATE** answer book.
- 4) Use of non-programmable **CALCULATOR** is allowed.

**SECTION-I**

- Q.1** Write a note on Following decisions of Financial Management. (14)  
i) Investment Decision ii)Liquidity Decision
- Q.2** Explain the factors considered for estimation of Working Capital of a Manufacturing Company. (14)
- Q.3** Explain the following terms with examples: (14)  
i)Operating Leverage ii)Financial Leverage
- Q.4** Write a note on Optimum Capital Structure. (14)
- Q.5** Write short notes on any **TWO** of the following: (14)  
a) Cash Budget  
b) Pay Back Period  
c) Equity Shares

**SECTION-II**

- Q.6** PQR Ltd. whose cost capital is 10% is considering two mutually exclusive proposals, P and Q the details of which are as follows: (14)

Particulars	Proposal P ₹	Proposal Q ₹
Initial Investments	15,00,000	15,00,000
Projected Cash Inflows		
1 <sup>st</sup> Year	1,00,000	6,50,000
2 <sup>nd</sup> Year	2,50,000	6,00,000
3 <sup>rd</sup> Year	3,50,000	6,00,000
4 <sup>th</sup> Year	5,50,000	5,75,000
5 <sup>th</sup> Year	7,50,000	5,25,000

Calculate:

- i) Pay Back Period
- ii) Net Present Value @ 10% rate of discount
- iii) Profitability Index

The Discounting Factors at 10% are .909, .826, .751, .683, .621.

P. T. O.

- Q.7** The Board of directors of XYZ Engineering Co. Pvt. Ltd. request you to prepare a statement showing the working capital requirements for a level of activity of 1,56,000 units of production. The following information is available for your consideration. **(14)**

	<b>₹</b>
<b>Cost Per unit</b>	
(A) Raw materials	90
Direct labour	40
Overheads	<u>75</u>
Total cost	<b>205</b>
Profit	<u>60</u>
<b>Selling price per unit</b>	<b>265</b>

- (B)** i) Raw materials are in stock on an average one month.  
ii) Materials are in process 50% complete on an average two weeks.  
iii) Finished goods are in stock on an average one month.  
iv) Credit allowed by suppliers one month.  
v) Time lag in payment from debtors two months.  
vi) Lag in payment of wages half month.  
vii) Lag in payment of overhead one month.

- Q.8** Write a note on any two techniques used for analysis of Financial Statements of a Company. **(14)**

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