PT-II

MBA.II/05.16.0392 Reg. No

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MBA (PT) DEGREE II SEMESTER EXAMINATION MAY 2016

SMP 2205 FINANCIAL MANAGEMENT

(Supplementary – Prior to 2012 Admission)

Time: 3 Hours | Maximum Marks: 50

(5 × 10 = 50)

I. Explain the role of a Modern Financial Management in the changing scenario.

OR

II. From the following information, prepare a Balance Sheet. Show the workings.

1.	Working capital	₹75,000
2.	Reserves and surplus	₹1,00,000
3.	Bank overdraft	₹60,000
4.	Current ratio	1.75
5.	Liquid ratio	1.15
6.	Fixed assets to proprietors' fund	0.75
7.	Long term liabilities.	NIL

III. A firm's annual sales value is ₹100 lakhs. Its variable cost to sales ratio is 75%. Fixed costs, excluding interest on borrowed capital, amounts to 5% of sales value. Interest is 10% on borrowed capital of ₹1 crore. Tax on profit is 40%. Calculate the operating and financial leverages.

OR

IV. What is meant by Cost Volume Profit Analysis? State the objectives of such analysis.

V. List down and explain the salient features of equity shares and debentures.

OR

VI. Compute the weighted average cost of capital from the following information;

Particulars	₹ (lakhs)	Before tax costs
Equity capital	3	15%
Preference shares	2	13.5%
Retained earnings	2	15%
Debentures	3	15%
	10	

VII. Critically examine the various methods of evaluating capital expenditure proposals. Discuss their advantages types of limitations.

OR

(P.T.O.)

VIII. A company with No.1 of ₹3,00,000 (equity capital) is attempting to evaluate a number of positive capital structures given below. What is the capital structure you recommend? Why?

Structure	Debt	Kd (%)	Ke (%)
A	3,00,000	10	12
B	4,00,000	10	12.5
C	5,00,000	11	13.5
D	6,00,000	12	15
E	7,00,000	14	18

IX. The management of Ram Ltd., desires to know the working capital required with effect from 1st January 2010 to finance the production programme. Percentage of various elements of cost to selling price are;

Materials 50% Labour 20% Overheads 10%.

You are informed that,

(i) Raw materials remain in the stores on an average for one month before issue to production.

(ii) Finished goods remain in the godown for two months before sales.

(iii) Each unit of production will be in process for one month.

(iv) Credit allowed by creditors is one months and allowed to debtors is two months.

(v) Selling price is ₹9 p.u. production in 2010 is expected to be 1,00,000 units. Advise the management.

OR

X. Define "Inventory". What are its different types? Explain the role of inventory management on managing all types of inventories.

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