	Sanjay Ghodawat University, Kolhapur Established as State Private University under Govt. of Maharashtra. Act No XL, 2017	**2020-21** EXM/P/09/00

Year and Program: **2021 BBA-II**	**School of Commerce and Management**	**Department: Management**
Course Code: MBC 203	**Course Title: Financial Management**	**Semester : III**
Day: Tuesday **Date: 16.02.2021**	**RE-End Semester Examination**	**Time : 2 Hrs.** **Max Marks : 50**

Instructions: 1) All Questions are compulsory.

		Marks	Bloom's Level	CO
Q.1	**Answer the following (any Two)**–			
a)	**Prepare working capital requirement from following information** a) Budgeted Production 600000 units b) stock holding- Raw material -2 month, WIP- 0.5 month, finished goods- 1 month c) Credit granted to customer 2 month, credit available from supplier 1 month. d) Minimum cash balance Rs. 25000 e) Cost structure as under	9	L3	203.3
b)	Discuss Profit maximization and wealth maximization	9	L2 L3	203.1 203.4
c)	Suppose you are working as a Finance Manager, Assess different financial decisions needs to be taken and its impact on Profit.	9		

	Cost per unit (Rs)
Raw material	10
Direct Labor	2.50
Overhead	7.50
Total cost	20
Profit	5
Selling price	25

Q.2 **Answer the following (any two) –**

a) The project cost Rs. 50000 and life is 5 years with no salvage value. Tax rate 50%, company follows straight line method of depreciation. The earnings before depreciation and tax are as follows — 8 L3 203.5

Year	1	2	3	4	5
EBDT	10000	11000	14000	15000	25000

Calculate Payback Period.

b) Evaluate different methods of capital budgeting to assess investment proposal. — 8 L4 203.2

c) Elaborate the importance of optimum level of working capital — 8 L1 203.3

Q.3 **Answer the following (any two) –**

a) ABC company ltd. Issues 8% pref. shares of Rs. 500000 at Rs. 10 each. 3% brokerage paid on face value. Calculate cost of Pref. Share when they are issued — 8 L3 203.6

1) At par 2) at 10% premium 3) at 10% Discount

b) Which are the different sources of financing for a business organization? What things to be considered before raising capital. — 8 L4 203.2

c) XYZ company supplied the following information to you and requested to compute cost of capital based on book value and market value. — 8 L3 203.6

Sources of Finance	**Book Value**	**Market Value**	**After tax Cost (%)**
Equity	1000000	1500000	10
Long Term Debt	800000	750000	8
Short Term Debt	200000	200000	5
Total	2000000	2450000	

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