

**Goa Vidyaprasark Mandal's  
GOPAL GOVIND POY RAITURCAR COLLEGE OF  
COMMERCE AND ECONOMICS PONDA - GOA  
B.COM. CBCS (SEMESTER - IV) EXAMINATION,  
JULY 2021  
FINANCIAL MANAGEMENT**

**Duration: 2 hrs.**

**Marks: 40 Marks**

**Instructions:**

- Question Paper consists of two questions.
- Answer **any 5** from Q1.
- Answer **any 6** from Q2.

QA. Answer **ANY FIVE** from the following:

(5x2) = 10 Marks

1. Differentiate between Profit and Wealth Maximization. (2 pts.)
2. Why Working capital is termed as Circulating or revolving capital.
3. What are the motives behind holding cash?
4. The finance department of XYZ Corporation provides the following information  
Inventory carrying cost – 40%  
Ordering cost per order - ₹ 600  
Cost per unit – ₹ 50  
Annual demand – 1000 units  
Find Economic order quantity.
5. How Shareholders wealth is created?
6. Draw a chart showing classification of working capital on the basis of Time and on the basis of Concept.
7. Write short note on Credit period.
8. State any four Merits of holding inventory.

Q B Answer **ANY SIX** from the following.

(6x5) = 30Marks

- I) Explain any five duties of Financial Manager.
- II) Calculate Net Operating cycle.

Sales (Credit)	30,00,000
Cost of Production	21,00,000
Purchases	6,00,000
Average raw material stock	80,000
Average work in progress	85,000
Average stock of finished goods	1,80,000
Average creditors	90,000
Average Debtors	3,50,000

\*No of days in a year = 365

III) Explain any five strategies to manage cash needs.

IV) Explain any five advantages of Just in Time method of Inventory management.

V) Explain the Scope of financial Management.

VI) Explain any five determinants of working capital.

VII) Explain any five factors influencing size of receivables.

VIII) P. Ltd uses material A and B for production of X, the final product. Determine Reorder level, Minimum level, Maximum level and Average level of Raw material A and B.

	A	B
Maximum consumption	150 units	150 units
Average consumption	100 units	100 units
Minimum consumption	50 units	50 units
Lead time	8 to 12 weeks	4 to 8 weeks
Reorder quantity	400 units	600 units

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