

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA - GOA
B.COM. CBCS (SEMESTER-IV) EXAMINATION, APRIL 2019
FINANCIAL MANAGEMENT

DURATION: 2 Hours

MARKS: 80

INSTRUCTIONS: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

- Q. I. Answer **any four** of the following: (4×4 =16)
1. Explain forms of financial capital.
 2. Write a short note on sources of working capital.
 3. Write a short note on motives of holding cash.
 4. Explain cost of holding inventory (any 2).
 5. Explain profit maximization v/s wealth maximization.
 6. Write a short note on types of working capital.
- Q. II. Answer **any four** of the following: (4×4 =16)
1. Explain importance of international financial management.
 2. Explain importance of working capital.
 3. What are the objectives of receivable management?
 4. Explain ABC analysis.
 5. Explain cost associated with accounts receivables.
 6. Explain the benefits of holding inventory.
- Q.III. A. Explain the scope of financial management. (12)
- OR**
- B. Explain the role of financial manager. (12)
- Q.IV. A. Explain determinants of working capital (any 8). (12)
- OR**
- B. A proforma cost sheet of a company provides the following data. (12)
- | Costs (per unit) | ` |
|------------------|-------|
| Raw materials | 52 |
| Direct labour | 19.5 |
| Overheads | 39 |
| Total cost | 110.5 |
| Profit | 18.5 |
| Selling price | 180 |
- The following is the additional information available.
1. Average raw materials in stock one month
 2. Average materials in process – half a month
 3. Finished goods are in stock for one month
 4. Credit allowed by suppliers one month
 5. Credit allowed to debtors two month
 6. Time lag in payment of wages 10 days and overheads one month
 7. One-fourth of sales are on cash basis
 8. Cash balance is expected to be ` 1,20,000

You are required to prepare a statement showing the working capital needed to finance a level of activity of 70,000 units of output. One month is equal to 30 days and year is 360 days. You may assume that production is carried on evenly throughout the year.

P.T.O.

Q. V. A. Prepare cash budget for the 3 months ending 31-5-2018 from the following information. (12)

Month	Sales	Materials	Wages	overheads
Jan	14,000	8500	3000	1700
Feb	15,000	6000	3000	1900
March	16,000	5000	3600	2000
April	17,000	9200	3200	2200
May	18,000	10,000	6000	2300

1. Credit terms for sales /debtors – 10% sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.
2. Credit allowed by suppliers (creditors) 2 month.
3. Wages - $\frac{1}{4}$ month ($\frac{3}{4}$ th of previous month). Overheads – $\frac{1}{2}$ month ($\frac{1}{2}$ of previous month).
4. Cash and bank balance as on 1st March 2018 is expected to be ` 8000
5. Other information :
 - a. Machinery will be installed in Jan 2018 at a cost of ` 98000. The monthly installments of ` 4000 is payable from March onwards
 - b. Dividend at 5% on preference shares capital of ` 30,000 will be payable on May 1st.
 - c. Advance to be received for sale of vehicle ` 9000 in May.
 - d. Dividend from investment amount to ` 2000 is expected to be received in May.
 - e. Income tax (advance) to be paid in May ` 3000.

OR

B. What is receivables management? Explain factors influencing the size of receivables (any 6). (12)

Q.VI. A. Explain Just in time inventory control system. Explain its objectives and advantages. (12)

OR

B. Answer the following: (12)

- a. Explain EOQ. (2)
- b. Star Co. Pvt. Ltd. uses annually 90,000 units of raw materials. Cost of raw materials is ` 80 per unit. Cost of placing an order is ` 100 and carrying cost is 9 per cent per year. Calculate EOQ. (2)
- c. Determine reorder level, minimum level, maximum level and average stock level of Sunshine Co. Pvt. Ltd. from the following information: Normal usage is 100 units per week. Lead time is 4 to 6 weeks. Minimum usage is 50 units per week. Maximum usage 150 per week. Re-order quantity is 600 units. (8)