

**Goa Vidyaprasark Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF
COMMERCE AND ECONOMICS PONDA - GOA
B.COM. CBCS (Semester- IV) SUPPLEMENTARY EXAMINATION,
DECEMBER 2020
FINANCIAL MANAGEMENT**

Duration: 2 hrs.

Marks: 40 Marks

Instructions:

- Question Paper consists of two questions.
- Answer any ten from Q1.
- Answer any four from Q2.

QA) Answer **ANY TEN** from the following. (10x2M)= 20 M

1. What is financial management?
2. Why working capital is called as circulating capital?
3. What are motives behind holding cash?
4. State four advantages of implementing ABC techniques in Inventory management.
5. Differentiate between profit maximization and wealth maximization (2 pts.)
6. Calculate **Gross working capital** and **Net working capital**

Current Liabilities	Amount	Current Assets	Amount
Creditors	12,500	Inventory	10,000
Bills Payable	8,000	Debtors	5,000
Bank overdraft	25,000	Bills Receivables	6,000
		Cash In hand	15,000
		Cash at bank	25,000

7. State four ways for slowing cash disbursement.
8. Explain briefly VED Analysis.
9. 'Financial management is must for organisation survival' State four reasons to support the statement.
10. Explain the following sources of working capital
a) Overdraft b) Installment credit
11. Explain any two objectives of cash management.
12. Explain the following :
A) Ordering costs b) Carrying costs
13. Explain any two forms of financial capital.
14. Explain any two importance of working capital.
15. Explain Investment decision in financial management.
16. Explain any two merits of economic order quantity.

QB) Answer **ANY FOUR** from the following: (4x5M) =20M

1. Explain any five responsibilities of financial manager.
2. Calculate Net operating cycle.

Particulars	Amount
Raw Material consumed during the year	6,00,000
Average stock of Raw material	50,000
Work-in progress cost for the year	5,00,000
Total cost of goods sold during year	8,00,000
Average W-I-P inventory	30,000
Average Finished goods held in stock	40,000
Average collection period from debtors	45 days
Average credit period availed	30 days
No. of days in a year	360 days

- 3. Explain any five factors determining working capital.
- 4. Comfort co. has furnished the following information based on this prepare a cash budget for three month i.e. June, July and August 2020.

Month	Sales	Materials purchased	Wages	Production Overheads
June	72,000	25,000	10,000	6,000
July	97,000	31,000	12,100	6,300
August	86,000	25,500	10,600	6,000

- a) Cash balance in hand as on 1st June 2020 ` 72,500.
 - b) 50% of sales are cash sales.
 - c) A fixed asset has to be purchased for ` 8,000 in July 2019.
 - d) Debtors are allowed one month's credit.
 - e) Creditors for materials grant one month's credit.
5. Explain any five benefits of holding inventory.
6. From the following information of DBC ltd calculate **Reorder level, Minimum level, Maximum level, Average stock level.**
Minimum consumption: 300 units per day
Maximum consumption per day: 400 units per day
Normal consumption: 320 units per day
Reorder period: 10-20 days
Reorder Quantity: 1,500 units
What is lead time?

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