

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECOMOMICS, PONDA - GOA
B.COM. CBCS (SEMESTER-IV) SUPPLEMENTARY EXAMINATION,
MAY/JUNE 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. Write a short note on measuring shareholder value creation.
 2. Explain any four sources of working capital.
 3. Explain techniques for speedy cash collection.

 4. Write a short note on motives of holding inventory.
 5. Explain the importance of international financial management.
 6. Write a short note on concept of working capital.
- Q. II. Answer **any four** of the following: (4×4 =16)
1. Explain wealth maximization.
 2. Explain the importance of working capital.
 3. Explain the objectives of cash management.
 4. Explain the objectives of holding inventory.
 5. Explain the factors influencing the size of receivables (4).
 6. Short note on just in time inventory control system.
- Q.III. A. Explain the scope of financial management. (12)
- OR**
- B. Explain the responsibilities 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	90
Direct labour	30
Overheads	60
Total cost	180
Selling price	200

The following is the additional information available.

1. Raw materials in stock average 4 weeks.
2. Work in process (assume 50% completion in respect of conversion costs and 100% completion in respect of materials) average 2 weeks.
3. Finished goods in stock average 4 weeks.
4. Credit allowed by suppliers 4 weeks.
5. Credit allowed to debtors 8 weeks
6. Time lag in payment of wages 1.5 weeks.
7. Cash balance is expected to be ₹ 25,000.
8. Contingencies allowed 10% .

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,04,000 units of output p.a. You may assume that production is carried on evenly throughout the year (52 weeks).

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Q. V. A. Prepare cash budget for the 3 months ending 31-10-2018 from the following information. (12)

Month	Sales	Materials	Wages	overheads
June	14,000	7000	3000	1700
July	15,000	5000	3000	1900
August	16,000	3000	3600	2000
September	17,000	8200	3200	2200
October	18,000	8000	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 1 August 2018 is expected to be ` 9000
5. Other information :
 - a. Machinery will be installed in June 2018 at a cost of ` 80,000. The monthly installments of ` 2000 is payable from August onwards.
 - b. Dividend at 5% on preference shares capital of ` 20,000 will be payable on October 1st.
 - c. Advance to be received for sale of vehicle ` 10,000 in October.
 - d. Dividend from investment amount to ` 5000 is expected to be received in October.
 - e. Income tax (advance) to be paid in October ` 2000.

OR

B. Explain the decision areas in receivables management. (12)

Q.VI. A. Explain the following techniques of inventory management. (4x3=12)

- a. ABC analysis b. VED analysis c. EOQ.

OR

B. Answer the following: (12)

- a. Explain Inventory Turn over Ratio. (2)
- b. Moon Co. Pvt. Ltd. uses annually 80,500 units of raw materials. Cost of raw materials is ` 100 per unit. Cost of placing an order is ` 50 and carrying cost is 8 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 3 to 5 weeks. Minimum usage is 30 units per week. Maximum usage 130 per week. Re-order Quantity is 400 units. (8)

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