

Goa Vidyaprasarak Mandal's  
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS,  
FARMAGUDI, PONDA-GOA  
B.COM. CBCS (SEMESTER –IV) END EXAMINATION APRIL/MAY 2023  
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 motives of holding Cash. **(Any Two)**
2. Explain the concept of Working Capital Management.
3. Profit Maximisation is a vague objective. Explain.
4. Short note on importance of International Financial Management.
5. Explain the sources of Finance **(Any Two)**
6. Explain VED Analysis.

**Q. II. Answer any four of the following:**

**(4×4 =16)**

1. Explain Types of Working Capital. **(Any Two)**
2. Explain Following term:
  - a) Credit Term
  - b) Cash Management
3. Short note on Wealth Maximisation.
4. Explain objectives of Receivables Management. **(Any Two)**
5. State and Explain kinds of Inventories.
6. Explain benefits of Holding Inventory. **(Any Two)**

**Q. III**

**A. What do you mean by Financial Management? Explain its Objectives. (12)**

**OR**

**B. Explain in detail scope of Financial Management. (12)**

**P.T.O**

**Q. IV**

A. What is Working capital? Explain its Determinants. (12)

**OR**

B. From the following information given below estimate the Working Capital requirement using Operating Cycle Method. (12)

Particulars	Opening Balance	Closing Balance
Raw Material	50,000	55,000
Work in Progress	12,000	11,000
Finished Goods	25,000	18,000
Book Debt	30,000	23,000

**Additional Information:**

- 1) Raw Material consumed per annum is amounted to Rs. 6,00,000.
- 2) Production Cost incurred was amounted to Rs. 1,00,000.
- 3) Selling Expenses incurred were Rs. 58,000.
- 4) Total sales made during the year was Rs.10,35,000 out of which 5,00,000 was on credit basis.
- 5) Creditor allowed the business credit period of 44 days.
- 6) Consider 360 days = 1 Year.

You are required to show necessary calculation and interpret the same.

**Q. V**

A. What is Receivables Management? Explain the Cost Associated with it. (12)

**OR**

B. Prepare a Cash Budget from the following information provided for the period of 3 Months ending as on 30-Sep-2023. (12)

Month	Sales	Purchases	Wages	Office Expense	Other Expense
May	1,20,000	67,000	15,000	5,000	3,200
June	1,35,000	70,000	20,000	5,500	3,000
July	1,50,000	81,000	21,300	5,000	3,500
August	1,75,000	83,000	21,300	5,700	4,000
September	2,00,000	90,000	30,000	6,500	4,500

**Additional Information:**

- 1) Cash Balance as on 1-July-2023 = 25,000.
- 2) Plant costing Rs. 1,50,000 is due for delivery in July. Payable 10% on delivery and balance in September.
- 3) Advance Tax of Rs. 10,000 payable in the month of September.

**P.T.O**

- 4) It was estimated that Rs. 15,000 will be received on account of dividend in the month of July and September.
- 5) 10% of sales are expected to be realised in same month and balance in following month.
- 6) Credit Period allowed by supplier – One Months.
- 7) All other expenses are payable in the month when they are due.

**Q. VI**

**A. What is Inventory Management? Explain the following Techniques: (12)**

- a) ABC Analysis
- b) Just in Time
- c) Inventory Turnover Ratio

**OR**

**B. Answer the following:**

a) Explain the concept of order cost and Carrying Cost. (2)

b) Premium Co. Ltd. you with following information. You are required to calculate Economic Order Quantity and interpret the same.

- i) Annual raw material consumption = 1,00,000 units
- ii) Cost of raw material is Rs. 120 per unit.
- iii) Order cost is Rs. 80 per order.
- iv) Carrying cost is fixed at 15%. (4)

c) From the information given determine following Stock Levels:

- i) Reorder Level
- ii) Minimum Level
- iii) Maximum Level
- iv) Average Level

Normal Usage = 250 units per week.

Maximum Usage = 350 units per week.

Minimum Usage = 75 units per week.

Reorder Quantity = 750 units.

Reorder Period = 6 to 8 weeks. (6)

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