

K.J.SOMAIYA.INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH
SUB:- FINANCIAL MANAGEMENT(END TERM)
PGDM (COMM) 2017-19 II TRIM

Marks:-50

Date:-02/01/2018

Time:-3 Hours

INSTRUCTIONS

- 1) Mention your assumptions wherever necessary.
- 2) Attempt all questions

Q.1a) ABC LTD furnishes the following information of its company for the year 2017.Estimate the working capital needs of the company

Sales (2 Months Credit)	40,00,000
Materials consumed(suupliers give 1 month credit)	13,00,000
Wages paid (monthly in arrear)	7,20,000
Outstanding Cash manufacturing expenses(paid 1 month in arrear)	80,000
Sales promotion expenses(1 month in advance)	12,00,000
Cash balance	2,00,000
Rate of Gross profit	25%

The company keeps stock of Raw Material and Finished goods for 1 month.

Estimate the working capital for the company. (10 MARKS)

Q.1b) Explain the factors affecting the working capital of a company (5MARKS)

Q.2) Household appliances deals with consumer durables .

Note the business details and advise the company on the best decision to be taken.

Propasal	Present	Plan-1	Plan-2
Sales	65 lakhs	70 lakhs	75 Lakhs
Credit period	30 Days	60 Days	90 Days
Bad debts	1%	1.5%	2%

Contibution to sales ratio 25%.

Other fixed cost amont to Rs 5 lakhs.

Cost of capital of 20%.

Recommend which plan to accept.

(5MARKS)

Q.3) Write short notes (Any Three)

(15 MARKS)

- 1) Importance of liquidity Ratios.
- 2) Explain operating Cycle and cash cycle of working capital
- 3) Different methods of Capital Budgeting
- 4) Explain the cash from financing activity and investing activity as per cash flow statement.

Q.4) ABC co ltd purchased a machinery worth Rs 2,50,000/- and spent Rs 10,000 on installation .The estimated scrap value of the machinery after 5 years is Rs 30,000/-the profits before depreciation is as follows

<u>Year</u>	<u>Profits</u>
1	1,00,000
2	2,10,000
3	1,85,000
4	1,95,000
5	2,05,000

- a) Calculate the Net present value of the project at 15%.The P.V.Factors are as follows
0.87, 0.76, 0.66 ,0.57 ,0.50.The company pays tax @35%.
- b) Calculate the Profitability index

(15MARKS)
