

Tilak Maharashtra University
Master of Business Administration (Distance)
(Semester - II) - Internal Evaluation
Financial Management

Marks : 80

Code : MD 203

Note:

- ❖ The Paper Consist of two sections I& II
- ❖ Attempt any three questions from Section I
- ❖ Section II is Compulsory

Section I

Q.1. a) Explain meaning of financial management & state various objectives of Financial management. (15)

OR

b) Explain the objectives of financial management.

Q.2 a) What is meant by working capital? Explain factors on which working capital depends. (15)

OR

b) Explain the factors on which Dividend policy depends.

Q.3. a) what is ratio analysis? State its advantages and limitations. (15)

OR

b) Write a detailed note on capital budgeting techniques.

Q.4. a) Write Short Notes. (Any 3) (15)

1. Leverages
2. Profitability ratios
3. Operating Cycle
4. Cost of capital
5. Financial Accounting Vs Management Accounting

OR

b) Discuss the concept of over & under capitalization.

SECTION II

Q.5 A.

From the following information, prepare a summarized Balance Sheet s at 31st

March 2002:

(10)

Working Capital	Rs. 2, 40,000
Bank Overdraft	Rs. 40,000
Fixed Assets to Proprietary ratio	0.75
Reserves and Surplus	Rs. 1, 60,000
Current ratio	2.5
Liquid ratio	1.5

Q. 5 B.

The cost sheet of PQR Ltd. provides the following data:

	Cost per unit
Raw material	Rs. 50
Direct Labour	20
Overheads (including depreciation of Rs. 10)	<u>40</u>
Total cost	110

Profits

Selling price

Average raw material in stock is for one month. Average material in work-in-progress is for half month. Credit allowed by suppliers: one month; credit allowed to debtors: one month. Average time lag in payment of wages: 10 days; average time lag in payment of overheads 30 days. 25% of the sales are on cash basis. Cash balance to be Rs. 1, 00,000. Finished goods lie in the warehouse for one month.

You are required to prepare a statement of the working capital needed to finance a level of the activity of 54,000 units of output. Production is carried on evenly throughout the year and wages and overheads accrue similarly. State your assumptions, if any, clearly. (15)

Q.6. Distinguish between Temporary & Permanent working capital. Also show diagram. (10)