

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

Marks : 80

Code : MDF 403

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) Define Ratio analysis. State the advantages and disadvantages of ratio analysis. (15)

OR

b) What is over capitalization? State its causes & effects.

Q.2) a) Explain the term working capital. What are the various features of working capital?

OR

b) What are the bonus shares? Which are the guidelines for issue of bonus shares? (15)

Q.3) a) Define capital budgeting & discuss capital budgeting techniques. (15)

OR

b) Define leverage. Describe various kinds of leverages and state its applications.

Q.4) a) Write short notes. (Any 3) (15)

- a) Factoring
- b) Joint stock company
- c) Factors affecting dividend policy (max 5 points)
- d) Functions of finance manager
- e) Fund flow statement

OR

b) Explain the factors affecting dividend policy.

SECTION II

Q.5) Using the following data, complete the balance sheet given below. (15)

| | |
|---|-----------|
| Gross profit (20% of sales) | Rs 60,000 |
| Shareholder's equity | Rs 50,000 |
| Credit sales to total sales | 80% |
| Total assets turnover | 3 times |
| Inventory turnover (to cogs) | 8 times |
| Average collection period (360 days year) | 18 days |
| Current ratio | 1.6 |
| Debt equity ratio | 40% |

BALANCE SHEET

| Liabilities | Rs | Assets | Rs |
|----------------------|----|--------------|----|
| Creditors | | Cash | |
| Long term debts | | Debtors | |
| Shareholder's equity | | Inventory | |
| | | Fixed assets | |
| TOTAL | | TOTAL | |

b) From the following information, prepare a statement showing working capital. (10)

| | |
|---------------------------------|-------------------|
| Budgeted sales (Rs 10 per unit) | Rs 2, 60,000 p.a. |
| (Cost per unit) | |
| Raw material | 0.30 |
| Direct labour | 0.40 |
| Overheads | 0.20 |
| Total costs | 0.90 |
| Add profit | 0.10 |
| Sales | 1.00 |

It is estimated that

Raw materials are carried in stock for 3 weeks and finished goods for two weeks.

Factory processing will take three weeks.

Suppliers will give five weeks credit.

Customers will require eight weeks credit.

Q.6 An analytical statement of AB Company is shown below. It is base on an output level of 80,000 units. (10)

| | |
|----------------------|--------------|
| Sales | Rs 9, 60,000 |
| Variable cost | 5, 00,000 |
| Fixed costs | 2, 00,000 |
| Interest | 60,000 |
| Tax rate 50% | |
| Calculate leverages. | |

END