

TILAK MAHARASHTRA VIDYAPEETH, PUNE
MASTER OF COMMERCE (M.COM)
EXAMINATION: DECEMBER- 2024
FIRST SEMESTER

Sub: Financial Management (MCA-112/ MCA24-106)

Date: 6/12/2024

Total marks: 60

Time: 10.00am to 12.30pm

Instruction: 1) All questions are compulsory.
2) Figures to the right indicate full marks.

Q. 1 Answer the following questions. (Attempt any two) (32)

1. Explain motive for holding cash
2. Following are the figures related to ABC Ltd.

Particulars	Amount
Sales	1200000
Variable cost	40% of sales
Fixed cost	200000
Interest	20000

Calculate operating leverage, financial leverage and combined leverage

3. Following information related to the period February to June. Prepare the cash budget for the period of April to June

Months	Sales	Purchases	Wages
February	2,00,000	1,10,000	20,000
March	2,20,000	1,20,000	25,000
April	2,40,000	1,30,000	30,000
May	2,60,000	1,40,000	35,000
June	2,80,000	1,50,000	40,000

- a) 50% of credit sales are realized in the month following the sales and the remaining 50% in the second month following.
- b) Creditors are paid in the month following the month of purchase
- c) Wages are paid in the same month

Expected cash at bank as on 1-4-2024

4. Discuss the agency theory in detail

Q.2 Answer the following questions. (Attempt any Two) (16)

1. Write a detail note on equity capital.
2. What is basic objective of financial manager?

3. What are the major components of a credit policy?
4. C Ltd. has Rs 5,00,000 as its capital contributed by shares and dividends as follows:

Particulars	Book value	Market value
Equity shares	2,00,000	3,00,000
Preference shares	1,00,000	1,20,000
Debentures	2,00,000	1,80,000
Total	5,00,000	6,00,000

The following costs are incurred on the above-mentioned issues of capital. Corporate tax rate is 50%

- 1) Price of shares is currently Rs- 150 and rate of dividend is Rs- 8 per share which is expected to grow at the end of the year by 7%
- 2) Rate of preference dividend is 11% and its market price is Rs- 125
- 3) Debentures are carrying interest rate of 9%

Compute the weighted average cost of capital using

- a) Book value as weights
- b) Market value as weights

Q.3 Write short notes. (Attempt any three)

(12)

1. Ageing schedule
2. Optimum capital structure
3. EBT
4. Dividend
5. Fixed cost
6. Financial leverage
