

Internal Assesment Test - III

Sub:	Financial Management	Code:	17MBA22
Date:	23/5/18	Duration:	90 mins
		Max Marks:	40
		Sem:	II
		Branch:	MBA

		Marks	OBE																					
			CO	RBT																				
Part A - Answer Any Two Full Questions (16*02=32 Marks)																								
1 (a)	Define working capital	[02]	CO1	L1																				
(b)	Explain dividend and list its types	[06]	CO2	L4																				
(c)	Calculate Financial leverage, operating leverage and combined leverage from the following data	[08]	CO1	L3																				
Sales (100,000 units): Rs 200,000 Variable cost per unit : Rs 0.70 Fixed costs Rs 65,000 Interest charges : Rs 15,000																								
2 (a)	What is stock dividend	[02]	CO2	L1																				
(b)	Explain any 6 factors affecting dividend policy	[06]	CO1	L3																				
(c)	Chandra Ltd has a capital of Rs 10,00,000 dividend into 100,000 equity shares of Rs 10 each. The management desires to raise another Rs 10,00,000 to finance a major expansion programme. There are 4 possible financial plans: i) All equity shares ii) All debentures carrying 8% interest iii) Rs 500,000 in equity share and Rs 500,000 in 10% Preference share. You are required to calculate EPS if the EBIT is Rs 60,000, assuming tax rate is 30%.	[08]	CO3	L2																				
3 (a)	Explain trading on equity	[02]	CO3	L3																				
(b)	Discuss the danger of having inadequate working capital	[06]	CO2	L2																				
(c)	The following are the income statement of P ltd for the year 2013	[08]	CO1	L3																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Particulars</th> <th>P</th> <th>Q</th> <th>R</th> </tr> </thead> <tbody> <tr> <td>Output in /units</td> <td>300,000</td> <td>75,000</td> <td>500,000</td> </tr> <tr> <td>Fixed costs(Rs)</td> <td>350,000</td> <td>700,000</td> <td>75,000</td> </tr> <tr> <td>Variable cost per unit(Rs)</td> <td>1.00</td> <td>7.50</td> <td>0.10</td> </tr> <tr> <td>Unit Selling price(Rs)</td> <td>3</td> <td>2.5</td> <td>0.5</td> </tr> </tbody> </table>		Particulars	P	Q	R	Output in /units	300,000	75,000	500,000	Fixed costs(Rs)	350,000	700,000	75,000	Variable cost per unit(Rs)	1.00	7.50	0.10	Unit Selling price(Rs)	3	2.5	0.5			
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Calculate Financial, operating and combined leverage.																								

Part B - Compulsory (01 x8=08 marks)

4

- (a) From the following particulars calculate working capital requirement of a concern. [08]

Particulars	Amount for the year(Rs)
Average amount backed up for stocks:	
a) Stock of finished products	5000
b) Stock of stores and materials	8000
Average credit given:	
a) Inland sales , 6 week's credit	312,000
b) Export sales, 1.5 week's credit	78,000
Average Time lag in payment of wages and other expenses	
a) Wages: 1.5 week	Rs 260,000
b) Stock and materials: 1.5 months	Rs 48,000
c) Rent and Royalties: 6 months	Rs 10,000
d) Clerical staff: 0.5 months	Rs 62,400
e) Managerial salary : 0.5 month	Rs 4800
f) Miscellaneous expenses: 1.5 month	Rs 48,000
Payment in advance:	
Sundry expenses (Paid quarterly in advance)	Rs 8000
Undrawn profit on an average throughout the year	Rs 11,000

CO3	L3

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7
CO1:	To familiarize the students with basic concepts of financial management	1a	1c, 2b			1b		
CO2:	To understand time value of money and cost of capital		2a, 3b, 3c					
CO3:	To analyze capital structure, capital budgeting and dividend decision	3a	4a			2c, 3c		
CO4:	To understand the short term and long term financing and working capital management							
CO5:								

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - *Knowledge application*; PO2 - *Analytical and logical thinking*; PO3 - *Team work*;
PO4 - *Leadership*; PO5 - *life-long learning*; PO6 - *Analyze and practice aspects of business*; PO7- *Personal and Societal growth*;