

**(GI-7, VI-VDI-SI-3)**

DATE: 26.04.2022

MAXIMUM MARKS: 100

TIMING: 3¼ Hours

**FINANCIAL MANAGEMENT****SECTION - A****Q. No. 1 is compulsory.****Candidates are also required to answer any four questions from the remaining five questions.****In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions top answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.****Working Notes should form part of the respective answer.****Question 1:**

**(a)** The following accounting information and financial ratios of M Limited relate to the year ended 31st March, 2016 :

Inventory Turnover Ratio	6 Times
Creditors Turnover Ratio	10 Times
Debtors Turnover Ratio	8 Times
Current Ratio	2.4
Gross Profit Ratio	25%

Total sales Rs. 30,00,000; cash sales 25% of credit sales; cash purchases Rs. 2,30,000; working capital Rs. 2,80,000; closing inventory is Rs. 80,000 more than opening inventory.

You are required to calculate:

- (i) Average Inventory
- (ii) Purchases
- (iii) Average Debtors
- (iv) Average Creditors
- (v) Average Payment Period
- (vi) Average Collection Period
- (vii) Current Assets
- (viii) Current Liabilities.

**(5 Marks)**

**(b)** ABC Ltd. wishes to raise additional finance of Rs. 20 lakhs for meeting its investments plan. The company has Rs. 4,00,000 in the form of retained earnings available for investment purposes. The following are the further details:

- Debt equity ratio 25 : 75.
- Cost of debt at the rate of 10% (before tax) upto Rs. 2,00,000 and 13% (before tax) beyond that.
- Earnings per share Rs. 12.
- Dividend payout 50% of earnings.
- Expected growth rate in dividend 10%.
- Current market price per share, Rs. 60.
- Company's tax rate is 30% and shareholder's personal tax rate is 20%.

Required:

- (i) Calculate the post tax average cost of additional debt.
- (ii) Calculate the cost of retained earnings and cost of equity.
- (iii) Calculate the overall weighted average (after tax) cost of additional finance.

**(5 Marks)**

(c) A Company had the following Balance Sheet as on March 31, 2006:

<b>Liabilities and Equity</b>	<b>Rs. (In crores)</b>	<b>Assets</b>	<b>Rs. (in crores)</b>
Equity Share Capital (one crore shares of Rs. 10 each)	10	Fixed Assets (Net)	25
Reserves and Surplus	2	Current Assets	15
15% Debentures	20		
Current Liabilities	8		
	40		40

The additional information given is as under:

Fixed Costs per annum (excluding interest)	Rs. 8 crores
Variable operating costs ratio	65%
Total Assets turnover ratio	2.5
Income-tax rate	40%

Required:

Calculate the following and comment:

- (i) Earnings per share
- (ii) Operating Leverage
- (iii) Financial Leverage
- (iv) Combined Leverage.

**(5 Marks)**

(d) Door Ltd. is considering an investment of Rs. 4,00,000. This investment is expected to generate substantial cash inflows over the next five years. Unfortunately, the annual cash flows from this investment is uncertain, and the following profitability distribution has been established.

<b>Annual Cash Flow (Rs.)</b>	<b>Probability</b>
50,000	0.3
1,00,000	0.3
1,50,000	0.4

At the end of its 5 years life, the investment is expected to have a residual value of Rs. 40,000.

The cost of capital is 5%

- (i) Calculate NPV under the three different scenarios.
- (ii) Calculate Expected Net Present Value.
- (iii) Advise Door Ltd. on whether the investment is to be undertaken.

<b>Year</b>	1	2	3	4	5
<b>DF @ 5%</b>	0.952	0.907	0.864	0.823	0.784

**(5 Marks)**

**Question 2:**

- (a) Given below are the data on a capital project 'M'.
- |                         |            |
|-------------------------|------------|
| Annual cash inflows     | Rs. 60,000 |
| Useful life             | 4 years    |
| Internal rate of return | 15%        |
| Profitability index     | 1.064      |
| Salvage value           | 0          |
- You are required to calculate for this project M :
- (i) Cost of project
  - (ii) Payback period

- (iii) Cost of capital  
(iv) Net present value

PV factors at different rates are given below:

Discount factor	15%	14%	13%	12%
1 year	0.869	0.877	0.885	0.893
2 year	0.756	0.769	0.783	0.797
3 year	0.658	0.675	0.693	0.712
4 year	0.572	0.592	0.613	0.636

**(6 Marks)**

- (b) The following figures are collected from the annual report of XYZ Ltd.:

Net Profit	Rs. 60 lakhs
Outstanding 10% preference shares	Rs. 100 lakhs
No. of equity shares	5 lakhs
Return on Investment	20%
Cost of capital i.e. (Ke)	14%

CALCULATE price per share using Gordon's Model when dividend pay-out is (i) 25%;  
(ii) 50% and (iii) 100%.

**(4 Marks)**

### Question 3:

Following information is forecasted by the Puja Limited for the year ending 31st March, 20X8:

	Balance as at 1st April, 20X7 (Rs.)	Balance as at 31st March, 20X8 (Rs.)
Raw Material	45,000	65,356
Work-in-progress	35,000	51,300
Finished goods	60,181	70,175
Debtors	1,12,123	1,35,000
Creditors	50,079	70,469
Annual purchases of raw material (all credit)		4,00,000
Annual cost of production		7,50,000
Annual cost of goods sold		9,15,000
Annual operating cost		9,50,000
Annual sales (all credit)		11,00,000

You may take one year as equal to 365 days.

Required:

CALCULATE

- (i) Net operating cycle period.  
(ii) Number of operating cycles in the year.  
(iii) Amount of working capital requirement using operating cycles.

**(10 Marks)**

### Question 4:

A firm has a current sales of Rs. 2,56,48,750. The firm has unutilised capacity. In order to boost its sales, it is considering the relaxation in its credit policy. The proposed terms of credit will be 60 days credit against the present policy of 45 days. As a result, the bad debts will increase from 1.5% to 2% of sales. The firm's sales are expected to increase by 10%. The variable operating costs are 72% of the sales. The Firm's corporate tax rate is

35%, and it requires an after-tax return of 15% on its investment. Should the firm change its credit period?

**(10 Marks)**

**Question 5:**

(a) The following figures are collected from the annual report of XYZ Ltd.:

Net Profit	Rs. 30 lakhs
Outstanding 12% preference shares	Rs. 100 lakhs
No. of equity shares	3 lakhs
Return on Investment	20%
Cost of capital i.e. (Ke)	16%

CALCULATE price per share using Gordon's Model when dividend pay-out is (i) 25%; (ii) 50% and (iii) 100%.

**(5 Marks)**

(b) A Ltd. is in the manufacturing business and it acquires raw material from X Ltd. on a regular basis. As per the terms of agreement the payment must be made within 40 days of purchase. However, A Ltd. has a choice of paying Rs. 98.50 per Rs. 100 it owes to X Ltd. on or before 10th day of purchase.

Required:

EXAMINE whether A Ltd. should accept the offer of discount assuming average billing of A Ltd. with X Ltd. is Rs. 10,00,000 and an alternative investment yield a return of 15% and company pays the invoice.

**(5 Marks)**

**Question 6:**

(a) निम्नलिखित वित्तीय लिखतों को संक्षेप में समझाइए:

- (i) Euro Bonds
- (ii) Floating Rate Notes
- (iii) Euro Commercial paper
- (iv) Fully Hedged Bond

**(4 Marks)**

(b) पट्टे के लाभों पर चर्चा करें।

**(3 Marks)**

(c) वित्तीय प्रबंधन के दो मुख्य उद्देश्य लिखें।

**(3 Marks)**

**ECONOMICS FOR FINANCE****SECTION - B****Q. No. 7 is compulsory.****Answer any three from the rest.**

**In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.**

**Working Notes should form part of the respective answer.**

**Question 7:****(a)** निम्न सूचना के आधार पर ज्ञात कीजिये:

- (i) फर्म A तथा फर्म B का मूल्य वर्धित
- (ii) बाजार भाव पर सकल घरेलू उत्पाद
- (iii) साधन लागत पर शुद्ध घरेलू उत्पाद

	<b>Particulars</b>	<b>Rs. crore</b>
(i)	Sales by firm B to general government	300
(ii)	Sales by firm A	1500
(iii)	Sales by firm B to households	1350
(iv)	Change in stock of firm A	200
(v)	Closing stock of firm B	140
(vi)	Opening stock of firm B	130
(vii)	Purchases by firm A	270
(viii)	Indirect taxes paid by both the firms	375
(ix)	Consumption of fixed capital	720
(x)	Sales by firm A to B	300

**(5 Marks)****(b)** विनिमय दर में बदलाव की प्रकृति को तथा वास्तविक अर्थव्यवस्था पर उनके प्रभाव को स्पष्ट करें।**(3 Marks)****(c)** 'सामान्य लोगों की त्रासदी' शुद्ध का वर्णन कीजिए।**(2 Marks)****Question 8:****(a)** किस प्रकार से विदेशी प्रत्यक्ष निवेश प्राप्तकर्ता देशों से मानव पूँजी को प्रभावित करते हैं?**(3 Marks)****(b)** उपयोग फंक्शन को परिभाषित करें। परीक्षण करें क्या घटित होगा यदि योग व्यय अर्थव्यवस्था की उत्पादन क्षमता से अधिक है?**(2 Marks)****(c)** बाजार विफलता की अवधारणा को परिभाषित करें। बाजार विफलता की विभिन्न स्त्रोंतो को वर्णित करें।**(3 Marks)****(d)** एक देश में धन आपूर्ति का विभिन्न निर्धारक को वर्णित करें।**(2 Marks)**

**Question 9:**

- (a) एक अर्थव्यवस्था में आय का पुनः वितरण के लिए वित्तीय नीति माप के कौन से प्रकार उपयोगी है? परीक्षण करें। (5 Marks)
- (b) नकद संचय अनुपात (CRR) पर नोट लिखें। नकद संचय अनुपात (CRR) के परिचालन को स्पष्ट करें। (3 Marks)
- (c) 'एंटी डम्पिंग' माप से आप क्या समझते हैं? (2 Marks)

**Question 10:**

- (a) हमारी अर्थव्यवस्था में बाजार स्थायीकरण योजना की क्या भूमिका है? (3 Marks)
- (b) आपकी स्थानीय कंटेंट आवश्यकता क्या है? यह किस प्रकार व्यापार का प्रभावित करेगी? (3 Marks)
- (c) GATT ने किस प्रकार 1980 तक अपनी प्रासंगिकता को खो दिया? (2 Marks)
- (d) राष्ट्रीय आय की गणना करते हुए पेंशन तथा आय सुरक्षा भुगतान को अल्प कर दिया जाता है? (2 Marks)

**Question 11:**

- (a) WTO के संबंध में तथा इसकी उदार विश्व व्यापार का सिस्टम को बनाये रखने तथा बढ़ाने की इसकी योग्यता के संबंध में कई भांका को उठाया है। (3 Marks)
- (b) चाहे यदि एक राष्ट्र सभी वस्तु का उत्पादन में अन्य राष्ट्र में कम कुशल है, पारस्परिक लाभ व्यापार का फिर भी स्क्रोप है। विस्तार में व्याख्या करें। (3 Marks)
- (c) निम्न में से प्रत्येक स्थिति के लिए बाजार परिणाम की पहचान करें। (2 Marks)
- (i) कुछ युवा रात्रि को तेज संगीत बजाते हैं। पड़ोसी रात को सो नहीं पाते।
- (ii) राम एक बड़ी SUV का क्रय करता है जो भारी है।
- (d) शब्द अर्द्ध-जन वस्तु को स्पष्ट करें। (2 Marks)

— \*\* —