

Anjuman Islam Janjira Degree College of Science
Murud-Janjira, Raigad-402401
Affiliated to University of Mumbai

Class: -F.Y.B.A.F.	Subject: - Financial Management
Semester: - I	Course code: - UA-FFSI.3
Exam Event: - Additional Exam Summer 2024 (FH)	Marks: 75
Date: - 26/03/2024	Duration: - 2 Hours 30 Mins

N.B:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Use of log-table/nonprogrammable calculator is allowed.
4. Answer for the same question as far as possible should be written together.

Q1. A) Select the correct option and complete the following sentences. (any eight)

08

1. Combined leverage (CL) is obtained from OL and FL by their.....
 - a) Addition
 - b) Subtraction
 - c) Multiplication
2. OL is calculated as.....
 - a) $\text{Contribution} \div \text{EBIT}$
 - b) $\text{EBIT} \div \text{EBT}$
 - c) $\text{EBIT} \div \text{interest}$
3. FL is calculated calculate as
 - a) $\text{EBIT} \div \text{C}$
 - b) $\text{EBIT} \div \text{EBT}$
 - c) $\text{EBIT} \div \text{Sales}$
4. The time value of money plays a very important role in
 - a) costing.
 - b) Financial accounting
 - c) Financial Management
5. The degree of FL is a relationship between the
 - a) EBIT and EBT
 - b) EPS and EBIT
 - c) EBIT and EAT
6. The time value of money place a very important role in
 - a) Financial Accounting
 - b) Financial management.
 - c) costing
7. Simple interest is on only on the
 - a) Original principal
 - b) Principal
 - c) Interest
8. Compound interest is an on theinterest.
 - a) compound
 - b) earlier
 - c) simple
9. Present value is the current value of a
 - a) present
 - b) future
 - c) past
10. Time value of money facilities comparison of cash flows accruing at different times Period the by.
 - a) Compounding all cash flows to a common point of time
 - b) Discounting all cash flows to a common point of time
 - c) Using either a and b

B) State whether following sentences are True or False. (any seven)

07

- 1) Time value of money the value of a units of money unchanged during different time periods.
- 2) Risk is about the represent of money in future.
- 3) Time value of money plays a very important role in financial management.
- 4) The optimum financial mix will increase return to equity shares holder and the maximize their wealth.
- 5) Time value of a unit money is different over different periods on accounts of the re-investment opportunity with the firms.
- 6) Financial management activities manage the financial of many types of business.
- 7) The wealth of Corporate owners measures by the share price of the stock.
- 8) Financial decision involves the current and fixed assessed.
- 9) Profit maximization is the objectives of financial management.
- 10) The profit maximization goal ignore the timing of return does not directly consider cash flows and ignore risk.

Q.2 Attempt any one of the following.

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- A. 1. Calculate the operating, financial and combined leverage and earning Per share (EPS)

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Sales.	90,00,000
Variable cost.	60% of sales
Tax.	30%
12% Debentures (Interest).	4,00,000
Fixed cost.	10,00,000
No of Equity shares	4,00,000

2. Calculate the OL, FL and CL

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Particulars	A	B	C
Units	2500	1250	7500
Fixed cost	500	2500	10,000
Variable cost	5	2	7.50
Selling price per unit	7.5	7	10
Interest	750	25,0	-

OR

- B. Calculate the operating leverage, financial leverage and combined leverage.**

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Particulars	A	B	C	D	E
Units	100	200	300	400	500
Fixed cost	400	600	800	1000	1200
Selling price per unit	2	3	4	5	6
Variable price per unit	2	3	4	5	6

Q.3 Attempt any one of the following.

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- A. There are so many companies investment (11,000) project A,B,C,D,E, and F.

Years	A	B	C	D	E	F
1	1000	2000	3000	1500	5000	2000
2	2000	3000	4000	2500	2000	2500
3	3000	5000	3500	3500	4000	3000
4	4000	3000	2500	4500	3000	4000
5	5000	2000	2000	500	1000	3500

The discount factors at 10% is:

- 1st year. 0.909
- 2nd year. 0.826
- 3rd year. 0.751
- 4th year. 0.683
- 5th year 0.621

Prepare a net present value (NPV).

OR

B. There are so many companies A B C D and E investment (500) project show the following table. **15**

Years	A	B	C	D	E
1 st	100	200	300	400	500
2 nd	300	400	500	600	700
3 rd	150	200	250	300	350
4 th	200	250	300	350	400
5 th	200	300	400	500	600

Q.4 Attempt any one of the following.

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A . 1.The following is the capital structure of the PQR company Ltd
as on 31st March 2017 **08**

Particulars	Amount
Equity shares	10,00,000
12% Debenture	6,00,000
10% preference shares	4,00,00
Total	20,00,000

. The market price of the companies share is amount 110 and it is expected that a dividend of amount 10 per share would be declared for the year 2014 the dividend growth rate is 6% the

2. JKL ltd has the following book value capital structure as on March 31st,2014 **07**

Particulars	Amount
Equity shares	40,00,000
11.5% Preference shares	10,00,00
10% Debenture	30,00,000

The equity share of the company sells for amount 20 it is expected that the company will pay next year dividend of amount 20 per equity which is expected to the grow at 5% p.a. forever. Assume a 35% corporate tax rate.

OR

B.1. What is the meaning and nature of financial management? **08**

2. Explain the importance of financial management

07

Q.5 Attempt any one of the following.

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A. Explain the functions of a chief financial officer? **08**

B. What are the limitation of financial management **07**

OR

Q.5 Write Short Notes (Any 3)

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- 1) Cash credits
- 2) Compound and simple interest.
- 3) Equity shares
- 4) Sources of finance
- 5) Loan from bank .