

MBA (Supply Chain Management) - SEM II

Subject: Costing and Financial Management (C&FM) FC 204

Time : 2-30 Hours] DATE: 24/04/2024 MARKS: 70

Q-1	A) Define financial management and costing and differentiate with suitable example.	14																								
Q-2	<p>A) Write a note on organization finance function.</p> <p><u>OR</u></p> <p>B) Meet Ltd. has two projects for consideration. Initial outflow of cash in both the projects is Rs. 12,00,000. Cost of capital is 8%. Expected cash inflow is as mentioned below :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Year</th><th style="text-align: left;">Project 1</th><th style="text-align: left;">Project 2</th><th style="text-align: left;">Discount Rate @ 8%</th></tr> </thead> <tbody> <tr> <td>1</td><td>7,80,000</td><td>6,60,000</td><td>0.926</td></tr> <tr> <td>2</td><td>6,00,000</td><td>7,80,000</td><td>0.857</td></tr> <tr> <td>3</td><td>4,80,000</td><td>4,80,000</td><td>0.794</td></tr> <tr> <td>4</td><td>4,20,000</td><td>3,60,000</td><td>0.735</td></tr> <tr> <td>5</td><td>3,00,000</td><td>4,20,000</td><td>0.681</td></tr> </tbody> </table> <p>Select the project by (1) Payback period (2) Net Present Value (3) Internal Rate of Return.</p>	Year	Project 1	Project 2	Discount Rate @ 8%	1	7,80,000	6,60,000	0.926	2	6,00,000	7,80,000	0.857	3	4,80,000	4,80,000	0.794	4	4,20,000	3,60,000	0.735	5	3,00,000	4,20,000	0.681	14
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Q-3	<p>A) Calculate working capital requirement.</p> <p>Raw material cost per unit Rs. 80</p> <p>Direct labour cost per unit Rs. 30</p> <p>Overheads (excluding depreciation Rs. 10 per unit) Rs. 60</p> <p>Selling price per unit Rs. 200</p> <p>1,04,000 units manufactured per year.</p> <p>Raw material 4 weeks</p> <p>Work in process 2 weeks</p> <p>Finished goods 4 weeks</p> <p>Credit allowed by suppliers 4 weeks (all purchase on credit)</p> <p>Credit allowed to customers 8 weeks (all sales on credit)</p> <p>Lag in payment of wages 1.5 weeks</p> <p>Cash balance Rs. 25,000</p> <p><u>OR</u></p> <p>B) Calculate working capital requirement.</p> <p>Sales Rs. 210,0,000</p> <p>Materials Rs. 8,40,000</p> <p>Wages Rs. 6,25,000</p> <p>Depreciation Rs. 2,35,000</p> <p>Administrative expenses 1,40,000</p> <p>Selling expenses Rs. 1,30,000</p> <p>Stock of finished goods (10%)</p> <p>Cash balance Rs. 40,000</p>	14																								

	Time lag in payment of all expenses one month, suppliers allow credit of 1.5 month, customers are allowed credit of two months (all sales on credit).													
Q-4	<p>A) Calculate weighted average cost of capital</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Amount (Rs.)</th> <th>Cost (%)</th> </tr> </thead> <tbody> <tr> <td>Debt</td> <td>6,00,000</td> <td>8</td> </tr> <tr> <td>Preference share capital</td> <td>4,00,000</td> <td>14</td> </tr> <tr> <td>Equity share capital</td> <td>10,00,000</td> <td>17</td> </tr> </tbody> </table> <p><u>OR</u></p> <p>B) (1) An investor deposit Rs. 50,000 in a bank account for 5 years @ 8% interest. Find out the amount he will have in his account if interest is compounded (i) annually (discount factor 1.469) (ii) semi-annually (discount factor 1.480) (iii) quarterly (discount factor 1.486) (iv) continuously (discount factor 1.492). (2) Mitesh retires from his job at company. His employer has offered him two options for retirement benefits (i) Rs. 20,00,000 lump sum one time payment (ii) Rs 2,50,000 p.a. for 10 years (interest rate 10%, annuity factor 6.145). Which option is beneficial for Mitesh?</p>	Source	Amount (Rs.)	Cost (%)	Debt	6,00,000	8	Preference share capital	4,00,000	14	Equity share capital	10,00,000	17	14
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Q-5	<p>A) How costing is useful in determining below mentioned factors?</p> <ul style="list-style-type: none"> (i) Cost reduction (ii) Determining selling price of a product (iii) Management decisions <p>B) Distinguish between cost unit and cost centre.</p>	14												

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