

## M.B.A. (MM) Sem.-2 Examination

FC-205

C &amp; FM

April-2025

Time : 2-30 Hours]

[Max. Marks : 70

Q-1	<p>A) State cost Unit (unit of cost-ascertainment) which is used in respect of the following industries: Paper mill, Brick works, chemical industry, railway transportation, textile industry, mining industry, cement industry, breweries, flour mill, electricity supply industry, hotel.</p> <p>B) Define Financial Management with its function and scope.</p>	14																																								
Q-2	<p>A) Your company is about to commence a subsidiary business and has provided finance in request of the acquisition of the necessary fixed assets and you are now required to advise the directors as to the additional amounts which should be made available for working capital. You are provided with the following estimates of the coming year and you are informed that the overdraft limit of Rs. 15,000 has been arranged with the company's bankers.</p> <table border="1" data-bbox="384 1093 1262 1592"> <thead> <tr> <th></th> <th>Average period of Credit</th> <th>Estimated for coming year (Rs.)</th> </tr> </thead> <tbody> <tr> <td>Purchase of Materials</td> <td>6 Weeks</td> <td>2,60,000</td> </tr> <tr> <td>Wages</td> <td>1 ½ weeks</td> <td>1,95,000</td> </tr> <tr> <td>Overheads:</td> <td></td> <td></td> </tr> <tr> <td>Rent etc.</td> <td>6 Months</td> <td>10,000</td> </tr> <tr> <td>Directors and Manager's salaries</td> <td>1 Month</td> <td>36,000</td> </tr> <tr> <td>Office salaries</td> <td>2 weeks</td> <td>45,500</td> </tr> <tr> <td>Travellers' commission</td> <td>3 Months</td> <td>20,000</td> </tr> <tr> <td>Other overheads</td> <td>2 Months</td> <td>60,000</td> </tr> <tr> <td>Sales:</td> <td></td> <td></td> </tr> <tr> <td>Cash</td> <td>-</td> <td>14,000</td> </tr> <tr> <td>Credit</td> <td>7 weeks</td> <td>6,50,000</td> </tr> </tbody> </table> <table border="1" data-bbox="384 1615 1246 1697"> <tbody> <tr> <td>Average amount of stock and work – in – progress</td> <td>30,000</td> </tr> <tr> <td>Average amount of undrawn profits</td> <td>31,000</td> </tr> </tbody> </table> <p>You are required to prepare from the above figures and information, statements for submission to your directors giving an estimated of average of working capital which should provide.</p> <p style="text-align: center;"><b><u>OR</u></b></p>		Average period of Credit	Estimated for coming year (Rs.)	Purchase of Materials	6 Weeks	2,60,000	Wages	1 ½ weeks	1,95,000	Overheads:			Rent etc.	6 Months	10,000	Directors and Manager's salaries	1 Month	36,000	Office salaries	2 weeks	45,500	Travellers' commission	3 Months	20,000	Other overheads	2 Months	60,000	Sales:			Cash	-	14,000	Credit	7 weeks	6,50,000	Average amount of stock and work – in – progress	30,000	Average amount of undrawn profits	31,000	14
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	<p>B) (i) Mr. X has borrower of Rs.1,00,000 to be paid in five equal annual installments (principle plus interest). The rate of interest is 15%. Prepare a loan amortization schedule.</p> <p>(ii) Find in how many years Rs. 30,000 will become Rs. 60, 000 at 5% compound interest. (With detailed calculation)</p> <p>(iii) What sum of money invested at 4% p.a. compound interest for it years will amount to Rs. 50, 000?</p>																																					
<b>Q-3</b>	<p>A) From the following information, calculate weighted average overall cost of capital using (a) Book Value weights and (b) Market value Weight.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: left;">Source</th> <th style="text-align: left;">Book Value</th> <th style="text-align: left;">Market Value</th> </tr> </thead> <tbody> <tr> <td>Equity Share Capital</td> <td>Rs. 45,000</td> <td>Rs. 90,000</td> </tr> <tr> <td>Retained earnings</td> <td>Rs. 15000</td> <td>-</td> </tr> <tr> <td>Preference share capital</td> <td>Rs. 10,000</td> <td>Rs. 10,000</td> </tr> <tr> <td>Debentures</td> <td>Rs. 300,000</td> <td>Rs. 30,000</td> </tr> </tbody> </table> <p>After the tax cost of different source of the finance is as follows:</p> <p>Equity share capital : 14%</p> <p>Retained earnings : 13%</p> <p>Preference Share Capital : 10%</p> <p>Debenture : 5%</p> <p style="text-align: center;"><b><u>OR</u></b></p> <p>B) The position of two companies X and Y are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: left;">Company A</th> <th style="text-align: left;">Company B</th> </tr> </thead> <tbody> <tr> <td>Equity share capital:</td> <td></td> <td></td> </tr> <tr> <td>Shares of Rs.10 each</td> <td>Rs. 75,000</td> <td>Rs. 30,000</td> </tr> <tr> <td>Number of shares</td> <td>7,500</td> <td>3,000</td> </tr> <tr> <td>Assets</td> <td>Rs. 1,50,000</td> <td>Rs. 1,50,000</td> </tr> <tr> <td>6% debentures</td> <td>Rs. 75,000</td> <td>Rs. 1,20,000</td> </tr> <tr> <td>Rate of Taxes</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table> <p>From the above information calculate earnings per share of both the companies if the company's profit before interest and taxes are (1) Rs. 6000 (2) Rs. 12000 (3) Rs. 21,000 (4) Rs. 30,000 (5) Rs. 42,000 respectively</p>	Source	Book Value	Market Value	Equity Share Capital	Rs. 45,000	Rs. 90,000	Retained earnings	Rs. 15000	-	Preference share capital	Rs. 10,000	Rs. 10,000	Debentures	Rs. 300,000	Rs. 30,000		Company A	Company B	Equity share capital:			Shares of Rs.10 each	Rs. 75,000	Rs. 30,000	Number of shares	7,500	3,000	Assets	Rs. 1,50,000	Rs. 1,50,000	6% debentures	Rs. 75,000	Rs. 1,20,000	Rate of Taxes	50%	50%	<b>14</b>
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<b>Q-4</b>	<p>A) Mahavesh Ltd. thinks to launch a project. For this, two alternative plans are available viz. Plan 1 and plan 2.</p> <p>For each plan initial investment will be Rs. 3,00,000. Project's life is five years. Depreciation is calculated at SLM and rate of taxation is 50%.</p> <p>Annual cash flow (before deduction of depreciation and taxation) will be as under:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">YEAR</th> <th style="text-align: left;">PLAN 1</th> <th style="text-align: left;">PLAN 2</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,20,000</td> <td>1,50,000</td> </tr> <tr> <td>2</td> <td>1,20,000</td> <td>1,50,000</td> </tr> <tr> <td>3</td> <td>1,20,000</td> <td>1,20,000</td> </tr> <tr> <td>4</td> <td>1,20,000</td> <td>1,20,000</td> </tr> <tr> <td>5</td> <td>1,20,000</td> <td>60,000</td> </tr> </tbody> </table>	YEAR	PLAN 1	PLAN 2	1	1,20,000	1,50,000	2	1,20,000	1,50,000	3	1,20,000	1,20,000	4	1,20,000	1,20,000	5	1,20,000	60,000	<b>14</b>																		
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Evaluate both the projects on following methods:

- 1) Pay back method
- 2) Average rate of return
- 3) Net present value
- 4) Original Rate of Return
- 5) Profitability Index

Present value of Rs.1 at 10% discount rate is as follows:

Year	1	2	3	4	5
Present value	.909	.826	.751	.683	.621

**OR**

- B) From the following information extracted from the records of a factory relating to a commodity, prepare the cost sheet showing total profit and profit per unit:

Particulars	Rs.
Purchase of Raw materials	1,15,000
Carriage inwards	4,000
Direct wages	96,000
Machine hours worked	10,000 Hours
Machine hour rate	Rs. 4 per hour
Opening stock of raw materials	25,000
Opening stock of finished goods (4,000 Units)	40,000
Closing stock of Raw materials	20,000
Closing stock of raw materials	5,000 Units
Opening Work – in – progress	Rs. 5,000
Closing work – in – progress	Rs. 15,000
Office overheads	Rs. 1 per Unit
Sales	3,00,000
Production during the year	26,000 units

**Q-5**

- A) From the following data relating to two different vehicles A & B, Compute cost per running mile:

	Vehicle A	Vehicle B
Mileage run (Annual)	15,000	6,000
Cost of vehicle	Rs. 25,000	Rs. 15,000
Road licence (Annual)	Rs. 750	Rs. 750
Insurance (Annual)	Rs. 700	Rs. 400
Garage Rent	Rs. 600	Rs. 500
Supervision and salaries (Annual)	Rs. 1,200	Rs. 1,200
Drivers' wages per hour	Rs. 3	Rs. 3
Cost of fuel per gallon	Rs. 3	Rs. 3
Miles run per gallon	20 miles	15 miles

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Repairs and maintenance per mile	Rs. 1.65	Rs. 2.00
Tyre allocation per mile	Rs. 0.80	Rs. 0.60
Estimated life of vehicles	1,00,000 miles	75,000 miles
Charge interest at 5% per annum on cost of vehicles. The vehicles run 20 miles per hour on an average.		