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The Assam Royal Global University
Royal School of Commerce
B.Com Finance & Accounts, 4th Semester
Semester End Examination June 2024
Course: Financial Management - II
Code: CFA042G401

Time: 3 hours

Maximum Marks: 70

Attempt all questions as per instructions given
The figures in the right-hand margin indicate marks

Section-A

Q. No.	Answer the following in brief (within 50 words)	Marks	CO	BT Level
1(a)	Explain the two main objectives of financial management.	2	CO 2	BT 2
1(b)	What do you mean by discounting technique of calculating Time Value of Money?	2	CO 1	BT 1
1(c)	What do you understand by business valuation?	2	CO 1	BT 1
1(d)	Write the meaning of discounted cash flow method of business valuation.	2	CO 2	BT 2
1(e)	Define EOQ.	2	CO 1	BT 1
1(f)	What is Inventory Management?	2	CO 1	BT 1
1(g)	What are two main models of maintaining optimum cash balance?	2	CO 1	BT 1
1(h)	Write any two benefits of cash management.	2	CO 2	BT 2

Section-B

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level
2 (a)	"The idea of profit maximization is a vague concept". In this context, discuss the limitations of profit maximization objective.	6	CO 2	BT 2
2 (b)	List out the advantages of financial management.	6	CO 2	BT 2
2 (c)	Identify the advantages of calculating Time Value of Money. Mr. X will retire in 10 years. This year he wants to fund an amount of ₹ 15,000 to become available in 10 years. How much does he have to deposit into a pension plan earning 7% annually?	2+4	CO3, CO4	BT 3, BT4

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level						
3 (a)	Calculate weighted average cost of capital from the following information of capital structure of Mohan Ltd.	7	CO 3	BT 3						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">Particulars</th> <th style="width: 20%;">Amount (₹)</th> <th style="width: 50%;">Cost of capital</th> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table>	Particulars	Amount (₹)	Cost of capital						
Particulars	Amount (₹)	Cost of capital								

	Equity share capital	50,00,000	19%				
	Retained earnings	30,00,000	17%				
	Preference Capital	10,00,000	16%				
	Debentures	30,00,000	11%				
	Institutional Loan	30,0,0000	13%				
3 (b)	Enumerate the main objectives of corporate valuation.			7	CO 2	BT 2	
3 (c)	Write a note on the relevance valuation in Merger and Acquisition (M&A).			7	CO 2	BT 2	

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level
4 (a)	From the following information, calculate EOQ, Number of orders per year, frequency of orders, total annual ordering and carrying cost at EOQ. Annual Consumption 10,000 units Cost of placing and receiving one order ₹ 50 Cost of materials per unit ₹ 25 Annual carrying cost per unit is 10% of the cost of materials.	7	CO 3	BT 3
4 (b)	“Inventory should be maintained at optimum level in an organization”. In context of the above statement, throw a light on the dangers of excessive inventory.	7	CO 4	BT 4
4 (c)	Briefly explain the tools and techniques of inventory management.	7	CO 2	BT 2

Q. No.	Answer any two of the following (Within 300 words each)	Marks	CO	BT Level																																			
5 (a)	Prepare a Cash budget for the months from January to April 2020 from the following information: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Month</th> <th>Credit sales (₹)</th> <th>Credit Purchase (₹)</th> <th>Wages (₹)</th> <th>Manufacturing Exp. (₹)</th> </tr> </thead> <tbody> <tr> <td>Nov. 2019</td> <td>30,000</td> <td>15,000</td> <td>3,000</td> <td>1,000</td> </tr> <tr> <td>Dec. 2019</td> <td>35,000</td> <td>20,000</td> <td>3,200</td> <td>1,200</td> </tr> <tr> <td>Jan. 2020</td> <td>25,000</td> <td>15,000</td> <td>2,500</td> <td>1,050</td> </tr> <tr> <td>Feb. 2020</td> <td>30,000</td> <td>20,000</td> <td>3,000</td> <td>1,225</td> </tr> <tr> <td>Mar. 2020</td> <td>35,000</td> <td>22,500</td> <td>2,400</td> <td>3,000</td> </tr> <tr> <td>Apr. 2020</td> <td>40,000</td> <td>25,000</td> <td>2,600</td> <td>2,400</td> </tr> </tbody> </table> <p>Additional Information: a) Customers are allowed a credit period of 2 months b) Plant to be purchased in January of ₹ 6,000 c) Creditors are allowing a credit period of 2 months. d) Wages are paid on the 1st of next month. e) Lag in payment of manufacturing expenses is 1 month. f) Balance of cash in hand on 1st January is ₹ 15,000</p>	Month	Credit sales (₹)	Credit Purchase (₹)	Wages (₹)	Manufacturing Exp. (₹)	Nov. 2019	30,000	15,000	3,000	1,000	Dec. 2019	35,000	20,000	3,200	1,200	Jan. 2020	25,000	15,000	2,500	1,050	Feb. 2020	30,000	20,000	3,000	1,225	Mar. 2020	35,000	22,500	2,400	3,000	Apr. 2020	40,000	25,000	2,600	2,400	7	CO 4	BT 4
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5 (b)	Write a short note on William Baumol Model of Cash management.	7	CO 1	BT 1																																			
5 (c)	Identify the various factors that affect cash management in a business.	7	CO 3	BT 3																																			

Course Outcomes	Marks Allotted	Percentage
CO1	17	Approx 58%
CO2	39	
CO3	23	Approx 24%
CO4	18	Approx 18%