

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: PGDBM/PGDFM

Examination: June 2015
 Subject: Financial Analysis & Management

Semester: III
 Course : New
 Marks : 70
 Time: 3.00 p.m. to 6.00 p.m.

Date: 19.06.2015

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

- a) Write short note on Bank Credit
- b) Determinants of Working Capital
- c) Cash Management Techniques
- d) ABC analysis of Inventory

Q.2) Write short notes on (2 out of 5)

(Marks: 2X5=10)

- a) Differentiate between Permanent and Temporary Working Capital
- b) Significance of Financial Statement Analysis
- c) Advantages of Ratios Analysis
- d) Finance Manager's role in an Organization
- e) EOQ Model

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

a) Prepare Comparative income statement in vertical format

Particulars	31.03.12	31.03.13	Particulars	31.03.12	31.03.13
To Opening Stock	44,000	40,000	By Sales	190,000	200,000
To Purchases	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	36,000	By Interest Recd	20,000	
To Factory Expenses	32,000	28,000			
To Establishment Expenses	8,000	6,000			
To Management Expenses	2,000	2,000			
To Selling Expenses	6,000	10,000			

To Interest	6,000	8,000		
To Loss on Sale of Assets	2,000	2,000		
To Provision for Taxation	22,000	24,000		
To Net Profit	10,000	16,000		
	256,000	244,000		256,000 244,000

b) From the following information given below, calculate the following ratios

- 1) Capital Gearing Ratio
- 2) Proprietary Ratio
- 3) Current Ratio
- 4) Liquid Ratio
- 5) Stock to Working Capital

Particulars	Rs	Particulars	Rs
Cash at Bank	12,500	Land and Building	200,000
Expenses Paid in Advance	15,500	Stock	68,250
Creditors	101,500	Debtors	130,750
Bills Receivable	5,250	Plant and Machinery	136,000
12% Debentures	62,500	Loan from Director	100,000
Equity Share Capital	250,000	(Repayable after 3 yrs)	
Profit and Loss A/c (Cr)	54,250		

c) What are the various cost associated with Receivables Management?

d) Assuming the depreciation for the year to be Rs. 50,000 and interim dividend paid during the year to be 5% on Opening Capital, Prepare Cash flow statement from the information given below.

Liabilities	2003	2002	Assets	2003	2002
Share Capital	700,000	600,000	Fixed Assets	650,000	400,000
General Reserves	200,000	150,000	Debtors	350,000	200,000
Profit and Loss A/c	200,000	100,000	Stock	250,000	150,000
14% Debentures	200,000	-	Cash	130,000	100,000

Proposed Dividend	80,000	70,000	Underwriting Commission	-	70,000
	1,380,000	920,000		1,380,000	920,000

e) Define Miller-orr Model of Cash Management

Q.4) Attempt both the questions

(Marks: 2X10=20)

a) In a firm, two components A and B are used as follows:

- Normal Usage 50 units per week
- Minimum Usage 25 units per week
- Maximum Usage 75 units per week

Re-order Quantity A: 300 units; B: 500 units

Re-order Period A: 4 to 6 weeks; B: 2 to 4 weeks

Calculate for each component:

- (a) Re-order level
- (b) Minimum level
- (c) Maximum level
- (d) Average stock level

b) You are required to compute the duration of the operating cycle for each of the two years and comment on increase or decrease.

Particulars	Year 1 (Rs.)	Year 2 (Rs.)
Stocks:		
Raw Materials	20,000	27,000
Work in Progress	14,000	18,000
Finished Goods	21,000	24,000
Purchase of Raw Materials	96,000	1,35,000
Cost of Goods Sold	1,40,000	1,80,000
Sales	1,60,000	2,00,000
Debtors	32,000	50,000
Creditors	16,000	18,000

Assume 360 days in a year for calculation.

