

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

Programme: PGDBM/PGDFM

Examination: December 2015
Subject: Financial Analysis & Management

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

Date: 15.12.2015

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) What is Finance Function? What is meant by Financial Management ?
- b) Define Role of Finance Executive / Manager
- c) Describe the significance of Finance Statement Analysis
- d) Explain any 5 limitations of Ratio Analysis

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

(Marks: 2X5=10)

- a) Discuss the 'Wealth Maximization' objective of Finance
- b) Calculate 'Operating Profit Ratio' from below P & L Account

Particulars	Amount	Particulars	Amount
To Sundry Expenses	47,000	By Gross Profit	57,000
To Loss on sale of Furniture	3,000	By Gain on sale of plant	3,000
To Interest Paid	2,000		
To Reserve for contingency	1,000	By Compensation for land Acquired by Govt.	10,000
To Net Profit	17,000		
	70,000		70,000

Net Sales is 60,000

- c) Describe the term 'Net Working Capital'.
- d) Explain any 5 determinants of working capital.
- e) Discuss 'Precautionary Motive' of holding CASH.

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

- a) Explain Baumol Model of Cash Management
- b) What is 'Cash Budget'?
- c) Explain Commercial Paper
- d) Define Cash-Flow from operating activities
- e) What are benefits of Credit Sales?

Q.4) Attempt both the questions

(Marks: 2X10=20)

a) From the following information of XYZ Ltd. Prepare a Cash Flow Statement:

Liabilities	2005 (Rs.)	2006 (Rs.)	Assets	2005 (Rs.)	2006 (Rs.)
Share Capital	1,80,000	2,00,000	Machinery at Cost	2,10,000	2,80,000
Depreciation Reserve	60,000	62,000	Debtors	96,000	83,000
Profit & Loss a/c	45,000	70,000	Stock	60,000	44,000
Debtors	60,000	50,000	Commission on Issue of Shares	3,000	2,000
Creditors	35,000	32,000			
			Bank Balance	11,000	5,000
	3,80,000	4,14,000		3,80,000	4,14,000

b) Following information is pertaining to AB Ltd. Estimate working capital needs.

Budgeted sales: Rs 52,00,000 per annum

Cost per unit of sales: in Rupees

Raw Materials: 25

Direct Labor: 45

Overheads: 20

Cost of Sales: Total above = 90

Profit: 10

Sales per unit: 100

Assume:

1. Raw Material will be carried in stock for two weeks.
2. Finished Goods will be stocked for three weeks.
3. Work in Progress will take four weeks. Work in Progress will charge 100% for Raw Material and 50% for Labor and Overheads.
4. Suppliers will give four weeks credit.
5. Customers will demand seven weeks credit.
