

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

Programme: PGDBM/PGDFM

Examination: June 2016
Subject: Financial Analysis & Management

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

Date: 14.06.2016

Instructions

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

Q1. Attempt any 2 out of 4

- a) Explain the four finance functions.
- b) Discuss the significance of financial statement analysis.
- c) Discuss in detail classification of ratios.
- d) Explain the approaches for deciding financing mix of working capital.

(Marks: 2X5=10)

Q2. Write Short Notes on any 2 out of 5

- a) Shareholders' Wealth Maximization
- b) Limitations of Financial Statement analysis
- c) Du Pont Analysis
- d) Factors determining cash needs
- e) Importance of cash flow statements

(Marks: 2X5=10)

Q3. Attempt any 3 out of 5

(Marks: 3X10=30)

a) Sun Limited gives you the following information related to year ended 31st March 2016, you are required to calculate the following ratios

- a. Quick Ratio
- b. Fixed Assets Turnover Ratio
- c. Proprietary Ratio
- d. Earning Per Share
- e. Price Earning Ratio

Particulars		Particulars	Rs
Current Ratio	2.5:1	Current market price per equity share	16
Debt Equity Ratio	1:1.5	Net Working Capital	4,50,000
Return on Total Assets	15%	Fixed Assets	10,00,000
Gross Profit Ratio	20%	60,000 Equity shares(FV 10)	6,00,000
Stock Turnover Ratio	7	20,000 9% Preference shares	2,00,000
Total Assets turnover Ratio	2	Opening Stock	3,80,000

b) The Balance Sheet of Moon Ltd as on 31.3.2015 and 31.3.16 are as under

Liabilities	2016	2015	Assets	2016	2015
Equity (FV 10)	22,00,000	18,00,000	Fixed Assets	18,75,000	20,50,000
General Reserve	6,00,000	7,50,000	Inventory	8,95,000	7,10,000
Securities Premium	45,000	50,000	Debtors	9,80,000	7,25,000
P/L A/c	5,30,000	4,50,000	Cash Balance	1,80,000	1,25,000
7% Debentures	2,00,000	3,00,000	Preliminary expenses	25,000	35,000
Creditors	2,15,000	1,50,000			
Provision for Tax	165,000	1,45,000			
Total	39,55,000	36,45,000	Total	39,55,000	36,45,000

Additional Information

1. Depreciation charged on Fixed Assets during the year was Rs 2,05,000. An old machine costing Rs 20,000(WDV Rs80,000) was sold for Rs 65,000 during the year.
2. The company issued fully paid up bonus shares of Rs 2,00,000
3. Provision for taxation made during the year Rs 178,000
4. On 1st April 2015 the company redeemed the debentures of Rs 1,00,000@5% premium.

Prepare Cash Flow Statement.

- c) Discuss the techniques on inventory management.
- d) Explain the different activities of cash flow:
- e) Discuss the costs and benefits of holding Inventory:

Q4. Attempt both the questions

(Marks: 2X10=20)

- a) Discuss in detail Determinants of Working Capital
- b) Explain the sources of working capital financing.