MAY 2012

P/ID 77512/PMBM/ PMB1M

Time : Three hours Maximum : 100 marks

PART A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the Incidental function of financial management.

2. What are the uses of financial statement analysis?

3. Differentiate operating leverage with financial leverage.

4. Explain the techniques for cash collections.

5. Bring out the regulation of working capital finance.

6. State the importance of finance information system.

7. What are the assumption for cost of equity capital?

8. Explain the factors that influence the capital structure.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the new role of financial manager in the modern business environment.

10. Discuss the problems and issues faced in financial statement analysis.

11. What are the limitations of cost-volume profit analysis?

12. The shares of a Leather Co., are selling at Rs. 30 per share. The firm had paid dividend at the rate Rs. 3 per share last year. The estimated growth of the company is approximately 6% per year.

    (a) Determine the cost of equity capital of the company

    (b) Determine the estimated market price of the equity shares of the anticipated growth rate of the firm rises to 9%.

13. From the following data calculate financial, operating and combined leverage.

    Sales 10,000 units Rs. 25 per unit as the selling price

Variable cost Rs. 5 per unit

Fixed cost Rs. 30,000 and

Interest cost Rs. 15,000.

14. The following information is available for SJK limited :

    Selling price per unit Rs. 20

    Variable cost per unit Rs. 12

    Total fixed costs – Rs. 5,60,000

    (a) What is the BEP output?

    (b) What is profit earned when the output is 1,00,000 units?

    (c) What is the break-even sales in rupee?

15. Explain the different techniques of inventory management.

16. Bring out the recommendations made by Tandon committee.

PART C — ($1 \times 20 = 20$ marks)

Compulsory.

17. Discuss in detail the major components of Master budgets.

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