

MAY 2012

**P/ID 37512/PBAM**

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Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is the main difference between executive and incidental functions of a financial manager?
2. Explain the special features of common-size statements.
3. State the importance of financial forecasting.
4. What are the essential motives for holding cash?
5. Explain the concept of working capital flow.
6. How do you calculate cost of debt?
7. Explain the term 'optimum capital structure'?
8. Write briefly about zero base budgeting?

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Critically examine the functions and objectives of financial management.
10. Describe the tools of analysis and interpretation of financial statements.
11. Discuss the main recommendations of core working group regarding the cash credit system of the banks.
12. What is 'capital structure decisions'? Explain the major determinants of capital structure.
13. Explain the various concepts of cost of capital.
14. Discuss the advantages and essentials of successful budgetary control.

PART C — (1 × 15 = 15 marks)

Answer this question compulsorily.

15. You are given the following data for the year 2009 of the company.  
Variable cost Rs. 6,00,000  
Fixed cost Rs. 3,00,000  
Net profit Rs. 1,00,000  
Sales Rs. 10,00,000

Find :

- (a) P/V ratio
  - (b) BEP
  - (c) Profit when sales amounted to Rs. 12,00,000
  - (d) Sales required to earn profit of Rs. 2,00,000.
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