

**BACHELOR OF BUSINESS ADMINISTRATION
(RETAIL SERVICES) (BBARS)**

Term-End Examination

December, 2013

BRS-016 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : 1. Attempt any five questions.

2. All questions carry equal marks.

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1. The following informations is available for ABC Co. 20
 EBIT ₹ 11,20,000
 Profit before tax 3,20,000
 Fixed costs 7,00,000
 Calculate % change in EPS if sales are expected to increase by 5%.
 2. What is the main function of financial management i.e. profit maximisation or wealth maximisation ? Comment. 20
 3. A firm whose cost of capital is 10%, considering two mutually exclusive projects X and Y, the details of which are as follows : 20

Cost Cash inflows

Year	Project X	Project Y
0	₹ 1,00,000	₹ 1,00,000
1	10,000	50,000
2	20,000	40,000
3	30,000	20,000
4	45,000	10,000
5	60,000	10,000

Compute the payback period and profitability index for the two projects.

4. Using the following data, calculate the working capital cycle for XYZ Ltd. 20

	(₹ in 000)
Sales	3,000
Cost of Production	2,100
Purchases	600
Average Raw material stock	80
Average work in progress	85
Average finished goods stock	180
Average Creditors	90
Average Debtors	350

5. Write short notes on (any two) : 2x10=20
- (a) Zero Base Budgeting
 - (b) Flexible Budgets
 - (c) Ratio Analysis
6. Explain in detail the various theories of capitalisation. 20
7. What is fund flow statement ? How does it differ from cash flow statement ? 20
8. Write short notes :
- (a) Objectives of financial management 7
 - (b) Liquidity v/s profitability 7
 - (c) Functions of finance manager 6