

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

Term-End Examination

June, 2013

BRS-016 : FINANCIAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : 1. All questions carry equal marks.

2. Attempt any five questions.

1. Machine A costs Rs. 100,000 payable immediately. 20
Machine B costs Rs. 120,000 half payable immediately and half payable in one year's time.

The cash receipts expected are as follows :

Year (at end)	Machine A	Machine B
1	Rs. 20,000	-
2	60,000	Rs. 60,000
3	40,000	60,000
4	30,000	80,000
5	20,000	-

At 20% opportunity cost which machine should be selected on the basis of NPV ?

2. From the following information, prepare a 20
statement showing estimated working capital requirement.
- (a) Projected Annual Sales 26000 units
(b) Selling price per unit Rs. 60

- (c) Analysis of selling price : Material 40%,
Labour 30%, overheads 20% and profit 10%
- (d) Time lag (on average)
Raw Material in stock 3 weeks
Production Process 4 weeks
Credit from suppliers 3 weeks
Credit to Debtors 5 weeks
Lag in payment of wages and overheads
2 weeks
- (e) Cash in hand expected is ₹ 32,000.

3. "Financial Management is much more than procurement of funds". What do you think are the responsibilities of a financial manager ? 20

4. The following forecasts have been made for ABC Ltd for the period January to April 2012. 20

	Jan	Feb	March	April
Sales	Rs. 75,000	10,5,000	1,80,000	105,000
Raw Material	70,000	1,00,000	80,000	85,000
Manufacturing Exp	10,000	20,000	29,000	16,000
Loan Instalment	1,000	11,000	21,000	21,000

Additional Information :

- (a) All sales are made on credit basis, 2/3 of debtors are collected in the same month and balance in the next month. There is no expected bad debts. The debtors on January 1, 2012 expected to be ₹ 30,000.

- (b) The minimum cash balance, the firm must have is estimated to be ₹ 5000, however, the cash balance on January 1, was ₹ 6500.
- (c) Borrowing if any, can be made in the multiple of ₹ 100 only.

Prepare a cash budget for the period of 4 months i.e. Jan to April (ignore Interest on borrowing)

5. Write short notes on : (*Any 2*) 2x10=20
- (a) Trading on Equity
- (b) Trend Analysis
- (c) Inventory Management
6. What are the different tools of financial analysis ? Which tool do you think is the best ? 20
7. (a) What is EBIT - EPS analysis ? 10
- (b) How is it different from leverage analysis ? 10
8. What do you understand by under capitalisation ? Explain its impact and remedies. 20
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