

- (v) Credit allowed to the customers 3 months
- (vi) Expected ratio of cost to selling price :
- | | |
|------------------|-----|
| (a) Raw material | 60% |
| (b) Direct wages | 10% |
| (c) Overheads | 20% |
- (vii) Selling price per unit ₹ 20
- (viii) Expected margin on sale 10%
- You are required to work out an estimate of the total requirements of working capital.

13. The total Capitalisation of Z Ltd. has been fixed at ₹ 2,00,000. The average annual income of the company is ₹ 30,000. The rate of Capitalisation in the market is 20%. Considering the above facts, you have to advice :

- Is the Company over Capitalised ?
- If yes, what is the extent of over-Capitalisation ?
- In order to bring a stage of fair Capitalisation, how much increase in annual income of the Company should be targeted by the management ?

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(4)

(20519)

Roll No.

Total Questions : 13] [Printed Pages : 4

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B.B.A. IVth Semester Examination, May-2019

FINANCIAL MANAGEMENT

(BBA-402)

Time : 3 Hrs.]

[-M.M. : 75

Note :- Attempt all the Sections as per instructions.

Section-A

(Very Short Answer Type Questions)

Note :- Attempt all five questions. Each question carries 3 marks. Very short answer is required not exceeding 75 words.

- What do you mean by Financial Management ?
- What is over Capitalisation ?
- What do you mean by Internal Rate of Return ?

NA-585

(1)

Turn Over

4. The expected annual income of a firm is ₹ 2 lakh per annum. Find out the amount of Capitalisation if the prevailing rate of return in the firm is 10%.
5. What are the assumptions of Walter's model of dividend policy ?

Section-B

(Short Answer Type Questions)

Note :- Attempt any *two* questions out of the following three questions. Each question carries 7½ marks.

Short answer is required not exceeding **200** words.

6. What do you mean by inventory management ? Name some techniques of inventory management.
7. A factory uses ₹ 30,000 worth of raw material per year which costs ₹ 1.25 per unit. Placing each order cost ₹ 25 and the carrying cost is 6% per year of the average inventory. Find the E.O.Q. and the total inventory cost.
8. What do you mean by capital structure ? Explain the various theories of capital structure.

Section-C

(Long Answer Type Questions)

Note :- Attempt any *three* questions out of the following five questions. Each question carries 15 marks. Answer is required in detail.

9. What is meant by working capital ? Enumerate the various factors which affect the demand of working capital in a business concern.
10. What is dividend policy ? Critically examine the essentials of a sound dividend policy.
11. What do you mean by under capitalisation ? Discuss the causes of under capitalisation. What steps will be taken to check the under capitalisation in a company ?
12. The following information has been submitted by a borrower :

(i) Expected level of annual production	2,40,000 units
(ii) Raw material to remain in stock	2 months
(iii) Processing period	1 month
(iv) Finished goods remain in stock	3 months

11. What is meant by working capital? How would you determine the working capital requirements?

12. A company purchases 15,625 units of raw material @ Rs. 12 per unit to meet its entire annual requirements. The order cost comes to Rs. 60 per order and inventory carrying cost is Rs. 1.20 per unit. Find out:

- (i) Economic Order Quantity
- (ii) Ordering Cost
- (iii) Carrying Cost
- (iv) Total Inventory Cost

13. Discuss the nature and scope of capital Budgeting. Explain the different methods of capital Budgeting.

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(Printed Pages 4)

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Roll No.

B.B.A. - IV Sem.

18056

B.B.A. Examination, May - 2018

FINANCIAL MANAGEMENT

(BBA-402)

(New)

Time : Three Hours]

[Maximum Marks : 75

Note : Attempt questions from **all** Sections as per instructions.

Section - A

(Very Short Answer Questions)

Note : Attempt all the **five** questions of this Section. Each question carries 3 marks. Very short answer is required not exceeding 75 words. $3 \times 5 = 15$

1. Discuss the concept of Financial management.
2. What is Under Capitalization?
3. What is Uncertainty?

P.T.O.

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4. What is Pay back period?
5. Discuss the concept of Dividend decision.

Section - B

(Short Answer Questions)

Note : This section contains three questions. Attempt any **two** questions. Each question carries $7\frac{1}{2}$ marks. Short answer is required not exceeding 200 words. $7\frac{1}{2} \times 2 = 15$

6. Define capital structure. Discuss the factors affecting capital structure.
7. The total capitalization of the company has been made at Rs. 40 lacs. The company's average annual earnings (before interest & tax) are Rs. 10 lacs. The market rate of capitalization for similar companies is 20%. Considering the above facts you have to answer:
 - (a) Whether the company is under capitalised?
 - (b) If so what is the extent of under capitalization?
 - (c) What will be the impact of the above condition on the market value of its shares?

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8. Discuss dividend policy. What are the essentials of a sound dividend policy?

Section - C

(Detailed Answer Questions)

Note : This Section contains **five** questions, attempt any **three** questions. Each question carries 15 marks. Answer is required in detail. $15 \times 3 = 45$

9. Explain the meaning and causes of over capitalization. What would you do to correct over capitalization in a corporation.
10. From the information given below, calculate the working capital requirements:

Budgeted Sales	Rs. 6,50,000
Percentage of Profit on Cost of Sales	25%
Average credit allowed to Customers	10 weeks
Average credit allowed by Suppliers	4 weeks
Average Stock carrying (in terms of sales requirement)	8 weeks

Add 10% to computed figures for contingencies.

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11. Cost of a machine is Rs. 2,50,000 and its working life is estimated to be 5 years. Annual cash inflows are as under :

Year	Annual cash inflows
1	60,000
2	70,000
3	60,000
4	90,000
5	50,000

Calculate :

- Payback period
 - Post payback profit
 - Index of post pay-back profit.
12. A company purchases 15,625 units of raw material @ Rs. 12 per unit to meet its entire requirement. The order cost comes to Rs. 60 per order and inventory carrying cost is Rs. 1.20 per unit. Find out :
- Economic order quantity
 - Ordering cost
 - Carrying cost
 - Total inventory cost.
13. Explain the Walter's dividend model. Discuss its assumptions and limitations.

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V

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BBA-IV Sem.

Roll No.

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B. B. A. Examination, May 2016

Financial Management

(BBA-402)

(New)

Time : Three Hours]

[Maximum Marks : 75

Note: Attempt questions from all Sections as per instructions.

Section-A

(Very Short Answer Questions)

Attempt all the five questions. Each question carries 3 marks. Very short answer is required not exceeding 75 words.

3×5=15

- "Profit maximization is the basic goal of a finance manager." Explain.
- What do you mean by optimal capital structure?

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(2)

3. Differentiate between redeemable and irredeemable debentures.
4. Explain Reorder point.
5. What is meant by interim dividend?

Section-B

(Short Answer Questions)

Attempt any two questions out of the following three questions. Each question carries $7\frac{1}{2}$ marks. Short answer is required not exceeding 200 words. $7\frac{1}{2} \times 2 = 15$

6. "Undercapitalization leads to overcapitalization." Do you agree with this statement?
7. What is meant by uncertainty? Explain the different types of uncertainty.
8. What are consequences of excess and inadequate working capital?

Section-C

(Detailed Answer Questions)

Attempt any three questions out of the following five questions. Each question carries 15 marks. Answer is required in detail. $15 \times 3 = 45$

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(3)

9. What is the role of finance function in an industrial enterprise? Explain the functions of a financial manager.
10. The capital structure of X Ltd. on 31st March, 2012 was:

	Rs.
8% Debentures	12,00,000
9% Bank loan (Long-term)	2,00,000
10% Preference Shares of Rs. 10 each	14,00,000
Reserve and Surplus	13,00,000
38,000 equity shares of Rs. 50 each	19,00,000
	<u>60,00,000</u>

The present earnings before interest and tax are

Rs. 9,00,000. It is hoped that this company will maintain the same rate of return. The company needs Rs. 10,00,000 for an expansion programme. For this following financing alternatives are available:

- (i) Issue of 9% debenture at par
- (ii) Issue of 10% preference shares at par
- (iii) Issue of equity shares at a premium of Rs. 3.

Which alternative is the best for company? Assume tax rate 50%.

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(4)

- (ii) The average storage period is 40 days for raw material and 30 days for finished goods.
- (iii) The company sells goods to its customers on 30 days credit and purchases raw materials on 60 days credit from its suppliers.
- (iv) The duration of the production cycle in the company is 20 days and needed raw materials is issued to the production department at beginning of each production cycle.
- (v) 20% of the average working capital is kept as extra cash for contingencies. Assume 360 working days in the operating period, work out an estimate of the total requirements of working capital for the company, using operating cycle method.

13. A firm operates everyday of the year. The entire lot of a part it manufactures is delivered to the stock room at one time. The part is used by the assembly department at a uniform rate. A minimum inventory of 500 units is carried. The reorder point is 600 units, and the procurement time for a replenishment order is 10 days. The lot size is such that the average inventory of the part is 1,500 units. Find (i) the rate of use per week, (ii) the lot size.

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N
(20517)

BBA-IV Sem.

Roll No.

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B. B. A. Examination, May 2017

FINANCIAL MANAGEMENT

(BBA-402)

(New)

Time : Three Hours]

[Maximum Marks : 75

Note : Attempt questions from all Sections as per instructions.

Section-A

(Very Short Answer Questions)

Attempt all the five questions of this Section.

Each question carries 3 marks. Very short answer is required not exceeding 75 words. $3 \times 5 = 15$

1. What is meant by compounding technique for adjusting the time value of money?
2. The expected annual income of a firm is ₹ 1 lakh p.a. Find out the amount of capitalization if the prevailing rate of return in the firm is (i) 12.5%, (ii) 17.5%.
3. What is meant by internal rate of return (IRR)?

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(2)

4. Name some techniques of inventory management.
5. What are the assumptions of Walter's model of dividend policy?

Section-B

(Short Answer Questions)

This Section contains three questions, attempt any *two* questions. Each question carries $7\frac{1}{2}$ marks. Short answer is required not exceeding 200 words.

$$7\frac{1}{2} \times 2 = 15$$

6. What are the basic features of an optimum capital structure?
7. Explain the scope of capital budgeting decisions.
8. How will you estimate the working capital requirement of a concern?

Section-C

(Detailed Answer Questions)

This Section contains five questions, attempt any *three* questions. Each question carries 15 marks. Answer is required in detail.

$$15 \times 3 = 45$$

9. The objective of wealth maximisation is one step ahead of profit maximization. Discuss.
10. What is meant by capital structure? Briefly explain the various theories of capital structure.
11. The total amount of capitalization of the company has been fixed ₹ 20,00,000. The average annual

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(3)

income of the company is ₹ 3,00,000. The rate of capitalization in the market (for similar companies) is 20%. The investors want the rate of return on their capital at least equal to the market rate of capitalization. Considering the above facts you have to answer :

- (i) Is the company over-capitalized?
 - (ii) If so, then what is the extent of over-capitalization?
 - (iii) In order to bring a state of fair capitalization how much increase in the annual income of the company should be aimed by the management?
12. The following data have been taken from the financial records of Vibhav Ltd. :
- | | |
|-------------------|----------------------|
| Raw Material | Rs. 40 per unit |
| Direct Labour | Rs. 20 per unit |
| Overhead Expenses | Rs. 5,40,000 (Total) |
- The following additional information are also available :
- (i) The management of the company is planning to manufacture 1,00,000 units in the coming year. The selling price per unit will be Rs. 125. There is perfect harmony between output and sales of the company which is maintained throughout the year.

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