

(20615)

Roll No. ....

BBA-IV Sem.

18056

B.B.A. Examination, June 2015

Financial Management

(BBA-402)

(New Pattern)

Time : Three Hours ] [Maximum Marks : 75

**Note:** Attempt **all** the sections as per instructions.

**Section-A****(Very Short Answer Questions)**

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

1. Explain the functions of Financial Controller.
2. What are the various types of Financial Planning?
3. What is meant by the cost of newly issued Equity Shares?
4. What remedies would you suggest for under Capitalisation?
5. Explain the types of Working Capital.

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**Section-B**

15

**(Short Answer Questions)**

**Note :** Attempt any **two** questions out of the following **3** questions. Each question carries 7½ marks. Short answer is required not exceeding 200 words.

6. Elucidate the supply of Capital.
7. What are the main characteristics of Stable Dividend Policy?
8. What do you mean by Management of Working Capital?

**Section-C**

45

**(Detailed Answer Questions)**

**Note:** Attempt any **three** questions out of the following **5** questions. **Each** question carries **15** marks. Answer is required in detail.

9. What is M.M. irrelevance hypothesis of dividends? Critically evaluate its assumptions.
10. What do you mean by Capital Structure? Describe the factors affecting capital structure.

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11. The capital structure of Rohit Ltd is as under:

3,000	12% Debentures of ₹ 100 each	₹ 3,00,000
2,000	10% Preference shares of ₹ 100 each	₹ 2,00,000
4,000	Equity Shares of ₹ 100 each	₹ 4,00,000
	Retained Earnings	1,00,000

The earnings per share of the company in the past many years have been ₹ 15. The shares of the company are sold in the market at book value. The corporate tax rate is 50%. The tax liability of shareholders assumed as 25%. Find out the Weighted Average cost of capital.

12. From the following information, prepare a statement showing the average amount of working capital required by Solvent Ltd, taking 360 days in a year.

Annual sales are estimated at 5,00,000 units at ₹ 2 per unit.

Production quantities coincide with sales and will be carried on evenly through out the year and the production cost is:

Materials	₹ 1 per Unit
Labhour	₹ 0.40 per unit
Overheads	₹ 0.35 per unit

Customer are given 45 days credit and 60 days credit is taken from suppliers. 36 days supply of raw materials and 15 days' supply of finished goods are kept.

Production cycle is 18 days and all materials is issued at the commencement of each production cycle.

A cash balance equivalent to one-third of the average of other working capital requirement is kept for contingencies.

13. Deewan Construction Ltd. undertakes large construction projects. It is situated in Meerut and receives large payments on contracts as and when work progresses. The cheques received from customers are deposited in a local branch of a nationalised bank and the money becomes available after 10 days. The cheques are mostly drawn on a bank in Mumbai. The company is thinking of collecting the funds sooner by sending an Accounts Executive to Mumbai. A visit to Mumbai may cost ₹ 8,000, If the company's opportunity cost of capital is 18%. What minimum amount of cheque will justify sending a person to Mumbai?