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(20518)

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?

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<br>(in terms of sales requirement) | 8 weeks      |
- Add 10% to computed figures for contingencies.

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:
- Economic Order Quantity
  - Ordering Cost
  - Carrying Cost
  - Total Inventory Cost
13. Discuss the nature and scope of capital Budgeting. Explain the different methods of capital Budgeting.