Total No. of Pages: 2

Seat No.

B.B.A. (Part - III) (Semester - V) Examination, March - 2014 FINANCIAL MANAGEMENT (Paper - I)

Sub. Code: 43955

Day and Date: Saturday, 29 - 03 - 2014

Total Marks: 40

Time: 3.00 p.m. to 5.00 p.m.

Instructions:

- 1) All questions are compulsory.
- 2) Figures to the right indicate full marks.
- Q1) What do you understand by "Finance Functions"? Explain re-curring and non-re-curring finance functions. [14]

OR

You are required to prepare a forecast of working capital requirements from the following data.

Output:- 10,000 units per annum	
Elements of cost	Rs. (per unit)
Raw materials	Rs. 6
Direct labour	+ 4
Overheads	5
Total cost	15
Profit	+ 3
Selling price	Rs.18

Raw materials are kept in stock on an average of 1 month.

Work-in-progress is on an average 2 weeks.

Finished goods are in stock on an average 1½ months.

Credit allowed to debtors is 2 months.

Credit allowed by creditors is 1 month.

Lag in payment of wages is 1 week.

Q2) Write short answers (any two)

[16]

- a) What do you mean by financial planning? Write the characteristics of a financial plan.
- b) Explain the profit maximisation objective of financial management.
- c) What is working capital? Write any four factors that determine the quantum of working capital requirements.
- d) What is capitalisation? Explain the concept of over capitalisation and its causes.

Q3) Write short notes (any two):

[10]

- a) Operating leverage.
- b) Types of working capital.
- c) Wealth maximisation objective.
- d) Financial leverage.

