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B. B. A. (Part - III) (Semester - V) Examination, 2013

FINANCIAL MANAGEMENT (Paper - I)

Sub. Code : 43955

Day and Date : Monday, 15 - 04 - 2013

Total Marks : 40

Time : 03.00 p.m. to 05.00 p.m.

- Instructions :**
- 1) All questions are compulsory.
 - 2) Figures to the right indicate full marks.

Q1) A Company sells its products on a gross profit of 20% on sales. The following information is available in respect of A company. **[14]**

Sales at 3 months credit	40,00,000
Raw materials	12,00,000
Wages paid-average time lag 15 days	9,60,000
Manufacturing expenses paid- one month in arrears	12,00,000
Administrative expenses paid - one month in arrears	4,00,000
Sales promotion expenses - payable half yearly in advance	2,00,000

The company enjoy one month's credit from the suppliers of raw materials and maintains a two month's stock of raw materials and one and half month's stock of finished goods. The cash balance is maintained at Rs.1,00,000. as a precautionary measure Assuming 10% margin. Find out the working capital requirements of A company.

OR

What do you mean by financial management? Write in detail the re - curring and non-re-curring functions of financial management.

P.T.O.

Q2) Write short answers (any two)

[16]

- a) Explain any four determinants of Working capital requirements.
- b) Explain profit maximization, and wealth maximization objectives of financial management.
- c) What do you mean by leverage? Explain the concept of operating leverage with example.
- d) What do you mean by financial plan? Write the types of financial plans.

Q3) Write short notes (any two)

[10]

- a) Types of working capital.
- b) Concept of financial leverage.
- c) Over capitalization.
- d) Concept of combined leverage.

40,00,000	Wages at 3 months credit
12,00,000	Raw materials
9,60,000	Wages paid-average time lag 15 days
12,00,000	Raw materials - one month in arrears
4,00,000	Administrative expenses - one month in arrears
2,00,000	Sales promotion expenses - payable half yearly in advance

The company enjoy one month's credit from the suppliers of raw materials and maintains a two month's stock of raw materials and one and half month's stock of finished goods. The cash balance is maintained at Rs.1,00,000 as a precautionary measure. Assuming 10% margin. Find out the working capital requirements of A company.

OR

What do you mean by financial management? Write in detail the re-earning and non-re-earning functions of financial management.

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B.B.A. (Part - III) (Semester - V) Examination, Nov. - 2013
FINANCIAL MANAGEMENT (Paper - I)
Sub. Code : 43955

Day and Date : Thursday, 21 - 11 - 2013

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 marks.

Q1) Calculate the average amount of working capital of XYZ Products Ltd. from the following : **[14]**

	Figures for the year Rs.
a) Lag in payments :-	
i) Wages 1½ weeks	5,20,000
ii) Stores and materials 1½ months	96,000
iii) Office staff 1½ months	1,24,800
iv) Rent 6 months	20,000
v) Other expenses 1½ months	96,000
vi) Manager's salary ½ month	9,600
b) Average amount locked up in stocks :-	
i) Finished goods	10,000
ii) Stock of stores	16,000
c) Prepayments :-	
i) Expenses paid (quarterly in Advance)	16,000
d) Period of average credit given :	
i) Domestic sales 6 weeks	6,24,000
ii) Foreign sales 1½ weeks	1,56,000
e) Add 10% for contingencies	

OR

What is Financial Management? Define and distinguish the profit maximisation objective and wealth maximisation objective.

P.T.O.

Q2) Write short answers (any two) : [16]

- a) What is Finance functions? Write any four recurring finance functions.
- b) What is Capitalisation? Explain over capitalisation and under capitalisation with illustration.
- c) What is leverage? Explain the concept of Financial leverage with illustration.
- d) Write and explain the factors affecting working capital needs.

Q3) Write short notes (any two) : [10]

- a) Types of Financial Plans.
- b) Types of working capital.
- c) Concept of operating leverage.
- d) Importance of adequate working capital.

Figures for the year	
Rs. 2,20,000	(i) Wages 12 weeks
30,000	(ii) State and local taxes 12 months
1,24,800	(iii) Office staff 12 months
20,000	(iv) Rent 6 months
96,000	(v) Other expenses 12 months
9,000	(vi) Contingencies 12 months
	(vii) Average amount locked up in stocks:
10,000	(i) Finished goods
16,000	(ii) Stock of stores
	(c) Prepayments:
16,000	(i) Insurance premium (advance)
	(ii) Period of advance 6 weeks
6,24,000	(iii) Domestic sales 6 weeks
1,26,000	(iv) Foreign sales 12 weeks
	(v) Add 10% for contingencies

OR

What is Financial Management? Define and distinguish the profit maximisation objective and wealth maximisation objective.

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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.

P.T.O.

Q2) Write short answers (any two)

- 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.

Rs. 6	Revenue
Total cost	
Profit	
Rs. 18	Total revenue