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B.B.A. (Part - III) (Semester - V) Examination, April - 2015**FINANCIAL MANAGEMENT (Paper - I)****Sub. Code : 43955****Day and Date : Monday, 20 - 04 - 2015****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 marks.

Q1) What do you understand by Financial Management? Define and distinguish between profit maximisation objective and wealth maximisation objective of Financial Management. **[14]**

OR

From the following information estimate the amount of net working capital required for the project, and add 10% to your computed figure to allow for contingencies.

Estimated Cost Per unit of production:	Rs.
a) Raw Material	80
b) Direct labour	30
c) Overheads (including depreciation, Rs. 5	65
Total	175

Additional information :

- 1) Selling Price : Rs. 200 per unit.
- 2) Level of activity : 1,04,000 units of production per annum.
- 3) Raw material in stock : average 4 weeks.

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- 4) Work in progress (assume full unit of raw material required in the beginning of manufacturing; other conversion costs are 50%): average 2 weeks.
- 5) Finished goods in stock : average 4 weeks.
- 6) Credit allowed by suppliers : average 4 weeks.
- 7) Credit allowed to debtors : average 8 weeks.
- 8) Lag in payment of wages : average 1.5 weeks.
- 9) Cash in bank (desired to be maintained) : Rs. 25,000.

You may assume that the production is carried on evenly throughout the year (52 weeks), and wages and overheads accrue similarly. All sales are on credit basis only.

Q2) Write short answers (any two):

[16]

- a) What do you understand by Finance functions? Explain the recurring Finance functions.
- b) What do you mean by working capital? Write and explain the types of working capital.
- c) What is meant by capitalisation? Explain the causes of overcapitalisation.
- d) Explain in brief the operating leverage and financial leverage.

Q3) Write short notes (any two):

[10]

- a) Determinants of working capital requirement.
- b) Types of financial plans.
- c) Concept of under-capitalisation.
- d) Traditional approach towards financial management.

