

Seat No.	
----------	--

B.B.A. (Part - III) (Semester - V) Examination, April - 2016

FINANCIAL MANAGEMENT (Paper - I)

Sub. Code : 43955

Day and Date : Wednesday, 27 - 04 - 2016

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) What do you understand by financial management? State and explain the recurring and non-recurring finance functions. **[14]**

OR

A company sells its products on a gross profit of 20% on sales. The following information is extracted from its annual accounts for the year ended 31st December.

Particular	Rs.
Sales at three 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	4,80,000
Sales promotion expenses - payable half yearly in advance	2,00,000

- a) The company enjoys one month's credit from the suppliers of raw materials.
- b) The company maintains two month's stock of raw materials and one half month's stock of finished goods.
- c) The cash balance is maintained at Rs. 1,00,000. Rs. a precautionary measure.
- d) Assuming 10% margin, find out the working capital requirement of a company.

P.T.O.

Q2) Write short answers (any two) :

[16]

- Explain profit maximisation objectives of financial management.
- Explain any four determinants of quantum of working capital requirement.
- What do you mean by leverage? Explain in brief the concept of financial leverage.
- Explain in brief about over-capitalisation.

Q3) Write short notes (any two) :

[10]

- Importance of adequate working capital.
- Concept of under capitalisation.
- Combined leverage.
- Wealth maximisation objective