

Seat No.	
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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]**

a) Lag in payments :-	Figures for the year
	Rs.
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.

Q2) Write short answers (any two) :

[16]

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

Q3) Write short notes (any two) :

[10]

- Types of Financial Plans.
- Types of working capital.
- Concept of operating leverage.
- Importance of adequate working capital.

Figures for the year	
Rs.	
2,50,000	Wages 12 weeks
46,800	Stores and materials 12 months
1,24,800	Office staff 12 months
20,000	Rent 6 months
96,000	Other expenses 12 months
9,600	Depreciation 12 months
	Average amount locked up in stocks:
10,000	(i) Finished goods
16,000	(ii) Stock of stores
	(c) Investments:
16,000	(i) Fixed assets (plant, machinery, etc.)
	(ii) Period of average credit given:
6,24,000	(i) Domestic sales 6 weeks
1,50,000	(ii) Foreign sales 12 weeks
	(c) Add 10% for contingencies

OR

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