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**B.B.A. (Part - III) (Semester - V) Examination, November -2016****FINANCIAL MANAGEMENT (Paper - I)****Sub. Code : 43955****Day and Date : Tuesday, 22 - 11 - 2016****Total Marks : 40****Time : 12.00 noon to 02.00 p.m.**

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

**Q1)** What is Financial Management? Explain the Traditional approach & Modern approach of financial management. **[14]**

**OR**

A proforma cost sheet of a company provides the following particulars.

Elements of cost	Rs.
Raw Material	8
Direct Labour	3
Overheads (Exclusive of Depreciation)	6

**Following further information is available.**

Selling price - Rs. 20 per unit

Level of activity - 1,04,000 units of output per annum (52 weeks)

Raw material in stock - On an average 4 weeks

Processing time - On an average 2 weeks

Finished goods in stores - On an average 4 weeks

**P.T.O.**

**Credit period :**

- a) Customers - On an average 8 weeks
- b) Suppliers of materials - On an average 4 weeks

**Lag in payment:**

- a) Wages - On an average 1 1/2 weeks
- b) Overhead expenses - On an average 2 weeks

75% of the output is sold on credit basis. Cash in hand at bank is expected to be Rs. 5,000. A time period of 4 weeks is equivalent to a month. You are required to prepare a statement showing the working capital requirement.

**Q2) Write short answers (Any two):**

[16]

- a) What is Financial planning? Explain the steps in financial planning.
- b) Explain the theories of capitalisation.
- c) Explain the concept of working capital & determinants of working capital.
- d) Explain the profit maximisation & wealth maximisation objectives of financial management.

**Q3) Write short notes (Any two) :**

[10]

- a) Steps in Financial Planning.
- b) Over capitalisation & its causes.
- c) Types of Working capital.
- d) Financial Leverage.

